

ECONOMIC INDICATORS

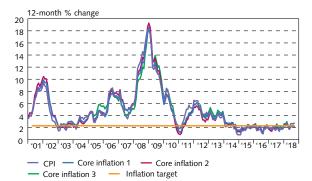
CENTRAL BANK OF ICELAND

Contents

- 2 I Inflation and inflation expectations
- 5 II Output and demand
- 9 III Foreign trade and external economic conditions
- 13 IV Labour market and wages
- 16 V Public finances
- 18 VI Asset markets
- 21 VII Financial markets

I Inflation and inflation expectations

Consumer price inflation and core inflation

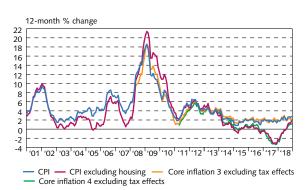


Overall index and measures of underlying inflation. Core index 1 excludes prices of agricultural products and petrol, and Core index 2 excludes prices of public services as well. Core index 3 is Core index 2 excluding the effects of changes in real interest rates on the housing component of the CPI. Monthly data

data.

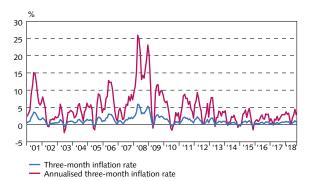
Sources: Statistics Iceland, Central Bank of Iceland.

Inflation: various measures



Core index 4 is the consumer price index excluding prices of agricultural products, petrol, public services and owner-equivalent rent. Monthly data. Source: Statistics Iceland.

I-3 Seasonally adjusted inflation

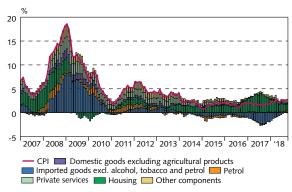


This inflation measurement is very volatile but indicates how inflation pressures are developing. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland

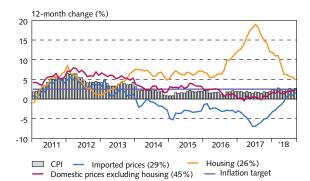
I-4

Components of CPI inflation



Contribution of individual items to 12-month inflation. Monthly data. *Source:* Statistics Iceland.

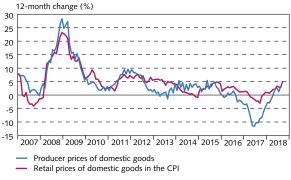
Imported and domestic inflation



Imported inflation is estimated using imported food and beverages and the price of new motor vehicles and spare parts, petrol, and other imported goods. Domestic inflation is estimated using the price of domestic goods and the price of private and public services. The figures in parentheses show the current weight of these items in the CPI. Monthly data.

 ${\it Sources:} \ {\it Statistics Iceland, Central Bank of Iceland}.$

I-6 Production and retail prices of domestic goods

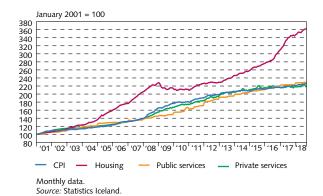


Monthly data.

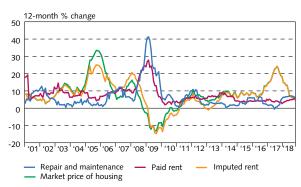
Sources: Statistics Iceland, Central Bank of Iceland

I Inflation and inflation expectations

1-7 Price developments: housing and services

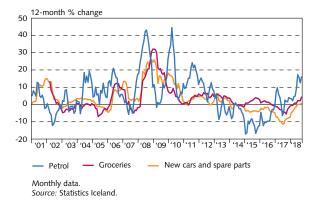


I-8 Price developments: housing



Paid rent shows developments in residential rent prices. Imputed rent estimates the cost of living in owner-occupied housing and changes with housing market values and real mortgage interest rates. Monthly data. Source: Statistics Iceland

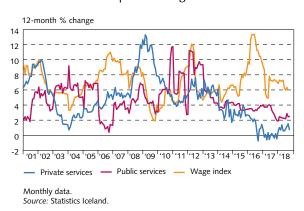
I-9 Price developments: various components



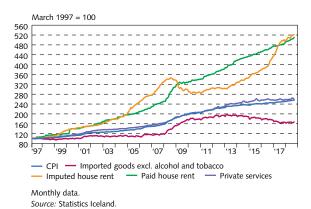
Price developments: wages and services

I-10

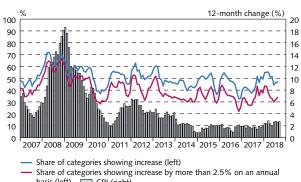
I-12



I-11 Price developments: goods, housing and services



Distribution of price increases in the CPI



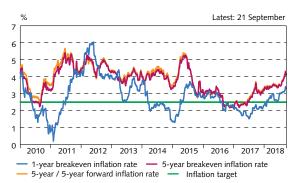
Share of categories showing increase by more than 2.5% on an annual basis (left)

CPI (right)

The share of goods categories that rise in price is a 3-month centred average. Monthly data.

Source: Statistics Iceland.

I-13 Breakeven inflation expectations



Breakeven inflation expectations are calculated from yield spreads between nominal and index-linked Government and Government-backed bonds (5-day moving averages). Daily data.

Source: Central Bank of Iceland.

1-15 Import price levels and exchange rate developments



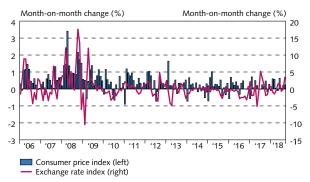
Import-weighted exchange rate index
 Price of imported goods excluding alcohol and tobacco
 Trading partners' implicit export price deflator in foreign currency
 Trading partners' implicit export price deflator in domestic currency

Import-weighted exchange rate index and price of imported goods excluding alcohol and tobacco in the CPI. Trading partners' implicit export price deflator is weighted using the import weights from the narrow trade-weighted basket and its latest value is based on the Bank's most recent baseline forecast. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

I-17

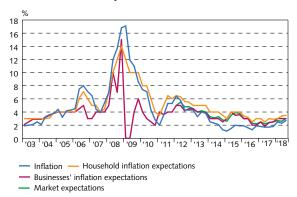
Price level and exchange rate developments



The exchange rate index is calculated based on a narrow trade basket. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

I-14

Inflation expectations of businesses, households and market one year ahead and current inflation

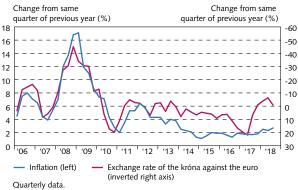


Inflation expectations according to surveys carried out by Gallup and the Central Bank. Respondents are asked about inflation 12 months ahead and median figures are used. Businesses' inflation expectations were measured on an irregular basis before Q3/2006 so until then measurements are internolated. Quarterly data

interpolated. Quarterly data. Sources: Gallup, Statistics Iceland, Central Bank of Iceland.

I-16

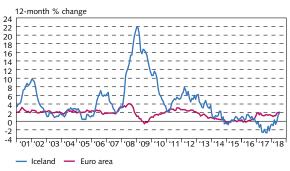
Inflation and exchange rate against euro



Sources: Statistics Iceland, Central Bank of Iceland.

I-18

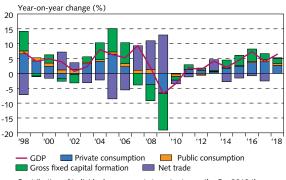
Inflation in Iceland and Europe



Harmonised indices of consumer prices. Monthly data.

Source: Statistics Iceland.

II-1
Contribution of individual components to output growth

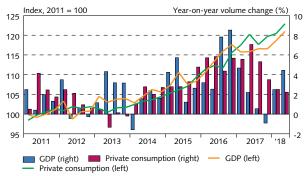


Contribution of individual components to output growth. For 2018 the year-on-year change is between the first quarter of 2017 and 2018. Annual data.

Sources: Statistics Iceland, Central Bank of Iceland.

II-2

GDP and private consumption per capita

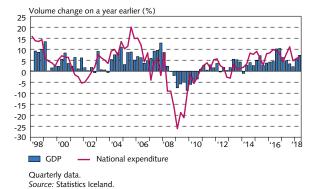


National accounts figures are seasonally adjusted. GDP seasonally adjusted by the Central Bank. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

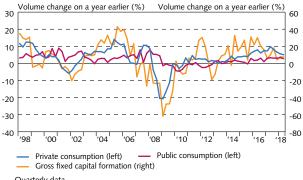
II-3

Output growth and national expenditure



11-4

Private consumption, public consumption and gross fixed capital formation

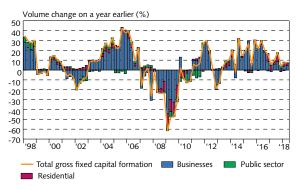


Quarterly data.

Source: Statistics Iceland.

II-5

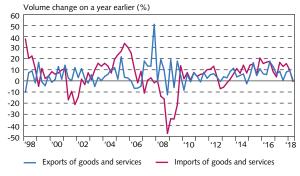
Gross fixed capital formation



Contribution of individual items to gross capital formation. Quarterly data. Source: Statistics Iceland.

II-6

Foreign trade

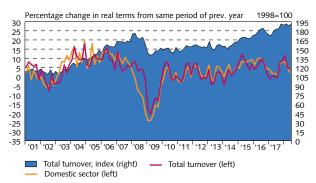


Quarterly data.

Source: Statistics Iceland.

II-7

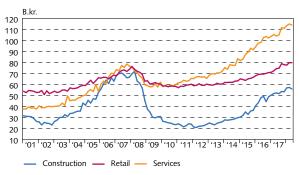
Turnover according to VAT returns



Deflated by the CPI. Seasonally adjusted data for two-months periods. Sources: Statistics Iceland, Central Bank of Iceland.

II-8

Turnover according to VAT returns

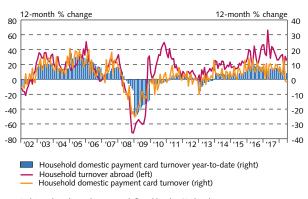


Deflated by the CPI. Retail sector is deflated by the CPI excluding housing and petrol, and construction sector is deflated by the CPI. Seasonally adjusted data for two-month periods.

Sources: Statistics Iceland, Central Bank of Iceland.

II-9

Payment card turnover



Debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

II-10

Total household payment card turnover

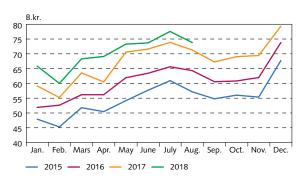


Seasonally adjusted debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Points show values in July. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland

II-11

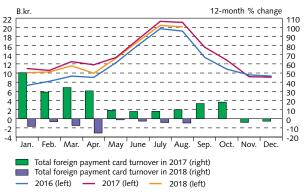
Household payment card turnover



Debit and credit card turnover deflated by the CPI excluding the housing component. Foreign turnover deflated by the import-weighted exchange rate index. Based on latest monthly prices and exchange rates. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

II-12

Foreign payment card turnover in Iceland



Foreign payment card turnover deflated by the CPI less housing costs.

Sources: Statistics Iceland, Central Bank of Iceland.

II Output and demand

II-13

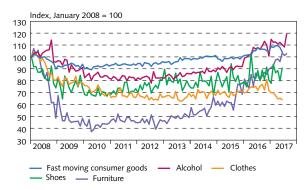
Groceries turnover



Deflated by price of groceries in CPI. Monthly data. Sources: Icelandic Centre for Retail Studies, Central Bank of Iceland.

II-14

Retail indices

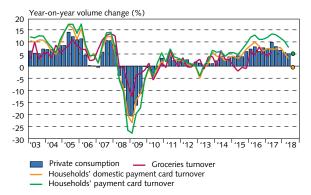


Seasonally adjusted. Deflated by price indices of each component. Monthly data.

Sources: Icelandic Centre for Retail Studies, Central Bank of Iceland.

II-15

Private consumption, groceries and payment card turnover

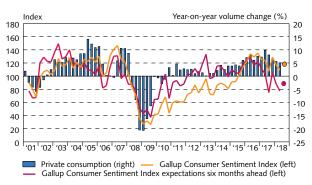


Points show value in July. Quarterly data.

Sources: Icelandic Centre for Retail Studies, Statistics Iceland, Central Bank of

II-16

Private consumption and Gallup Consumer Sentiment Index

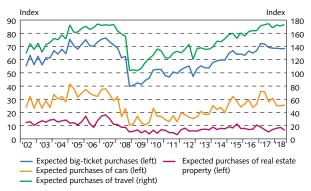


The Gallup Consumer Sentiment Index is a measure of general consumers' sentiment towards the economy and the labour market. Points show average of July and August. Quarterly data.

Sources: Gallup, Statistics Iceland.

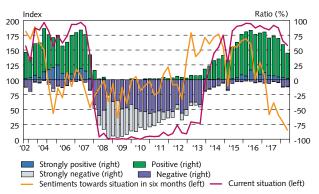
II-17

Indices of expected big-ticket purchases



Indices of expected big-ticket purchases are based on Gallup consumer sentiment survey. The index for expected big-ticket purchases is an average of the other three indices. Quarterly data. Source: Gallup. II-18

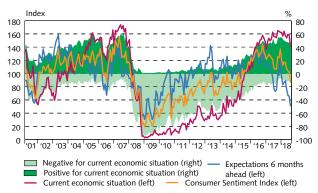
Corporation expectations towards the economic situation and outlook



The Business sentiment indices are based upon Gallup's survey of the largest companies in Iceland conducted 4 times a year. The columns show the sentiments towards the current situation of the economy. Source: Gallup.

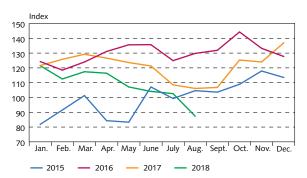
II Output and demand

II-19 Consumer sentiment (Gallup)



The Gallup Consumer Sentiment Index is a measure of general consumers sentiment towards the economy and the labour market. Monthly data. Source: Gallup.

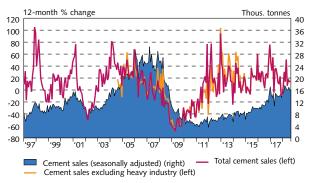
II-20 Consumer sentiment (Gallup)



The Gallup Consumer Sentiment Index is a measure of general consumers' sentiment towards the economy and the labour market. Monthly data. Source: Gallup.

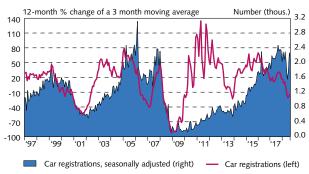
II-21

Cement sales



Monthly data Sources: Aalborg Portland hf., Sementsverksmiðjan hf., Central Bank of Iceland. II-22

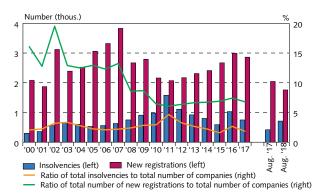
New registration of motor vehicles



New motor vehicle registrations include new and used vehicles in all categories (passenger cars, motor coaches and delivery and transport vehicles). Monthly data.

Sources: The Icelandic Transport Authority, Statistics Iceland, Central Bank of

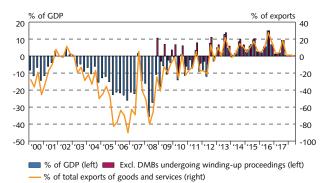
Corporate insolvencies and new company registrations



Source: Statistics Iceland

III-1

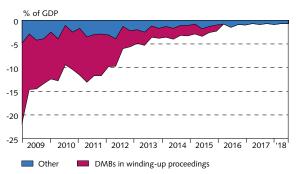
Current account balance



Current account balance excluding DMBs undergoing winding-up proceedings is also adjusted for the failed DMBs' financial intermediation services indirectly measured (FISIM). From 2016 there is no difference between these figures and official figures for current account balance. Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.

III-3

Net foreign interest payments

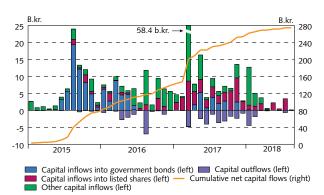


From 2016 there is no difference between income account balance (other) and up year-end 2015. Net current transfers are included in primary income. Quarterly data. income account balance total, because the share of DMBs in WuP was wound

Sources: Statistics Iceland, Central Bank of Iceland.

III-5

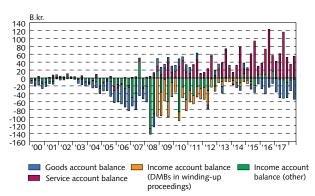
Capital flows due to registered new investment



Other inflows in March 2017 derive almost entirely from non-residents' acquisition of a holding in a domestic commercial bank. Monthly data. Source: Central Bank of Iceland.

III-2

Components of current account

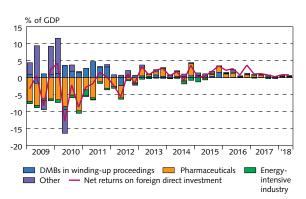


From 2016 there is no difference between income account balance (other) and income account balance total, because the share of DMBs in WuP was wound account paramete total, pecause the share of DMBs in WuP was wound up year-end 2015. Net current transfers are included in primary income. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-4

Net returns on foreign direct investment



From 2016 the share of DMBs in WuP is zero. Holding companies were established to hold the assets and liabilities of the former estates in line with the compositional proposals in December 2015 and are now categorized as "Other". Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.

III-6

Merchandise imports and exports at constant exchange rates

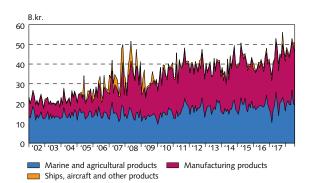


Imports, 12-month moving average Imports, 3-month moving average

Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

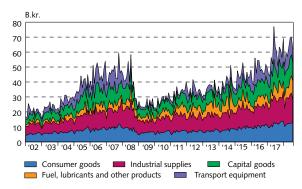
III-7 Components of merchandise exports



Merchandise export values at constant exchange rates based on monthly average export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland

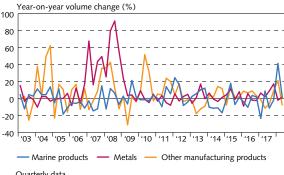
III-8 Components of merchandise imports



Merchandise import values at constant exchange rates based on import-weighted exchange rate index (broad trade basket). Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

III-9

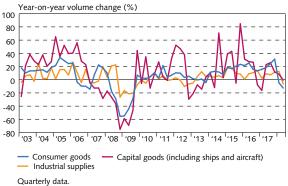
Main export products



Quarterly data. Source: Statistics Iceland.

III-10

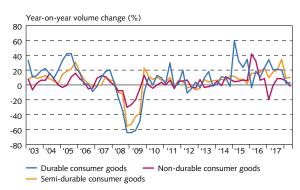
Main import products



Source: Statistics Iceland

III-11

Imported consumer goods

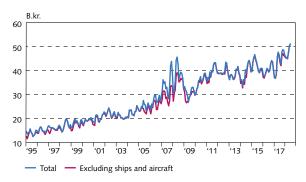


Non-durable consumer goods are disposable items such as tobacco and pharmaceuticals. Semi-durables are products that are neither disposable nor durable, such as clothing. Consumer durables are products with a long life-time, such as household appliances. Quarterly data.

Source: Statistics Iceland.

III-12

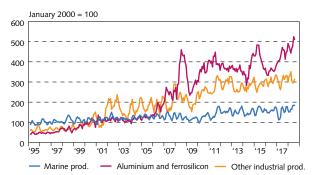
Merchandise exports



Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

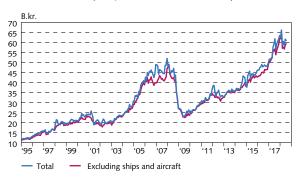
III-13 Merchandise exports by category



Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

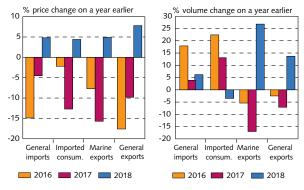
III-14 Seasonally adjusted merchandise imports



Imported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). The index of foreign price levels is calculated by weighting together the consumer price indices in main trading partner countries using a currency basket. Monthly data.

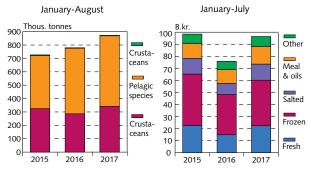
Sources: Statistics Iceland, Central Bank of Iceland

III-15 Merchandise trade January - July



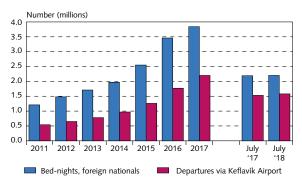
Cumulative price and volume indices from beginning of year. General imports are total imports excluding ships, aircraft, and sundry items (residual). General exports are total exports excluding ships, aircraft, and sundry items (residual). Monthly data.
Source: Statistics Iceland.

Catch volume and export value of marine products



Cumulative catch volume from beginning of year. Cumulative value of marine exports from beginning of year; nominal fob value. Monthly data. Sources: Directorate of Fisheries, Statistics Iceland.

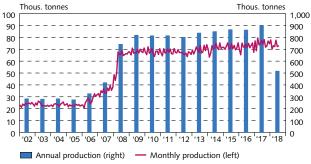
III-17 Foreign tourists and hotel bed-nights



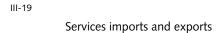
Cumulative monthly figures for departures are for January-May but figures for bed-nights are for January-July. Annual and cumulative monthly figures. Sources: Icelandic Tourist Board, Statistics Iceland

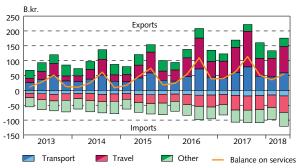
Aluminium production

III-18



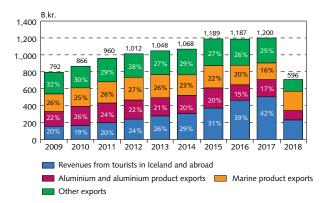
Annual alumnium production for 2018 is production in January-July. Monthly data Source: Statistics Iceland





Quarterly data at constant exchange rates. Sources: Statistics Iceland, Central Bank of Iceland.

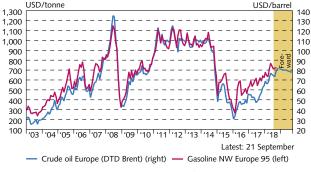
III-20 Goods and services exports



Revenues from tourists in Iceland and abroad is the sum of "Travel" and Item 1.2.1, "Passenger transport by air". Annual data.

Sources: Statistics Iceland, Central Bank of Iceland.

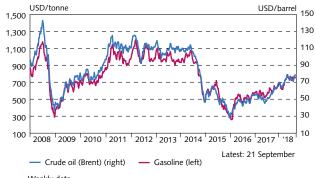
III-21 Global crude oil and gasoline prices



Monthly averages, most recent daily prices, and forward prices 12 months Sources: Bloomberg, Nymex

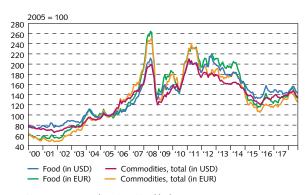
III-22

Global crude oil and gasoline prices



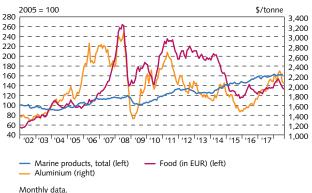
Weekly data. Source: Bloomberg

Commodity prices in international markets



Non-energy commodity prices. Monthly data. Sources: Thomson Reuters, World Bank

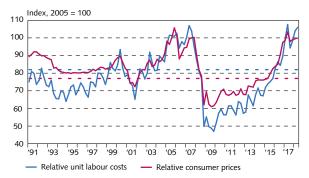
III-24 Global food prices and Icelandic export prices



Sources: Statistics Iceland, World Bank

III-25

Real exchange rate



Broken lines show 25-year average. Quarterly data. Source: Central Bank of Iceland.

III-26

Real exchange rate



Relative to consumer prices. Broken line shows 25-year average. Monthly data. Source: Central Bank of Iceland

IV Labour market and wages

IV-1

Unemployment rate



Unemployment, labour market survey

Unempolyment, labour market survey, excl. those who have been hired and will begin work whithin 3 months

Unemployment, labour market survey, those who have already got a job

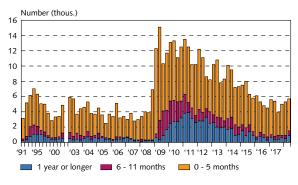
Unemployment, Directorate of Labour

Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly

Sources: Directorate of Labour, Statistics Iceland

IV-2

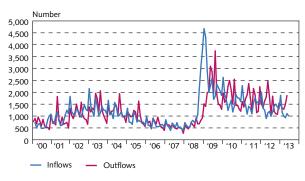
Unemployment by duration



Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly

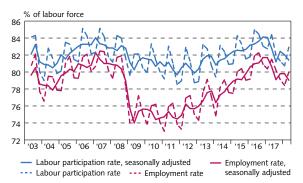
Source: Statistics Iceland.

Unemployment register: Inflows and outflows



Monthly data. Source: Directorate of Labour

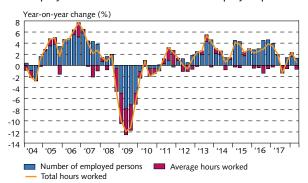
Labour participation rate and employment rate



Quarterly numbers based on monthly data averages.

Source: Statistics Iceland.

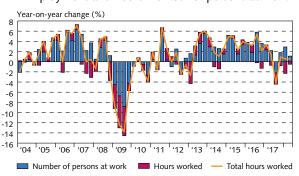
IV-5 Employment and hours worked for employed persons



Employed persons are those who worked at least one hour during the reference week or were absent from work that they were hired to carry out. Quarterly numbers based on monthly data averages.

Source: Statistics Iceland.

IV-6 Employment and hours worked for persons at work

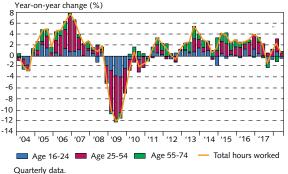


Persons at work are those who worked one hour or more during the reference week. Quarterly data

Source: Statistics Iceland.

IV-7

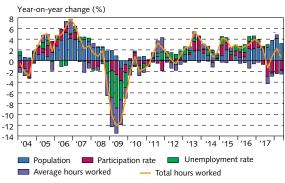
Total working hours



Source: Statistics Iceland

IV-8

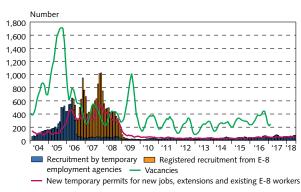
Total working hours



Increase in unemployment shows as a negative contribution to an increase in total working hours. Quarterly numbers based on monthly data averages. Sources: Statistics Iceland, Central Bank of Iceland.

IV-9

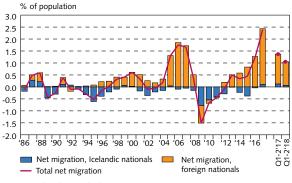
Vacancies and foreign labour



3-month moving average. The E-8 countries are Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic, and Hungary. Monthly data. Source: Directorate of Labour.

IV-10

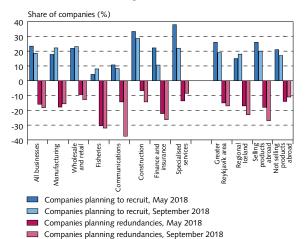
Migration



Annual and quarterly data Source: Statistics Iceland.

IV-11

Companies planning to change staffing levels during the next 6 months

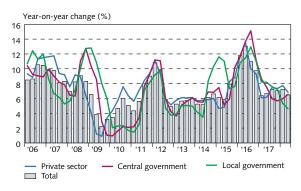


Seasonally adjusted data based on Gallup's survey of the 400 largest companies in

Sources: Gallup, Central Bank of Iceland.

IV-13

Wage changes by sector

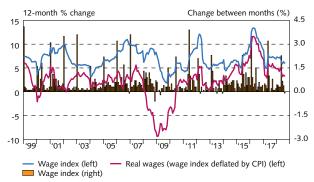


Until 2016 the quarterly wage index for the private sector is based on NACE Rev. 1.1. From 2016 and onwards the quarterly wage index for the private sector is based on NACE Rev. 2.0. Also, additional economic activities have been added. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

IV-15

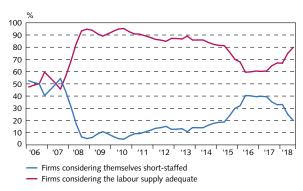
Nominal and real wages



Real wages are the wage index deflated by the CPI. Monthly data. Source: Statistics Iceland.

IV-12

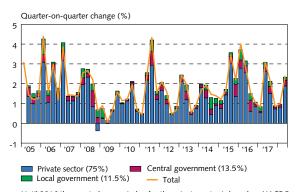
Labour supply



Seasonally adjusted quarterly figures. Sources: Gallup, Central Bank of Iceland.

IV-14

Sector contribution to wage growth

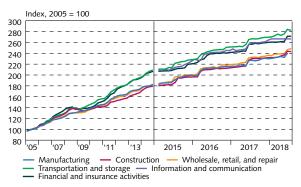


Until 2016 the quarterly wage index for the private sector is based on NACE Rev. 1.1. From 2016 and onwards the quarterly wage index for the private sector is based on NACE Rev. 2.0. Also, additional economic activities have been added. The figures in parentheses show the weight of these items in the wage index. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

IV-16

Private sector wage index by selected sectors



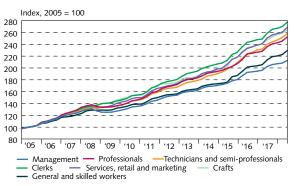
Quarterly data for 2005-2014 based on İSAT 95 classification system, but monthly data from beginning of 2015 onwards based on ISAT 08 classification system. Due to changes in classification and sampling the data are not fully comparable between these periods.

Source: Statistics Iceland.

IV Labour market and wages

IV-17

Private sector wage index by occupational group

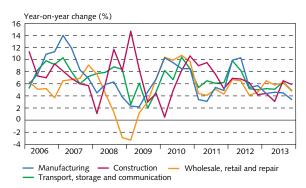


Occupational groups are defined according to ${\sf ISTARF\,95}$ classification system. Quarterly data.

Source: Statistics Iceland.

IV-18

Private sector labour cost index by sector

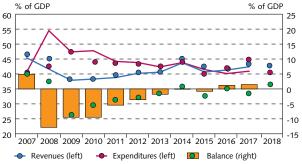


Total labour cost excluding irregular bonuses per hour. Sectors are defined according to ÍSAT 95 classification system. Quarterly data. Source: Statistics Iceland.

V Public finances

V-1

General government revenues, expenditures and balance

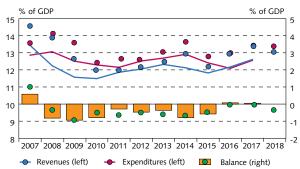


Lines and columns show annual data. Dots show first quarter of the year. Treasury revenues are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Treasury expenditures are adjusted for 105.1 b.kr. special payment to LSR A-division in Q4/2016. Annual and quarterly data.

Source: Statistics Iceland.

V-3

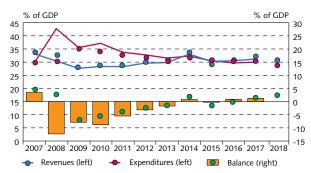
Local government revenues, expenditures and balance



Source: Statistics Iceland.

V-2

Treasury revenues, expenditures and balance



Lines and columns show annual data. Dots show first quarter of the year. Treasury revenues are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Treasury expenditures are adjusted for 105.1 b.kr. special payment to LSR A-division in Q4/2016. Annual and quarterly data.

Source: Statistics Iceland.

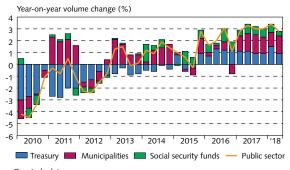
V-4

Income balance as share of income



Treasury revenues are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Treasury expenditures are adjusted for 105.1 b.kr. special payment to LSR A-division in Q4/2016. Four quarter moving average. Quarterly data. Source: Statistics Iceland. V-5

Public consumption

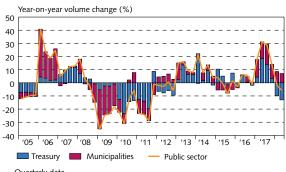


Quarterly data.

Source: Statistics Iceland.

V-6

Investment

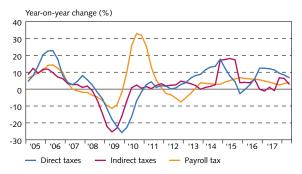


Quarterly data.

Source: Statistics Iceland.

V-7

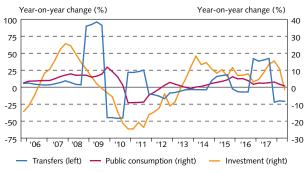
Tax revenues



Direct taxes are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Four quarter moving averages, deflated by the CPI. Quarterly data. *Source*: Statistics Iceland.

V-8

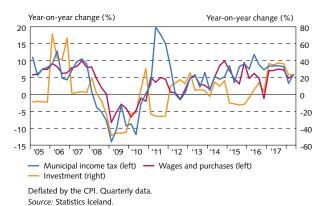
Treasury expenditures by type



Four quarter moving averages, deflated by the CPI. Quarterly data. Source: Statistics Iceland.

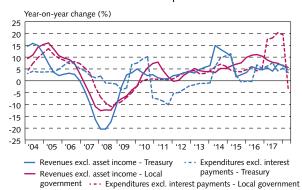
V-9

Local government revenues and expenditures



V-10

Treasury and local government revenues and expenditures

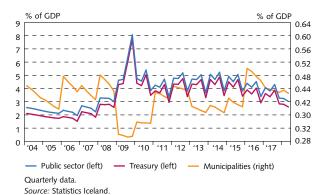


Treasury revenues are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Treasury expenditures are adjusted for a 192 b.kr. transfer on Q4/2008 and 105.1 b.kr. special payment to LSR A-division in Q4/2016. Four quarter moving averages, deflated by the CPI. Quarterly data. Source: Statistics Iceland.

V Public finances

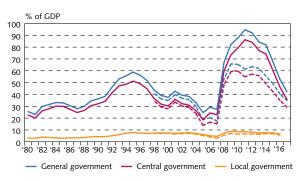


Public sector interest expense



V-12

Debt of general, central, and local government

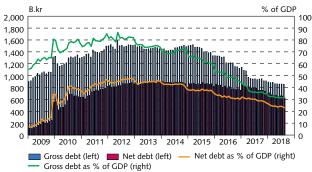


Solid lines show gross debt and broken lines show net debt. Net debt is gross debt less currency and deposits. Annual data.

Sources: Ministry of Finance and Economic Affairs, Statistics Iceland, Central Bank of Iceland.

V-13

Central government debt

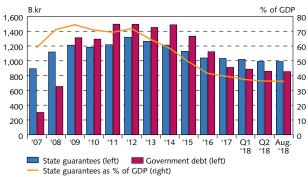


Monthly data.

Sources: Government Debt Management, Statistics Iceland, Central Bank of Iceland.

V-14

State guarantees and gross debt



Monthly data.

Sources: Government Debt Management, Statistics Iceland, Central Bank of Iceland.

VI Asset markets

VI-1

Housing market prices and turnover in greater Reykjavík



Turnover is based on the number of purchase agreements on the date of purchase. Monthly data.

Sources: Registers Iceland, Statistics Iceland, Central Bank of Iceland

VI-2

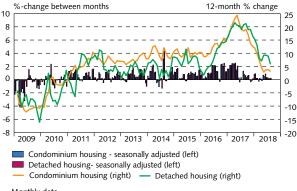
Housing market prices in greater Reykjavík



Price per sq.m. (immediate payment). 3-month average. Monthly data. *Sources:* Registers Iceland, Statistics Iceland.

VI-3

House prices in greater Reykjavík

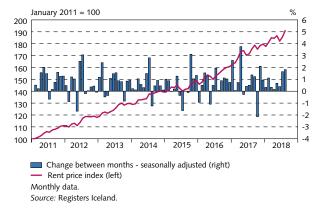


Monthly data.

Sources: Registers Iceland, Central Bank of Iceland.

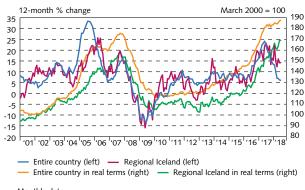
VI-5

Rent price index in greater Reykjavík



VI-4

Market price of residential housing

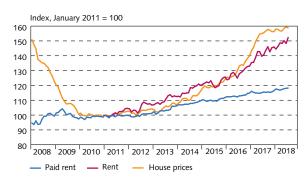


Monthly data.

Source: Statistics Iceland.

VI-6

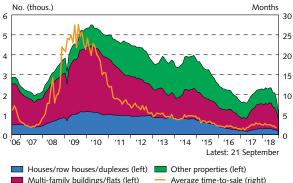
Rent, house prices and paid rent in real terms



Rent and house price are for greater Reykjavík, paid rent is for the whole country. Monthly data.

Sources: Registers Iceland, Statistics Iceland

VI-7
Advertised capital area property and average time to sale



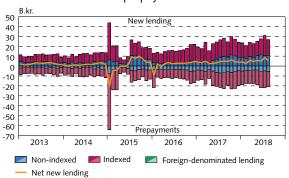
Multi-family buildings/flats (left) — Average time-to-sale (right)

Monthly average of advertisements on Morgunbladid real estate website. The count is carried out by property code so as to avoid a repeat count of the same property. Monthly seasonally adjusted turnover is according to the number of officially registered purchase agreements. The average time to sale is the length of time (in months) that it takes to sell advertised property divided by the turnover for the month in question.

Sources: Morgunbladid Real Estate Website (mbl.is), Registers Iceland.

VI-8

New DMB mortgage lending to households and prepayments of older loans



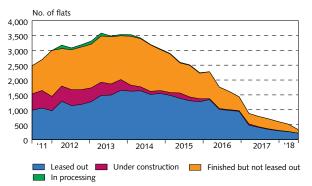
Net new lending consists of new lending net of prepayments of older loans. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VI Asset markets

VI-9

Residential housing owned by financial institutions nationwide



Classified by status. The financial institutions are: Arion Bank, Hilda, Hömlur, Íslandsbanki, Housing Financing Fund, Klettur, Landey, MP Bank, and KM. Quarterly data.

Source: Central Bank of Iceland.

VI-11

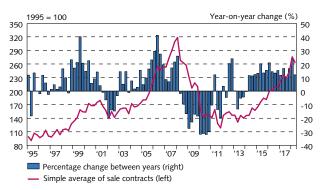
Turnover of commercial properties



Before June 2006 turnover is based on purchase day, otherwise on day of registered sales agreement. Quarterly data.

Sources: Registers Iceland, Central Bank of Iceland

VI-10 Commercial property real prices in greater Reykjavík

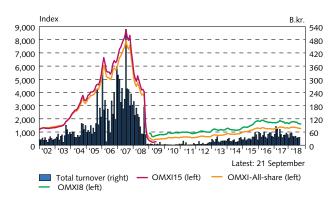


Weighted average of industrial, retail, and office housing. Data are subject to uncertainty due to sparsity and divergence of measurements. Latest data is preliminary. Quarterly data.

Sources: Registers Iceland, Central Bank of Iceland.

VI-12

Equity market

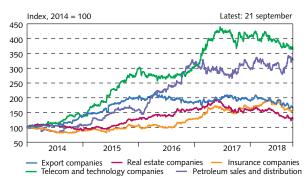


Total monthly volume of listed shares and monthly average of main stock

Source: Nasdaq Iceland.

VI-13

Share prices by sector

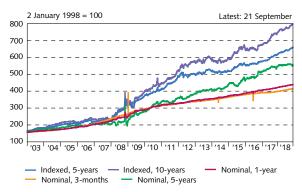


Average change in share price of listed companies in selected sectors, adjusted for dividend payments and share capital reductions. Daily data.

Source: Nasdaq Iceland.

VI-14

Bond indices

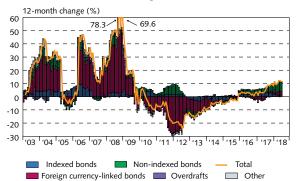


Indices are Nasdaq Iceland's calculations of yields on fixed-maturity bonds. Daily data.

Source: Nasdaq Iceland.

VII-1

DMB lending to businesses

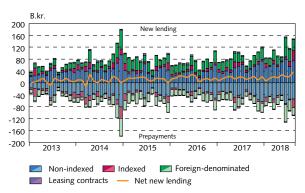


Stock of loans from DMBs, the HFF and other credit institutions, pension funds, insurance companies, and State credit funds. Contribution of individual components to lending growth. Loans are assessed at claim value. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-3

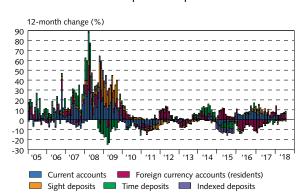
Net new lending from DMBs and HFF to firms



Net new lending consists of new lending net of prepayments of older loans. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-5

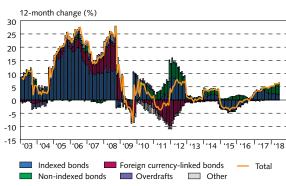
Companies' deposits



Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-2

Credit system lending to households

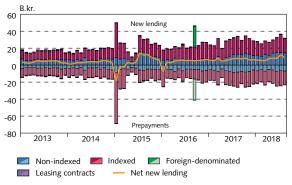


Stock of loans from DMBs, the HFF and other credit institutions, pension funds, insurance companies, and State credit funds. Contribution of individual components to lending growth. Loans are assessed at claim value. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-4

Net new lending from DMBs and HFF to households

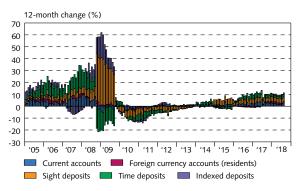


Net new lending consists of new lending net of prepayments of older loans. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-6

Household deposits

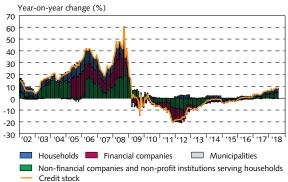


Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data.

Source: Central Bank of (celand.

VII-7

Credit system lending to resident borrowers



Only loans to pension fund members are included with pension funds. Financial companies excluding loans to deposit institutions and failed financial institutions. *Source*: Central Bank of Iceland.

VII-8

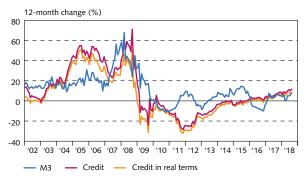
Household and non-financial corporate debt



Debt owed to financial undertakings and market bonds issued. Companies excluding financial institutions (which includes holding companies). Sources: Statistics Iceland, Central Bank of Iceland.

VII-9

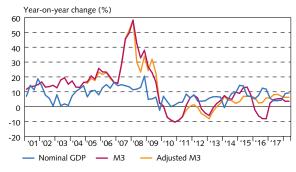
M3 and domestic bank credit



Loans are assessed at claim value. The series "credit in real terms" represents loans deflated by the CPI. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

VII-10

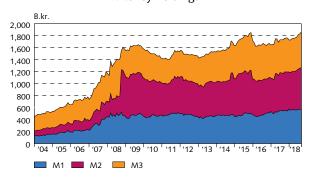
Nominal GDP and M3



Adjusted M3 excludes deposits of failed financial institutions. Quarterly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

VII-11

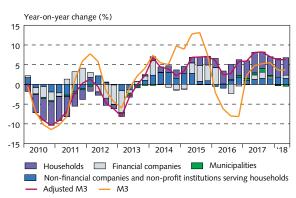
Money holdings



Most recent figures are preliminary. Monthly data.

VII-12

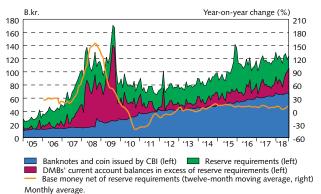
Components of money holdings



Adjusted M3 excludes deposits of failed financial institutions. Quarterly data. Source: Central Bank of Iceland.

VII-13

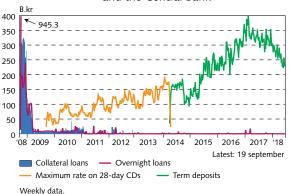
Components of Central Bank base money (M0)



Source: Central Bank of Iceland.

VII-15

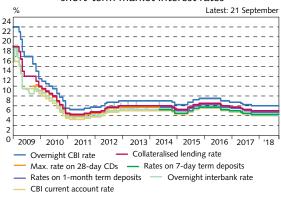
Transactions between financial institutions and the Central Bank



Source: Central Bank of Iceland

VII-17

Central Bank of Iceland and short-term market interest rates

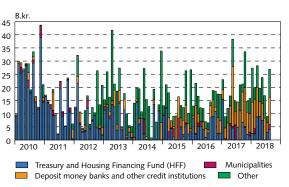


Daily data.

Source: Central Bank of Iceland.

VII-14

Bond auctions

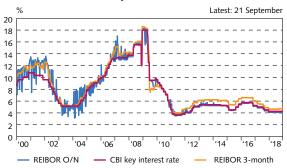


Information on auctions of other issuers' marketable bonds does not necessarily include all of their issued bonds. Monthly data.

Sources: Icelandic Securities Depository, Central Bank of Iceland.

VII-16

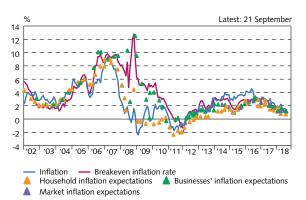
Central Bank key interest rate and money market interest rates



Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the effective rate is the Bank's seven day term deposit rate. Weekly data. Source: Central Bank of Iceland.

VII-18

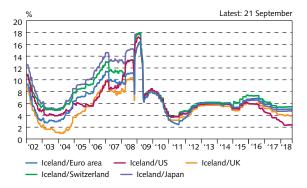
Central Bank of Iceland real interest rates



According to 12-month inflation and 1-year inflation expectations. Real interest rates according to breakeven inflation rate on Treasury notes are calculated based on Treasury note (RIKB 13 0517) and Treasury bond (RIKS 15 1001) yields until June 2004, and on the difference between the nominal and indexed yield curves onwards (monthly average). Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the effective rate is the Bank's seven day term deposit rate. Monthly data. Sources: Gallup, Statistics Iceland, Central Bank of Iceland.

VII-19

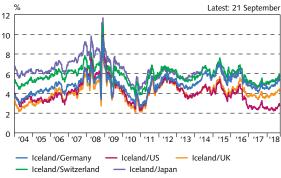
Short-term interest rate differential



3-month interbank rates. Weekly data. *Source:* Thomson Reuters.

VII-20

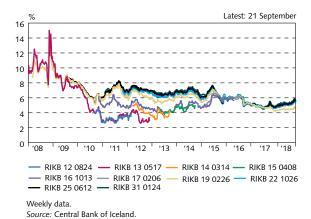
Long-term interest rate differential



Yields on non-indexed 10-year Treasury bonds are used. Weekly data. Source: Thomson Reuters.

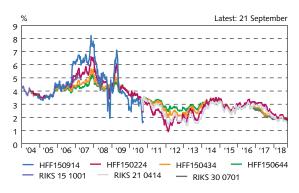
VII-21

Yields on nominal Treasury bonds



VII-22 Y

Yields on indexed Treasury and HFF bonds



Weekly data.

Source: Central Bank of Iceland.

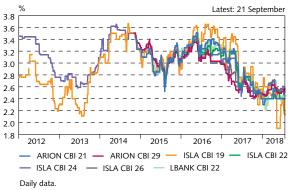
VII-23

Yields on DMB nominal covered bonds



VII-24

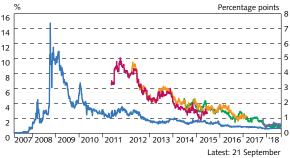
Yields on DMB indexed covered bonds



Source: Kodiak Pro.

VII-25

Risk premia on the Icelandic Treasury



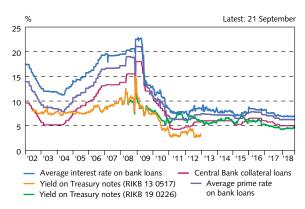
- 5-year USD credit spread on the Republic of Iceland (left)
- Difference between Icelandic and US government bonds issued in USD maturing in 2016 (right)
- Difference between Icelandic and US government bonds issued in USD maturing in 2022 (right)
- Difference between Icelandic and German government bonds issued in EUR, maturing in 2020 (right)
- Difference between Icelandic and German government bonds issued in EUR, maturing in 2022 (right)

Daily data.

Sources: Bloomberg, Thomson Reuters.

VII-27

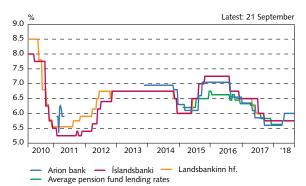
Average nominal interest rates



Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data. Source: Central Bank of Iceland.

VII-29

Interest rates on nominal housing loans

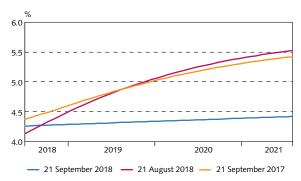


Lowest floating rates for non-indexed housing loans. No data for Arion bank for the time periods 11 March 2010 - 11 February 2011 and 11 May - 1 December 2013. Average pension fund lending rates is the average of the lending rates charged by Gildi, and Lifsverk. 10-day data except for pension fund data, which

Source: Central Bank of Iceland

VII-26

Forward market interest rates

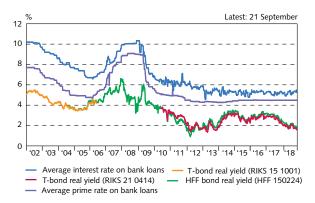


Forward interest rates calculated based on interbank market interest and yields on Treasury notes, using the Nelson-Siegel method. The valuation is subject to some uncertainty because of the small number of Treasury notes underlying the calculations.

Source: Central Bank of Iceland

VII-28

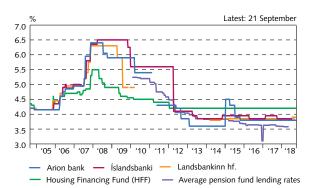
Average indexed interest rates



Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data. Source: Central Bank of Iceland.

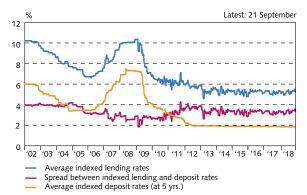
VII-30

Interest rates on indexed housing loans



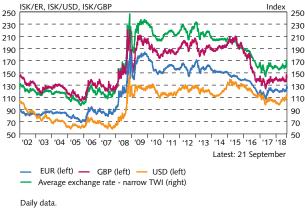
Lowest fixed rates for indexed housing loans. Housing Financing Fund interest rates are indexed housing loan rates with prepayment penalty for December 2005 onwards, and without prepayment before that time. Average pension fund lending rates is the average of the lending rates charged by Almenni, Festa, Frjálsi, Gildi, LSR, The pension fund of commerce, and Söfnunarsjóður lífeyrisréttinda. 10-day data except for pension fund data, which are monthly. Sources: Housing Financing Fund, Central Bank of Iceland.

VII-31 Bank lending and deposit rates



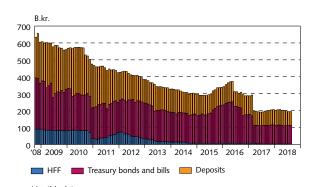
Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data. Source: Central Bank of Iceland.

VII-33 Exchange rate of foreign currencies against the króna



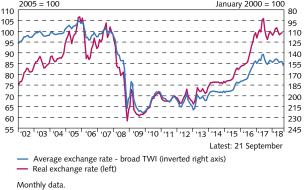
Source: Central Bank of Iceland.

VII-35 Non-residents's króna assets



Sources: Icelandic Securities Depository, Central Bank of Iceland.

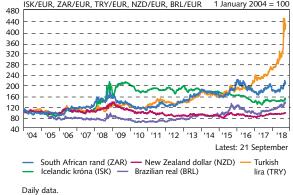
VII-32 Nominal and real effective exchange rate of the króna



Source: Central Bank of Iceland.

VII-34

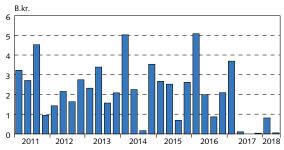
Exchange rate of the euro against high-yielding currencies



Source: Thomson Reuters

VII-36

Non-residents' repatriation of domestic interest payments



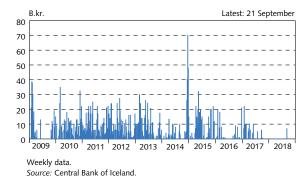
The figures above are based on information provided to the Central Bank by domestic financial institutions, on non-residents' foreign exchange transactions involving payments of interest and indexation on deposits with domestic financial institutions and ISK-denominated bonds issued by domestic parties. In comparing the amounts, it should be borne in mind that regulatory provisions on foreign exchange transactions involving interest payments have changed between periods. The Central Bank considers data from the years 2009 and 2010 not reliable enough for official publication. The data imply, however, that foreign exchange transactions resulting from non-residents' interest payments have been on the decline between these periods. Quarterly data.

Source: Central Bank of Iceland.

VII Financial markets

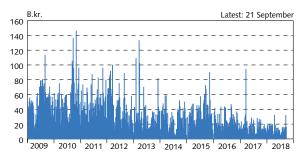
VII-37

Turnover on the interbank market for krónur



VII-38

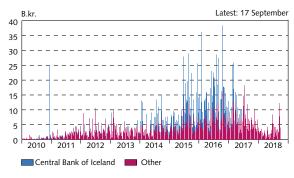
Bond market turnover



Weekly data.
Source: Nasdaq Iceland.

VII-39

Foreign exchange market turnover

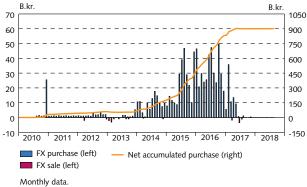


Weekly data.

Source: Central Bank of Iceland.

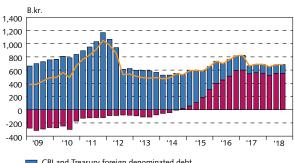
VII-40

Central Bank intervention in foreign exchange market



Source: Central Bank of Iceland.

VII-41
Central Bank of Iceland foreign exchange reserves



CBI and Treasury foreign denominated debt
 Reserves financed in ISK
 FX reserves - total

Reserves financed in ISK are foreign exchange reserves net of Central Bank and Treasury foreign-denominated debt. Q3/2018 is end of August figures. Quarterly data.

Source: Central Bank of Iceland.