

# Economic indicators



Central Bank of Iceland  
August 2003

## Overview of economic indicators

|  | Latest period | Latest value | Change (%)     |                            |                | Contribution to inflation (%) | 12-mo. ch. 1 year ago (%) |
|--|---------------|--------------|----------------|----------------------------|----------------|-------------------------------|---------------------------|
|  |               |              | on prev. month | over 6 months <sup>2</sup> | over 12 months |                               |                           |
| I Inflation and inflation expectations <sup>1</sup>                      |               |              |                |                            |                |                               |                           |
| Consumer price index.....  | August '03    | 226.3        | -0.1           | 1.8                        | 2.0            | .                             | 3.2                       |
| Core index 1 (CPI excl. agric. prod., vegetables, fruit and petrol)..... | August '03    | 128.3        | -0.1           | 2.7                        | 2.7            | 2.4                           | 4.1                       |
| Core index 2 (core index 1 excl. public services).....                   | August '03    | 128.8        | -0.1           | 2.7                        | 2.4            | 1.9                           | 4.3                       |
| Domestic goods excl. agricultural products and vegetables .....          | August '03    | 127.1        | -0.2           | -0.5                       | 0.1            | 0.0                           | 3.7                       |
| Agricultural products and vegetables .....                               | August '03    | 115.7        | 0.4            | -3.5                       | -2.4           | -0.2                          | -1.3                      |
| Imported goods excl. alcohol and tobacco .....                           | August '03    | 107.2        | -0.7           | 0.4                        | -1.7           | -0.5                          | 1.1                       |
| - food and beverages.....  | August '03    | 117.0        | -2.3           | -12.0                      | -6.9           | -0.2                          | -1.7                      |
| - cars and spare parts .....   | August '03    | 115.4        | 0.3            | 1.9                        | 1.6            | 0.1                           | 2.9                       |
| - petrol.....  | August '03    | 119.8        | 0.0            | -2.9                       | -1.2           | 0.0                           | -5.3                      |
| - imported goods excl. food and beverages.....                           | August '03    | 98.3         | -1.2           | 2.7                        | -2.3           | -0.4                          | 3.0                       |
| Housing.....   | August '03    | 169.4        | 1.3            | 10.8                       | 10.9           | 1.8                           | 4.7                       |
| Public services .....  | August '03    | 127.8        | 0.1            | 2.7                        | 5.6            | 0.4                           | 4.0                       |
| Private services .....   | August '03    | 136.5        | -0.4           | 0.0                        | 1.5            | 0.3                           | 5.7                       |
| Groceries (perishable items).....  | August '03    | 121.4        | -0.2           | -3.2                       | -2.2           | -0.4                          | .                         |
| Weighted import exchange rate index (Dec. 31 1994=100) .....             | July 31 '03   | 105.6        | 0.6            | 5.1                        | -1.7           | .                             | -7.8                      |

|  | Latest period | Expected 12 mo. inflation | Change on prev. survey | Exp. 12-mo inflation 1 year ago | Expected annual inflation over next |        | Perceived inflation in past 12 mo. |
|--|---------------|---------------------------|------------------------|---------------------------------|-------------------------------------|--------|------------------------------------|
|  |               |                           |                        |                                 | 2 yrs.                              | 3 yrs. |                                    |
| Inflation premium on Treasury bonds <sup>3</sup> ..... | Aug. 15 '03   | .                         | .                      | .                               | 1.8                                 | 2.1    | .                                  |
| Employers' inflation expectations .....                | Feb. '03      | 2.1                       | 0.5                    | .                               | 2.4                                 | .      | .                                  |
| Public's inflation expectations.....                   | June '03      | 3.4                       | -0.3                   | 4.2                             | .                                   | .      | 2.8                                |

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation. 3. Inflation premium at 1, 2 and 3 years' maturity, based on the differential between non-indexed and indexed Treasury bond yields.

|   | Latest period   | Latest value | 1 year ago | % change <sup>1</sup> on previous period |               | From beginn. of year, Change on Value prev. year (%) <sup>1</sup> |       |
|---|-----------------|--------------|------------|--|---------------|---|-------|
|   |                 |              |            | previous period                          | previous year | Value   | Value |
| II Output and demand  |                 |              |            |  |               |   |       |
| GDP (b.kr.).....  | Q1 2003         | 194.9        | 192.9      | .  | 3.3           | 194.9   | 3.3   |
| National expenditure (b.kr.).....                               | Q1 2003         | 190.9        | 187.8      | .  | 1.2           | 190.9   | 1.2   |
| Private consumption (b.kr.).....                                | Q1 2003         | 104.3        | 100.2      | .  | 4.6           | 104.3   | 4.6   |
| Public consumption (b.kr.).....                                 | Q1 2003         | 50.5         | 46.9       | .  | 3.8           | 50.5  | 3.8   |
| Gross fixed investment (b.kr.) .....                            | Q1 2003         | 36.2         | 41.0       | .  | -9.4          | 36.2  | -9.4  |
| Exports (b.kr.) .....   | Q1 2003         | 70.8         | 76.5       | .  | 4.8           | 70.8  | 4.8   |
| Imports (b.kr.) .....   | Q1 2003         | -66.8        | -71.4      | .  | -0.5          | -66.8   | -0.5  |
| Turnover according to VAT statements (b.kr.) <sup>2</sup> ..... | March-April '03 | 207.7        | 184.4      | -1.2                                     | -3.3          | 392.2   | -3.3  |
| Turnover in groceries stores (b.kr.).....                       | July '03        | 119.0        | 113.6      | 11.3                                     | 4.8           | 107.2   | 3.9   |
| Credit and debit card turnover (b.kr.) <sup>2</sup> .....       | July '03        | 44.0         | 41.2       | 1.7                                      | 7.1           | 283.5   | 6.7   |
| Turnover of publicly listed companies on ICEX (b.kr.).....      | Jan.-March '03  | 98.8         | 91.1       | .  | .             | 98.8  | 8.4   |
| Cement sales (thous. tons) .....                                | July '03        | 15.1         | 13.8       | 10.7                                     | 9.7           | 71.1  | 16.9  |
| Automobile registrations (number).....                          | July '03        | 1,422        | 872        | -17.4                                    | 63.1          | 7,904   | 49.0  |

1. Change between periods is presented in real terms. 2. Change in seasonally adjusted values.

|  | Latest period | Latest value | 1 year ago | % change on previous period |               | From beginn. of year, Change on Value prev. year (%) <sup>1</sup> |       |
|--|---------------|--------------|------------|-----------------------------|---------------|---|-------|
|  |               |              |            | previous period             | previous year | Value   | Value |
| III Foreign trade and external economic conditions             |               |              |            |                             |               |   |       |
| Price of marine products in foreign currency (Jan.1999=100)... | June '03      | 96.5         | 103.5      | 96.9                        | -0.4          | 99.4  | -4.2  |
| Price of aluminium, LME cash price \$/t .....                  | August '03    | 1,463        | 1,300      | 3.0                         | 12.5          | 6   | 3.3   |
| Price of crude oil (Brent) \$/b.....                           | August '03    | 29.5         | 26.7       | 3.8                         | 10.5          | 4.1   | 21.1  |
| Groundfish (1,000 tonnes).....                                 | July '03      | 35.1         | 33.2       | -21.7                       | 5.8           | 301.2   | 0.2   |
| Pelagics (1,000 tonnes).....                                   | July '03      | 190.4        | 212.9      | 43.5                        | -10.5         | 1,036.2   | -37.6 |
| Merchandise exports (b.kr.) <sup>1</sup> .....                 | June '03      | 14.6         | 15.0       | -4.7                        | 2.8           | 93.1  | -4.9  |
| - marine products (b.kr.) <sup>1</sup> .....                   | June '03      | 9.1          | 8.6        | -11.2                       | 11.8          | 57.0  | -8.0  |
| - aluminium (b.kr.) <sup>1</sup> .....                         | June '03      | 2.8          | 3.9        | 11.4                        | -24.3         | 18.4  | -5.4  |
| - other industrial products (b.kr.) <sup>1</sup> .....         | June '03      | 2.3          | 2.1        | 6.5                         | 13.0          | 14.1  | 7.7   |
| Merchandise imports (b.kr.) <sup>1</sup> .....                 | June '03      | 17.5         | 15.4       | 2.5                         | 20.1          | 93.5  | 5.5   |
| Merchandise trade balance (b.kr.) <sup>1</sup> .....           | June '03      | -2.9         | -0.4       | .                           | .             | -0.4  | .     |
| Services exports (b.kr.) <sup>1</sup> .....                    | Q1 2003       | 21.5         | 23.1       | -4.4                        | 4.8           | 21.5  | 4.8   |
| Services imports (b.kr.) <sup>1</sup> .....                    | Q1 2003       | 24.2         | 23.8       | 3.2                         | 14.7          | 24.2  | 14.7  |
| Real effective exchange rate (relative CPI) (1980=100).....    | Q2 2003       | 96.0         | 88.5       | 1.8                         | 8.5           | 95.2  | 10.1  |

Note: In the case of volumes and values, "From beginning of year" refers to cumulated figures to date, but in the case of prices or indices it refers to the average price or index. 1. Changes are calculated at constant exchange rates.

|  | Latest period | Latest value | Value<br>1 year ago | Change <sup>1</sup> from |               | From beginn. of year <sup>2</sup> |                          |
|--|---------------|--------------|---------------------|--------------------------|---------------|-----------------------------------|--------------------------|
|  |               |              |                     | previous period          | previous year | Average                           | Change on prev. year (%) |
| IV Labour market and wages                                     |               |              |                     |                          |               |                                   |                          |
| Number of unemployed listed at employment agencies.....        | July '03      | 4,669        | 3,530               | -412                     | 1,139         | 5,310                             | 49.3                     |
| Registered unemployment, s.a. (% of total estim. labour force) | July '03      | 3.4          | 2.6                 | 0.0                      | 0.8           | 3.3                               | 1.0                      |
| Unemployment rate, labour force survey (biannual).....         | April '03     | 3.9          | 3.2                 | 0.7                      | 0.7           | .                                 | .                        |
| Total hours worked per week, labour force survey .....         | Nov. '02      | .            | .                   | 1.1                      | -1.7          | .                                 | .                        |
| Listed vacancies at employment agencies .....                  | July '03      | 608          | 282                 | 11                       | 116           | 401                               | 70.9                     |
| New work permits issued.....                                   | July '03      | 83           | 114                 | 15                       | -27           | 399                               | -37.0                    |
| Work permits issued, total.....                                | July '03      | 385          | 292                 | 2                        | 32            | 1,788                             | -14.2                    |
| Wage index (december 1988=100).....                            | July '03      | 239.3        | 226.5               | 0.1                      | 5.7           | 238.2                             | 5.6                      |
| Real wages (wage index deflated by CPI).....                   | July '03      | 132.0        | 126.9               | 0.3                      | 4.0           | 131.6                             | 3.7                      |

1. Change from previous period refers to change in the number of unemployed and change in the rate of unemployment; percentage changes otherwise. 2. Average from beginning of year except for work permits where the cumulated number of permits is shown. Change on previous year refers to change in the average number of unemployed and change in the unemployment rate; percentage changes otherwise.

|   | Latest period | Latest value | Value<br>1 year ago | % change on     |               | From beginn. of year |                          |
|---|---------------|--------------|---------------------|-----------------|---------------|----------------------|--------------------------|
|   |               |              |                     | previous period | previous year | Value                | Change on prev. year (%) |
| V Public finances   |               |              |                     |                 |               |                      |                          |
| Treasury revenue balance (billion kr.).....                 | July '03      | -2.4         | -2.5                | -               | -             | -3.3                 | -                        |
| - as % of revenue .....                                     | July '03      | -12.3        | -13.3               | -               | -             | -2.3                 | -                        |
| Net borrowing requirement (billion kr.).....                | July '03      | 1.1          | 1.9                 | -               | -             | -1.8                 | -                        |
| - as % of revenue .....                                     | July '03      | 5.8          | 10.0                | -               | -             | -1.2                 | -                        |
| Treasury revenue (b.kr.).....                               | July '03      | 19.8         | 19.0                | -8.4            | 4.2           | 147.5                | 12.2                     |
| - from VAT (b. kr.).....                                    | July '03      | 6.5          | 6.0                 | 5.2             | 7.1           | 41.9                 | 8.9                      |
| - from payroll & personal income tax withheld (b.kr.) ..... | July '03      | 6.7          | 6.3                 | 2.9             | 7.0           | 46.1                 | 5.7                      |
| - from imports, alcohol, car ownership (b.kr.) .....        | July '03      | 1.5          | 1.4                 | 7.6             | 8.4           | 9.8                  | 10.8                     |
| Treasury expenditures (b.kr.) .....                         | July '03      | 22.2         | 21.5                | 4.0             | 3.3           | 150.8                | 6.2                      |

Note: All figures except for the last two columns are based on moving 4-month averages.

|  | Latest period | Latest value | Value<br>1 year ago | % change on     |               | From beginn. of year   |                          |
|--|---------------|--------------|---------------------|-----------------|---------------|------------------------|--------------------------|
|  |               |              |                     | previous period | previous year | Aver- age <sup>2</sup> | Change on prev. year (%) |
| VI Asset markets   |               |              |                     |                 |               |                        |                          |
| ICEX-15 monthly average (Dec. 1997=100).....                       | July '03      | 1,503.8      | 1,274.7             | 2.1             | 18.0          | 1,417.4                | 10.9                     |
| ICEX Main monthly average (Dec. 1997=100) .....                    | July '03      | 1,540.7      | 1,321.0             | 1.4             | 16.6          | 1,479.2                | 13.4                     |
| Turnover on Iceland Stock Exchange (ICEX), monthly (b.kr.)         | July '03      | 13.2         | 13.2                | -71.9           | -0.1          | 240.9                  | 37.9                     |
| Residential housing price index <sup>1</sup> (Jan. 1996=100).....  | July '03      | 183.6        | 162.2               | 1.6             | 13.1          | 178.3                  | 10.8                     |
| Real residential housing prices <sup>1</sup> (Jan. 1996=100) ..... | July '03      | 141.3        | 127.2               | 1.7             | 11.1          | 137.8                  | 8.7                      |
| Price of long-term cod quota (kr./kg.) .....                       | July '03      | 1,200        | 1,000               | 0.0             | 20.0          | 1,217                  | 39.4                     |

1. In Greater Reykjavík Area. 2. Except for turnover which is cumulated to date.

|  | Latest period | Latest value | Value<br>1 year ago | % change on     |               | From beginn. of year   |                          |
|--|---------------|--------------|---------------------|-----------------|---------------|------------------------|--------------------------|
|  |               |              |                     | previous period | previous year | Aver- age <sup>2</sup> | Change on prev. year (%) |
| VII Financial markets  |               |              |                     |                 |               |                        |                          |
| Bank lending to domestic sector (b.kr.).....   | July 31 '03   | 764.3        | 678.2               | 0.7             | 11.5          | -                      | -                        |
| - adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) ..... | July 31 '03   | 179.1        | 158.2               | 0.6             | 12.0          | -                      | -                        |
| - in real terms (January 1999=100) .....   | July 31 '03   | 138.9        | 125.8               | 0.8             | 10.5          | -                      | -                        |
| Credit system total lending (b.kr.) .....  | March 31 '03  | 2,028        | 1,954               | 2.0             | 3.8           | -                      | -                        |
| M3 (b.kr.) .....   | July 31 '03   | 426.6        | 370.8               | -2.9            | 15.1          | -                      | -                        |
| Central Bank policy interest rate (%) .....  | Aug. 22 '03   | 5.3          | 7.9                 | 0.0             | -2.6          | 5.4                    | -3.9                     |
| Money market yield, 3-mo. (%) <sup>1</sup> .....   | Aug. 22 '03   | 5.3          | 7.9                 | 0.0             | -2.6          | 5.5                    | -4.8                     |
| Treasury bill yield, 3-mo. (%) <sup>1</sup> .....  | Aug. 22 '03   | 5.0          | 7.9                 | -0.1            | -2.9          | 5.1                    | -3.8                     |
| Treasury bill real yield, 3-mo., based on inflation premium (%) <sup>1</sup>                           | Aug. 22 '03   | 3.0          | 5.5                 | 0.3             | -2.5          | 2.8                    | -3.5                     |
| Yield on Treasury notes (4 yrs., RIKB 07 0209) (%) <sup>1</sup> .....                                  | Aug. 22 '03   | 6.1          | 7.9                 | -0.7            | -1.8          | 6.8                    | -1.8                     |
| Yield on Treasury notes (10½ yrs., RIKB 13 0517) (%) <sup>1</sup> .....                                | Aug. 22 '03   | 7.3          | 8.1                 | -0.2            | -0.7          | 7.7                    | 4.3                      |
| Real yield on housing bonds (25 yrs., IBH 26 0315) (%) <sup>1</sup> .....                              | Aug. 22 '03   | 4.5          | 5.7                 | -0.1            | -1.2          | 4.8                    | -1.0                     |
| Real yield on housing bonds (40 yrs., IBH 41 0315) (%) <sup>1</sup> .....                              | Aug. 22 '03   | 4.4          | 5.5                 | -0.1            | -1.2          | 4.7                    | -0.9                     |
| Real yield on Treasury bonds (5 yrs., RIKS 05 0410) (%) <sup>1</sup> .....                             | Aug. 22 '03   | 4.1          | 5.4                 | -0.1            | -1.3          | 4.2                    | -1.4                     |
| Real yield on Treasury bonds (15 yrs., RIKS 15 1001) (%) <sup>1</sup> .....                            | Aug. 22 '03   | 4.1          | 5.3                 | -0.1            | -1.2          | 4.5                    | -0.8                     |
| Average bank lending rate, non-indexed loans (%) <sup>1</sup> .....                                    | Aug. 22 '03   | 12.0         | 14.8                | 0.0             | -2.8          | 12.1                   | -4.3                     |
| Average bank lending rate, indexed loans (%) <sup>1</sup> .....  | Aug. 22 '03   | 9.1          | 10.1                | 0.0             | -1.0          | 9.2                    | -0.9                     |
| Exchange rate index of króna (Dec 31. 1991=100) <sup>1</sup> .....                                     | Aug. 22 '03   | 125.8        | 126.3               | 1.4             | -0.4          | 122.3                  | -8.0                     |

1. All figures except for two last columns are based on 4-week averages.

# I Inflation and inflation expectations

Fig. 1 Consumer price inflation and core inflation  
12-month % change

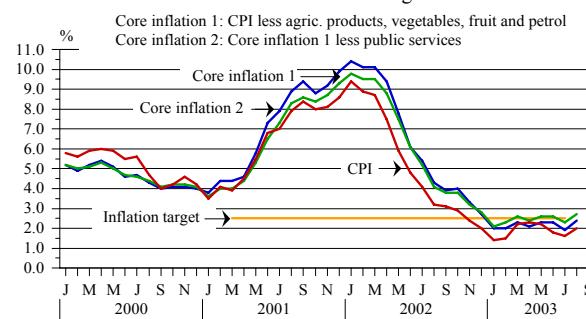


Fig. 2 CPI by origin  
12-month % change

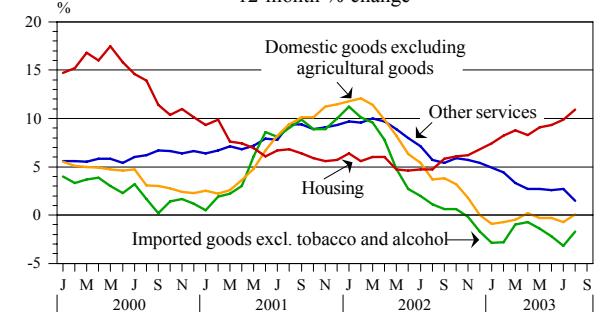


Fig. 3 Price of imported goods in the CPI and import-weighted exchange rate of the króna

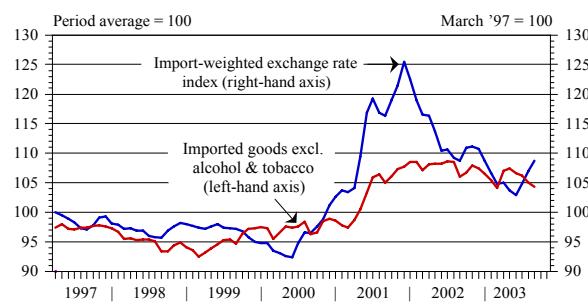


Fig. 4 Inflation in Iceland and trading partner countries  
12-month change in the HICP for all countries except national CPI inflation for USA, Switzerland and Japan

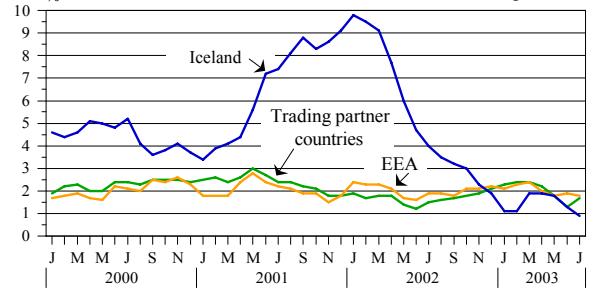


Fig. 5 Food, groceries and petrol prices  
12-month % change

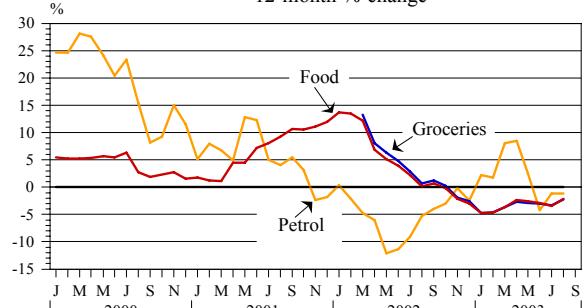
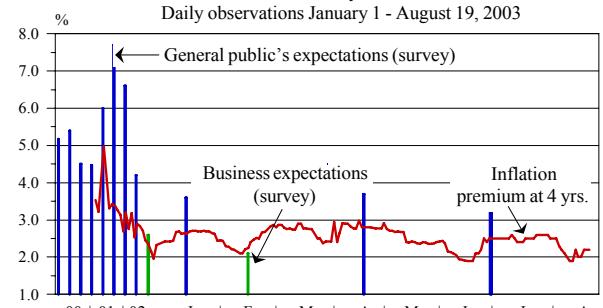


Fig. 6 Inflation expectations  
At month-end January 2000 - Dec. 2002  
Daily observations January 1 - August 19, 2003



## II Output and demand

Fig. 7

### Quarterly national accounts data

Volume change from same quarter in previous year

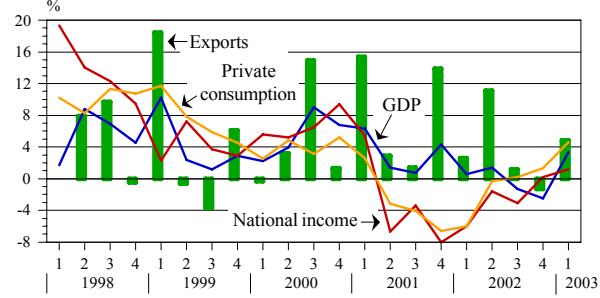


Fig. 8

### Turnover based on VAT statements

Data is seasonally adjusted and in real terms

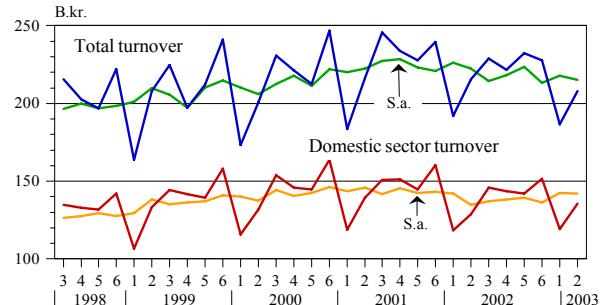


Fig. 9

### Groceries turnover

In real terms, deflated by the price of groceries in the CPI

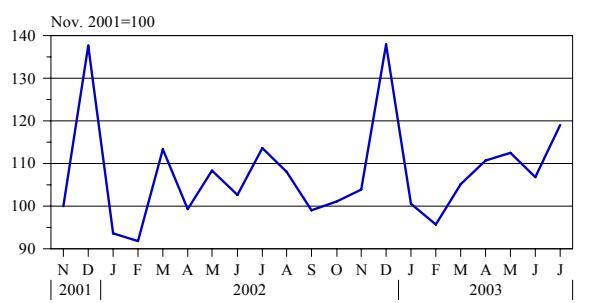


Fig. 10

### Credit card and debit card turnover

Change on same period in previous year, deflated using the CPI for domestic turnover and the exchange rate for turnover abroad

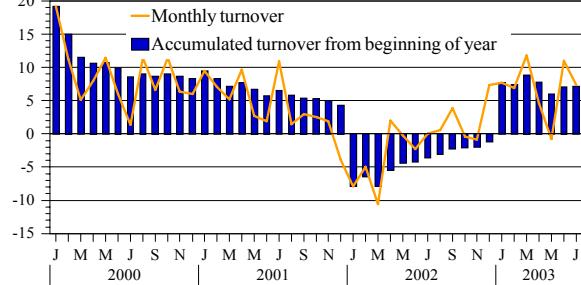


Fig. 11

### Company turnover and profits

January-June 2002 and 2003. Sample size: 34

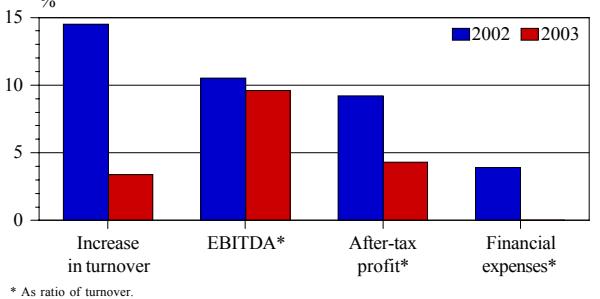


Fig. 12

### Cement sales and automobile registrations

12-month change

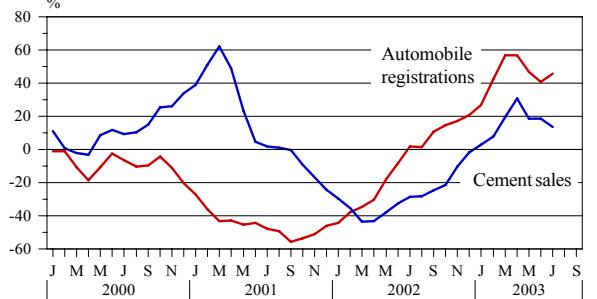


Fig. 13

### Value of contracts in public tender and the ratio of value to estimated costs

Quarterly weighted averages

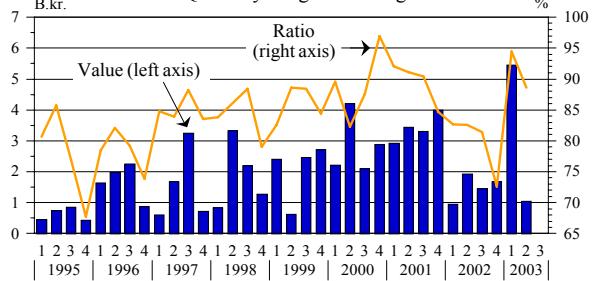
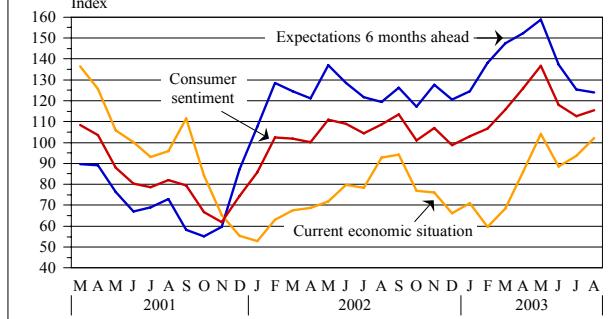


Fig. 14

### Consumer sentiment

Index



### III Foreign trade and external economic conditions

Fig. 15

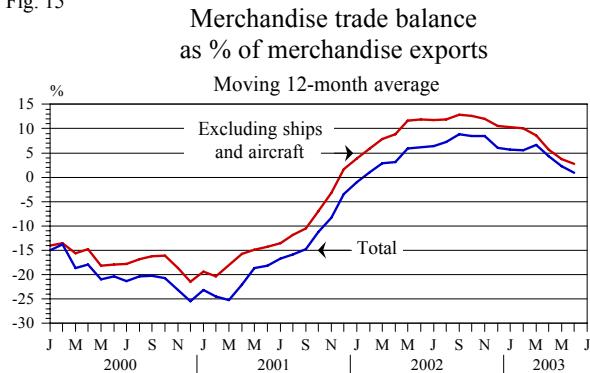


Fig. 16

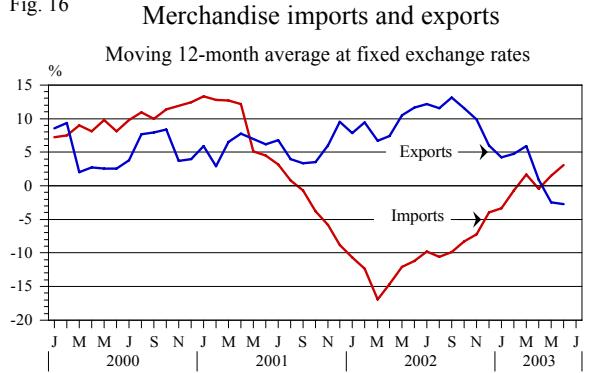


Fig. 17

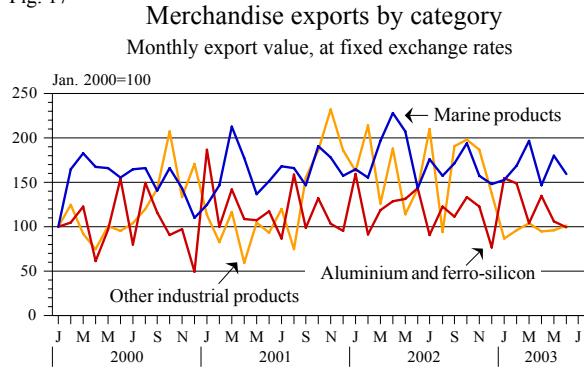


Fig. 18

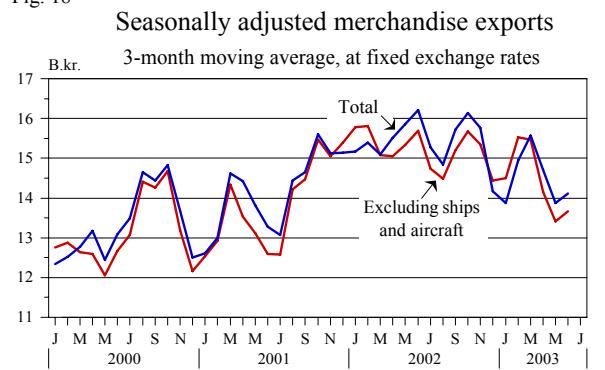


Fig. 19

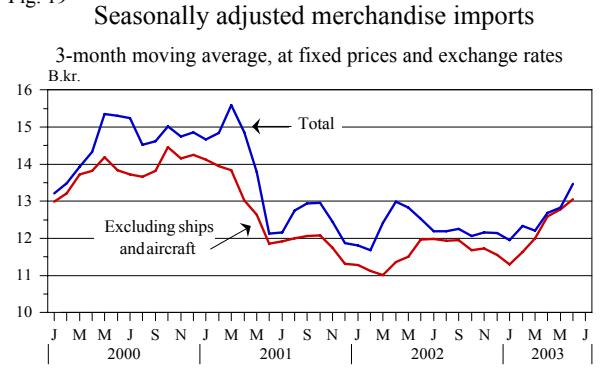


Fig. 20

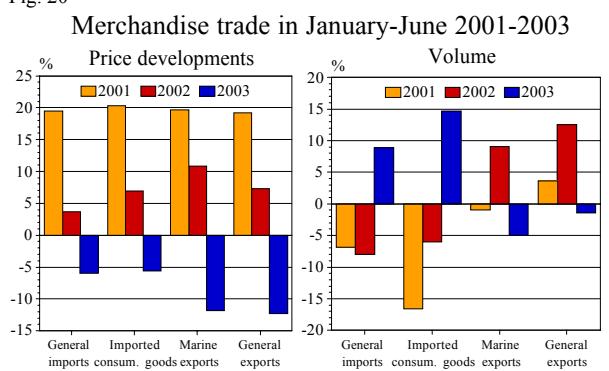


Fig. 21

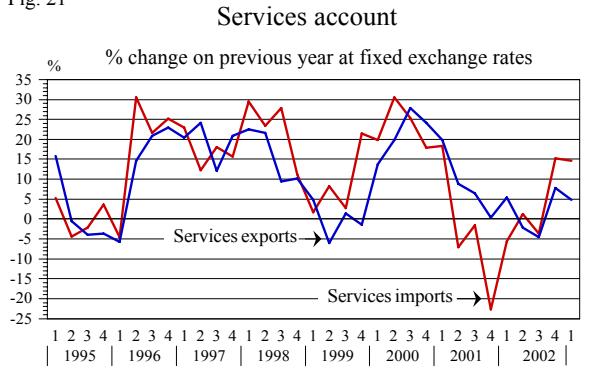
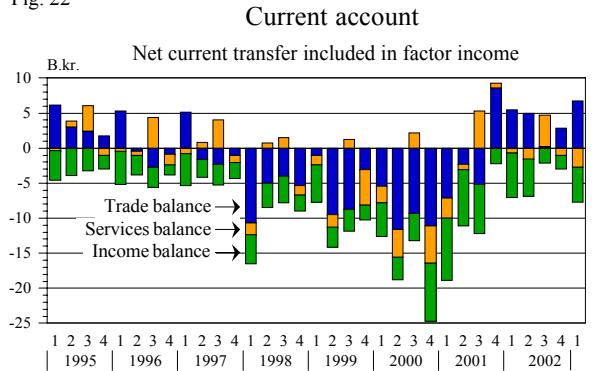


Fig. 22



### III Foreign trade and the external economic conditions (cont.)

Fig. 23

Monthly fish catch volume

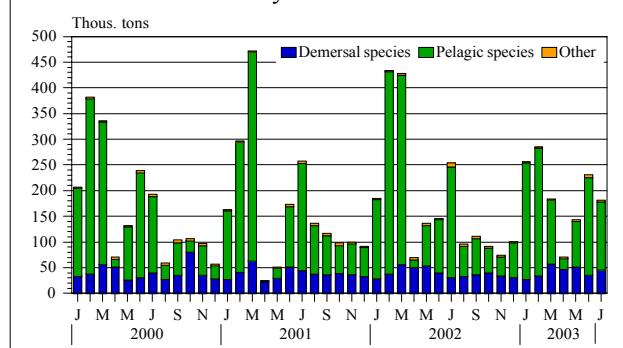
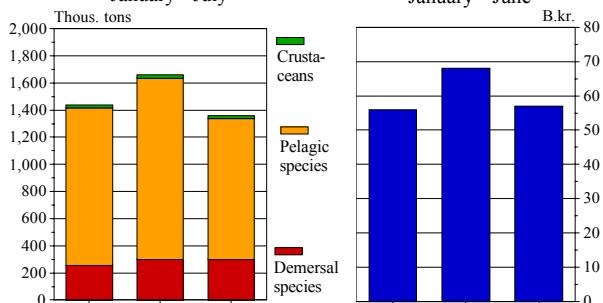


Fig. 24

Fish catch

January - July



Marine export value

January - June

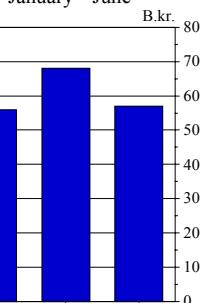


Fig. 25

Prices of marine exports and aluminium

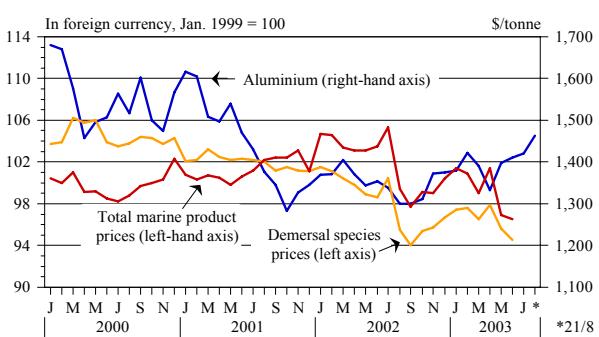


Fig. 26

Crude oil and gasoline prices 2000-2004

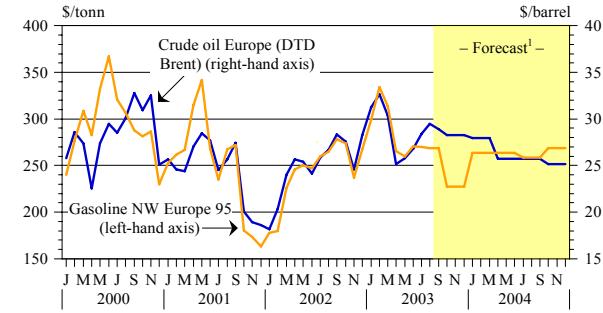


Fig. 27

Commodity prices in international markets

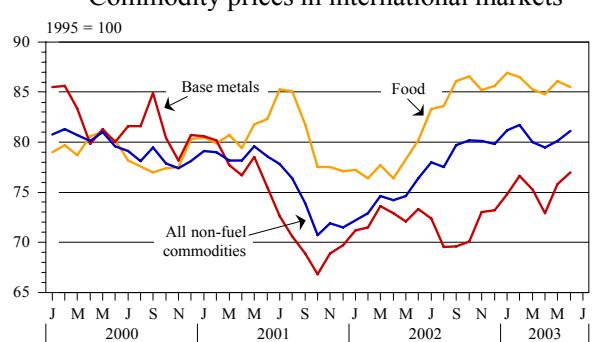
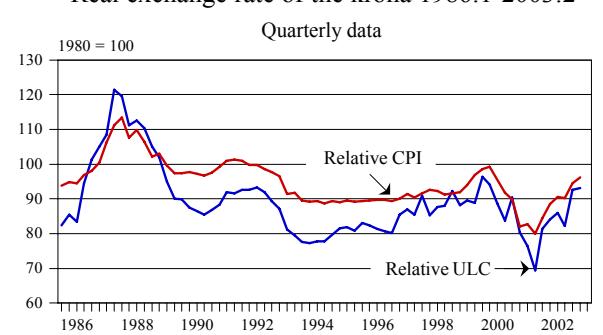


Fig. 28

Real exchange rate of the króna 1986:1-2003:2



## IV Labour market and wages

Fig. 29

### Unemployment

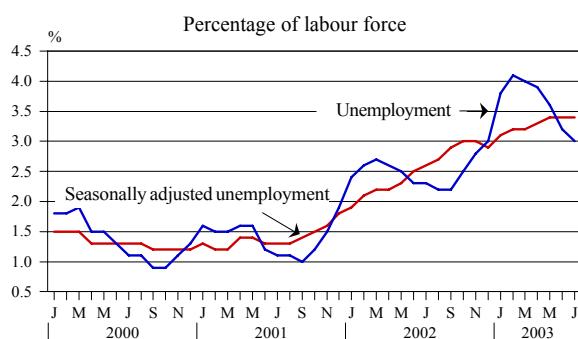


Fig. 30

### Work permits and listed vacancies

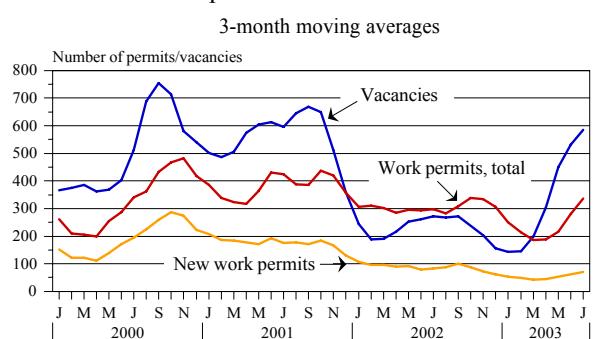


Fig. 31

### Estimated employment/population rate

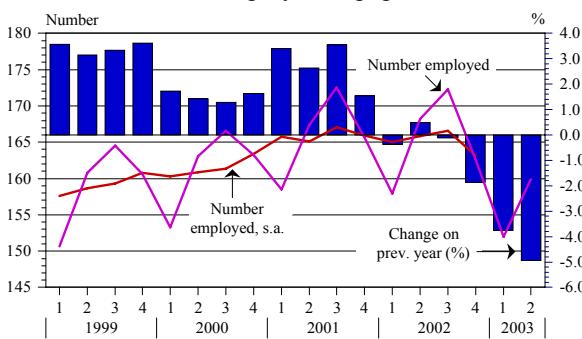


Fig. 32

### Total and average hours worked per week

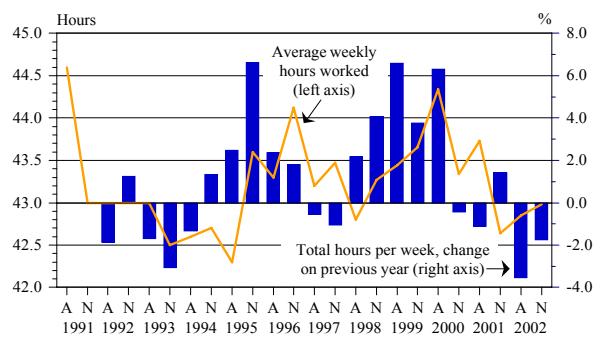


Fig. 33

### Unemployment

Statistics Iceland survey, conducted biannually

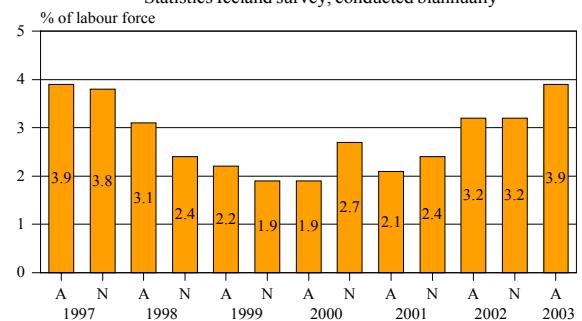


Fig. 34

### Wage index and real wages

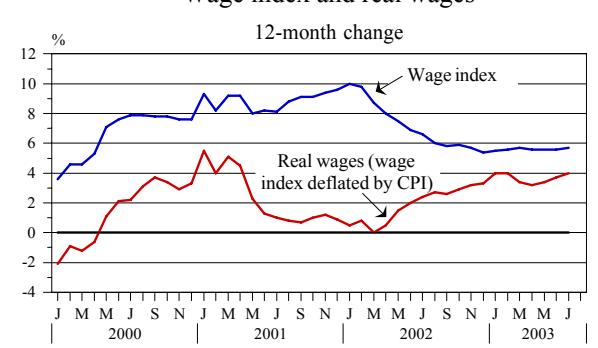
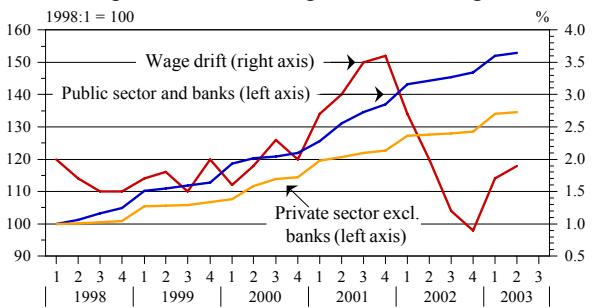


Fig. 35

### Wages in the private sector excl. banks, wages in the public and banking sector and wage drift



## V Public finances

Fig. 36

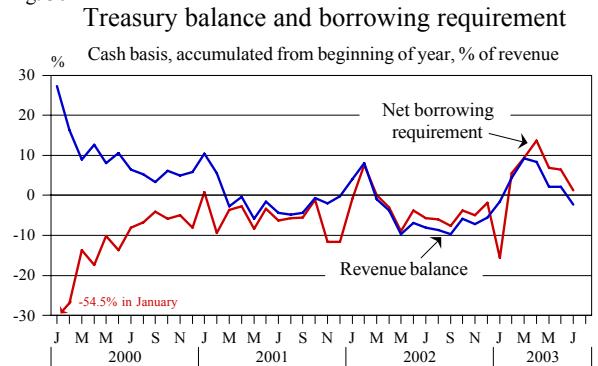


Fig. 37

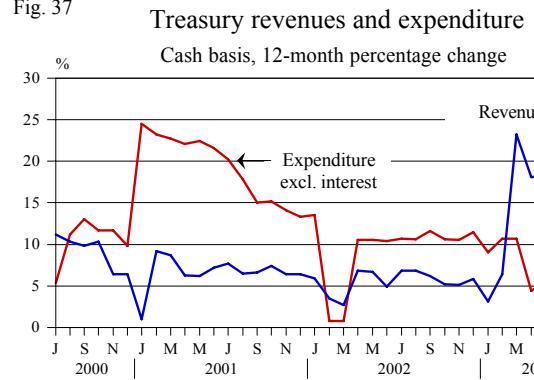


Fig. 38

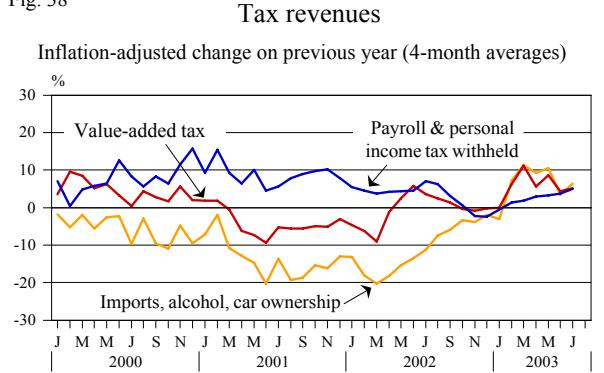
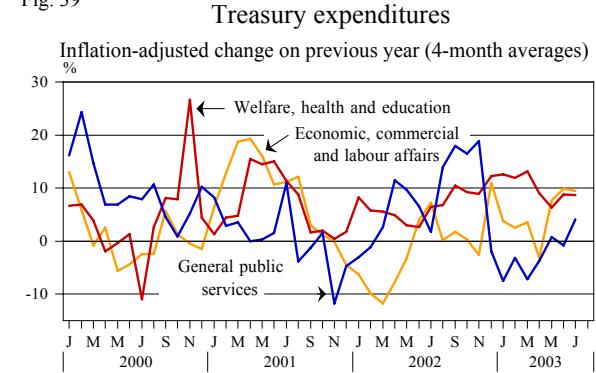


Fig. 39



## VI Asset markets

Fig. 40

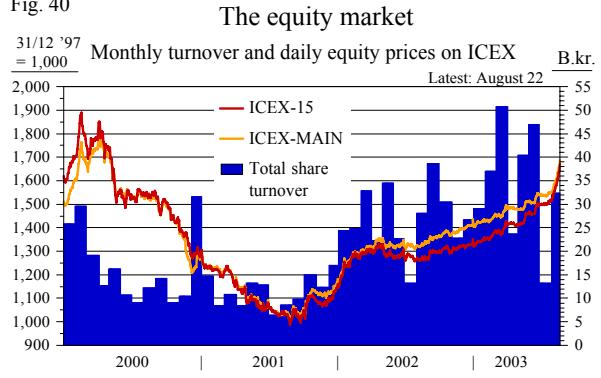


Fig. 41

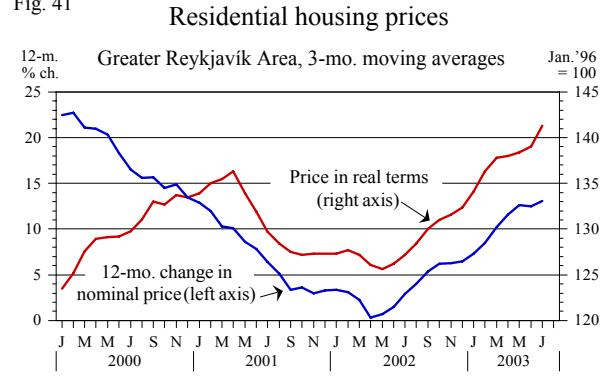


Fig. 42

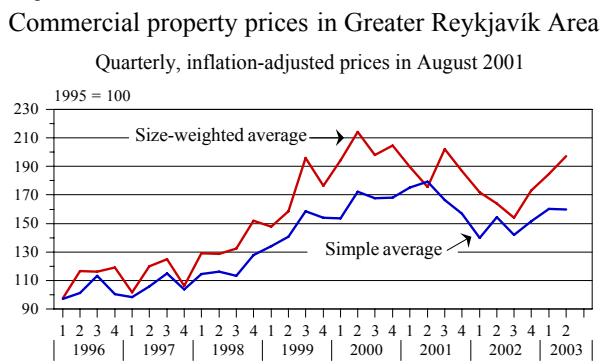


Fig. 43

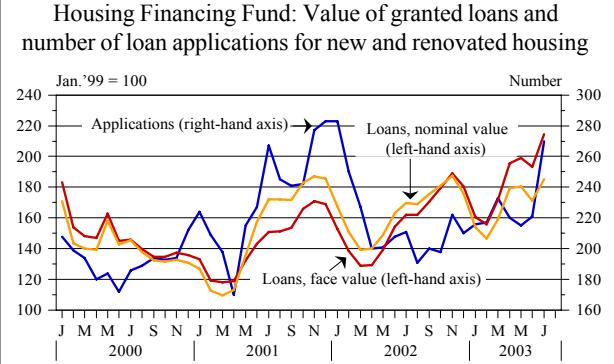
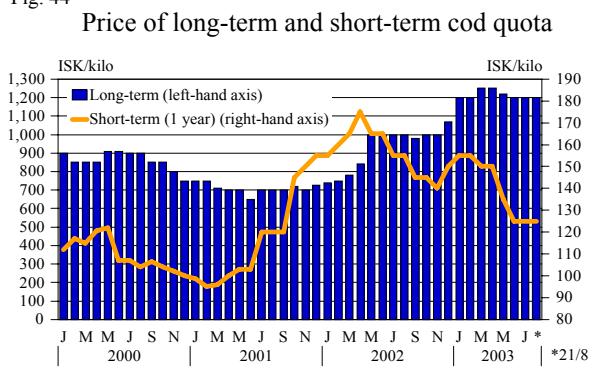


Fig. 44



## VII Financial markets

Fig. 45

### Credit growth

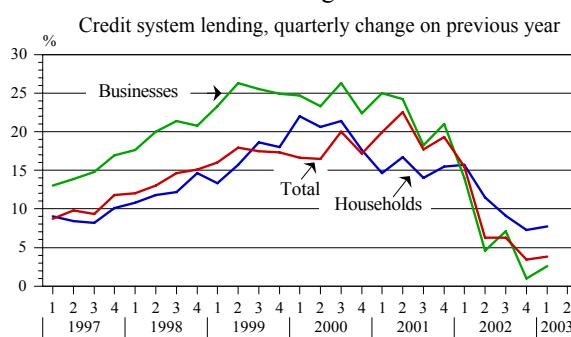


Fig. 46

### Growth of M3 and bank credit

(excluding market securities)

12-month change

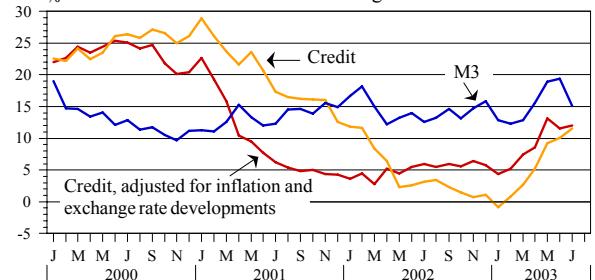


Fig. 47

### Real growth of M3 and bank credit

M3 is seasonally adjusted

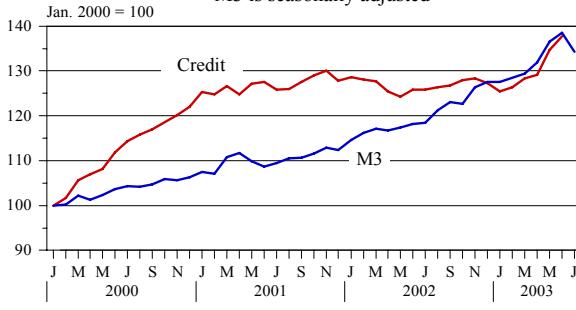


Fig. 48

### Base money and repurchase agreements with the Central Bank

12-month change between 3-month moving averages

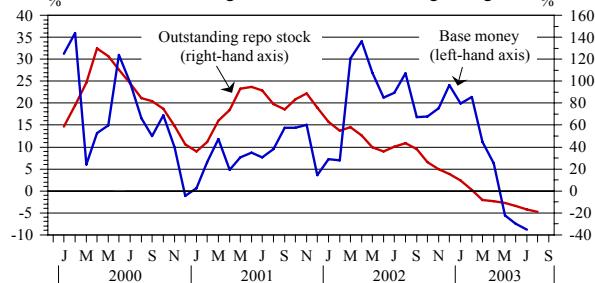


Fig. 49

### The Central Bank repo rate and interbank interest rates

Weekly data

Latest: August 15

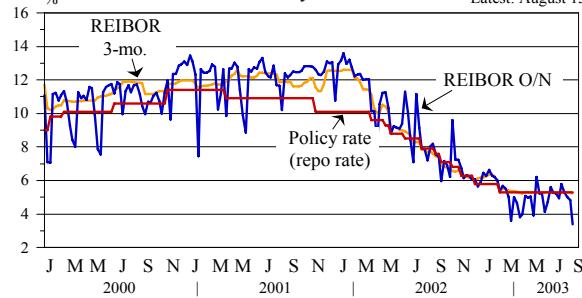


Fig. 50

### Short-term interest rates and interest rate spread

Weekly data

Latest: August 15

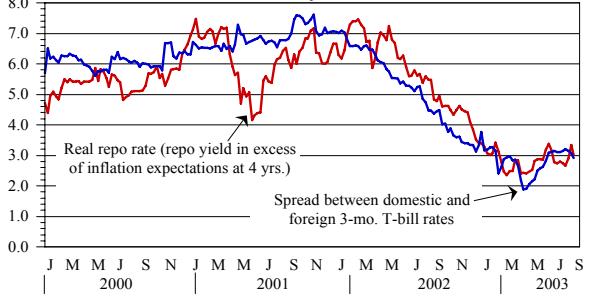


Fig. 51

### Long-term nominal Treasury bond yields

Daily data

Latest: August 20

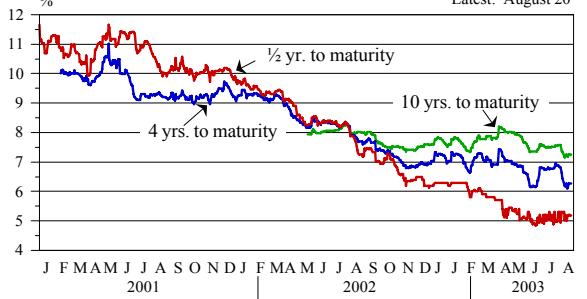
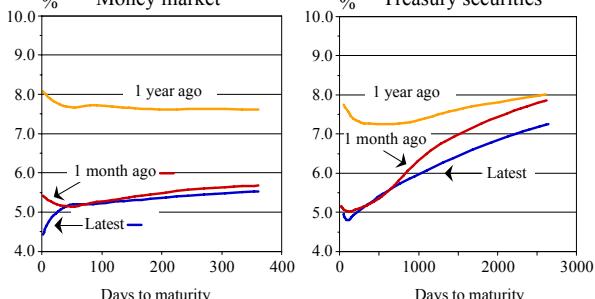


Fig. 52

### The term structure of nominal interest rates

August 21, 2003



## VII Financial markets (cont.)

Fig. 53

Yields on indexed long-term bonds

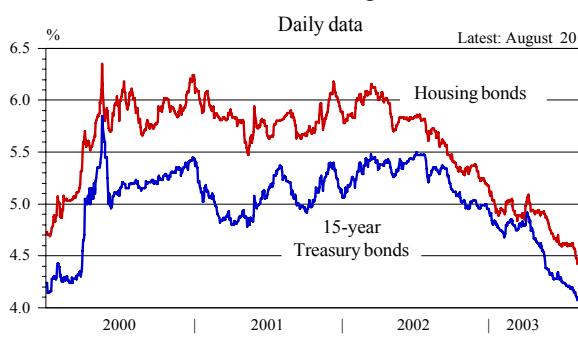


Fig. 54

Non-indexed interest rates: average bank lending rates, the yield on T-notes and the policy rate

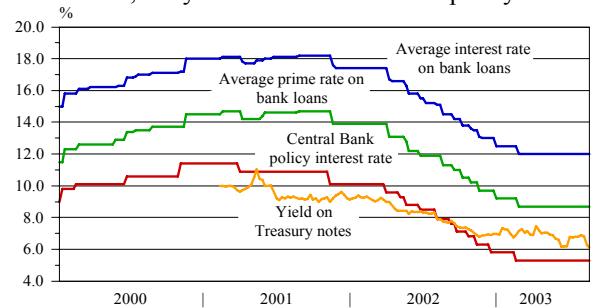


Fig. 55

Indexed interest rates: average bank lending rates and real yield on housing bonds and T-bonds

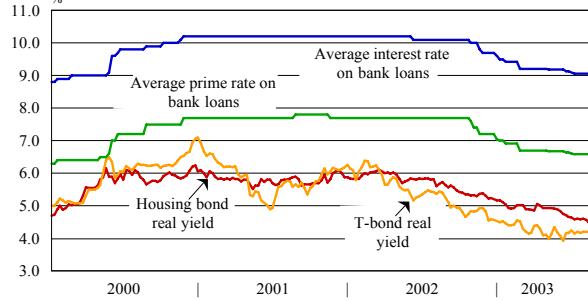


Fig. 56

Interest rate spreads

Between bank non-indexed prime rates and the policy rate; between bank indexed lending rates and real T-bond yield

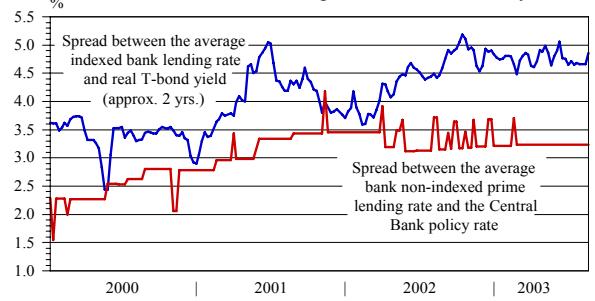


Fig. 57

Indexed bank rates: lending rates and deposit rates

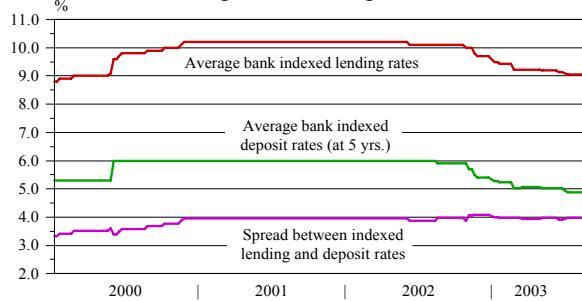


Fig. 58

Nominal and real effective exchange rate of the króna

