

# **ECONOMIC INDICATORS**

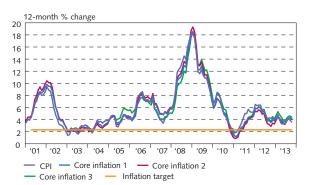
## **CENTRAL BANK OF ICELAND**

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- 2 I Inflation and inflation expectations
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### I Inflation and inflation expectations

### Consumer price inflation and core inflation

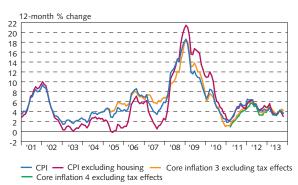


Overall index and measures of underlying inflation. Core Index 1 excludes prices of agricultural products and petrol, and Core Index 2 excludes prices of public services as well. Core Index 3 is Core Index 2 excluding the effects of changes in real interest rates on the housing component of the CPI.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

Sources: Statistics Iceland, Central Bank of Iceland.

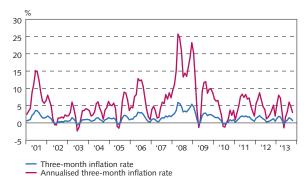
1-3

#### I-2 Inflation: various measurements



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.

## Seasonally adjusted inflation

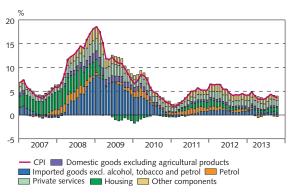


This inflation measurement is very volatile but indicates how inflation pressures are developing. Monthly data

Sources: Statistics Iceland, Central Bank of Iceland.

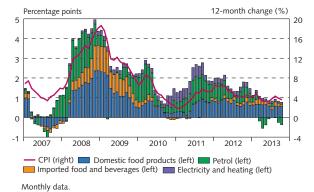
### Components of CPI inflation

1-4



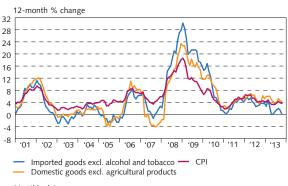
Contribution of individual items to 12-month inflation, Monthly data Source: Statistics Iceland.

### Contribution of food, petrol and energy costs to annual inflation



Source: Statistics Iceland.

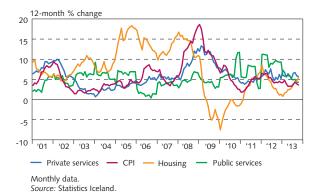
#### I-6 Price developments: goods



Monthly data. Source: Statistics Iceland

## I Inflation and inflation expectations

#### 1-7 Price developments: housing and services



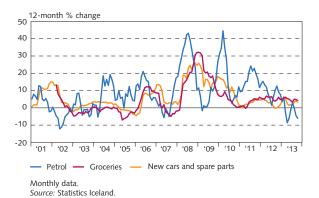
#### I-8 Price developments: housing



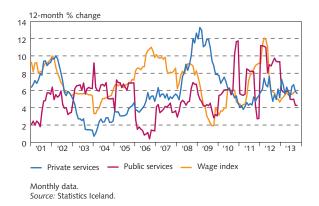
Monthly data.
Source: Statistics Iceland.

I-10

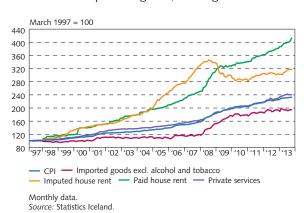
#### 1-9 Price developments: various components



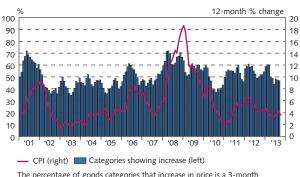
Price developments: wages and services



I-11 Price developments: goods, housing and services



I-12 Distribution of price increases in the CPI



The percentage of goods categories that increase in price is a 3-month centered average. Monthly data. Source: Statistics Iceland.

### I Inflation and inflation expectations

## I-13 Breakeven inflation expectations



1-year breakeven inflation expectations
 5-year / 5-year forward inflation expectations
 Inflation target

Breakeven inflation expectations are calculated from yield spreads between

nominal and index-linked Government and Government-backed bonds (5-day moving averages). Daily data.

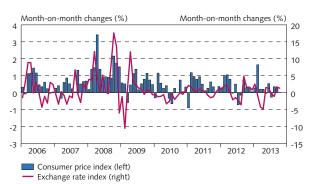
Source: Central Bank of Iceland.

## I-15 Import price levels and exchange rate developments



Import-weighted exchange rate index and price of imported goods in the CPI. The import exchange rate index is published with a one-month time lag, as price level measurements are carried out at mid-month. 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

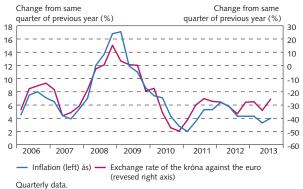


Inflation expectations according to surveys carried out by Capacent Gallup and the Central Bank. Respondents are asked about inflation 12 months ahead and median figures are used. Businesses' inflation expectations were measured on an irregular basis before 2006Q3 so until then measurements are interpolated.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

Sources: Capacent Gallup, Statistics Iceland.

#### I-16

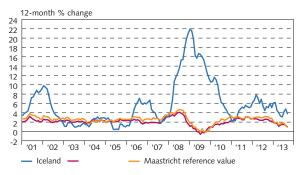
#### Inflation and exchange rate against euro



Sources: Statistics Iceland, Central Bank of Iceland

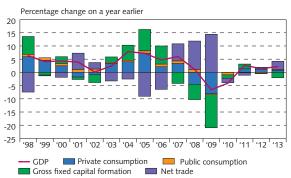
#### I-18

#### Inflation in Iceland and Europe



Harmonised indices of consumer prices. Monthly data. *Source:* Statistics Iceland.

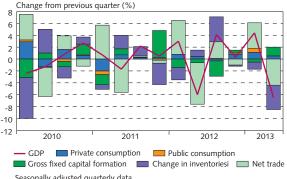
#### Contribution of individual components to output growth



Contribution of individual components to output growth. For 2013 the year-on-year change is between the first two quarters of 2012 and 2013. Source: Statistics Iceland, Central Bank of Iceland.

II-2

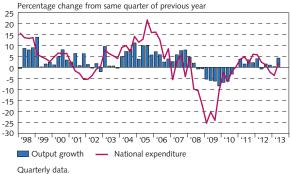
#### Contribution of individual components to output growth



Seasonally adjusted quarterly data.

II-3

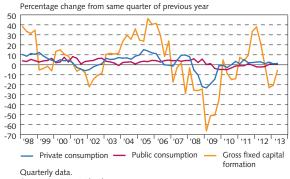
#### Output growth and national expenditure



Source: Statistics Iceland.

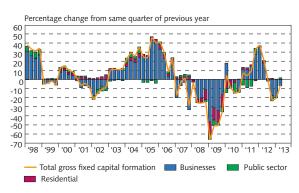
11-4

#### Private consumption, public consumption and gross fixed capital formation



Source: Statistics Iceland.

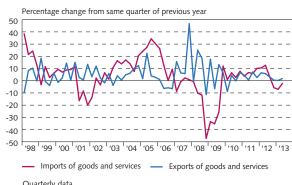
#### Gross fixed capital formation



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

II-6

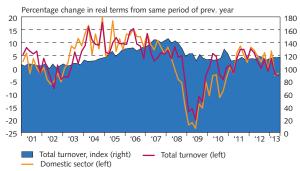
#### Foreign trade



Quarterly data. Source: Statistics Iceland

11-7

#### Turnover according to VAT returns



Changes made in the classification of business sectors as of year-end 2010 complicate the comparison of sub-categories before and after 2010; however, figures published for 2010 are fully comparable to figures for 2011 and later. Deflated by the CPI. Seasonally adjusted data for two-months periods. Sources: Statistics Iceland, Central Bank of Iceland.

II-8

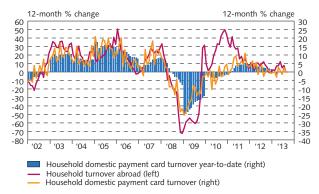
#### Turnover according to VAT returns: several components



Changes made in the classification of business sectors as of year-end 2010 complicate the comparison of sub-categories before and after 2010; however, figures published for 2010 are fully comparable to figures for 2011 and later. 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,

11-9

#### 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

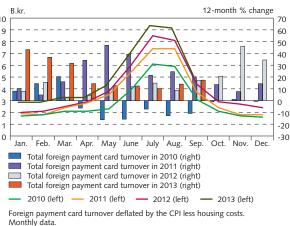


Seasonally adjusted debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index Quarterly data

Sources: Statistics Iceland, Central Bank of Iceland

II-11

#### Foreign payment card turnover in Iceland



Sources: Statistics Iceland, Central Bank of Iceland

II-12

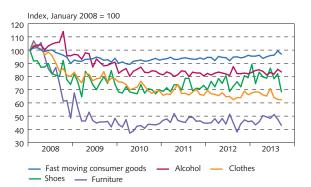
#### Groceries turnover



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

II-13

#### Retail sub-indices

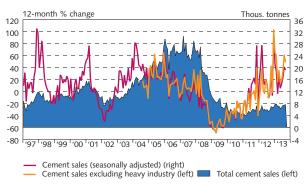


Seasonally adjusted. Deflated by price indices of each component. Monthly data.

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

II-15

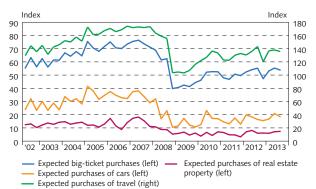
#### Cement sales



3-month moving average. Monthly data. Sources: Aalborg Portland hf., BM Vallá, Sementsverksmiðjan hf., Central Bank of Iceland.

II-17

#### Indices of expected big-ticket purchases

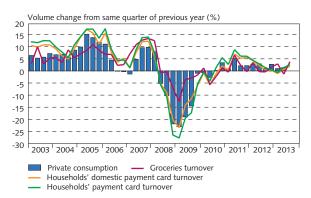


Indices of expected big-ticket purchases are based on Capacent Gallup consumer sentiment survey. The index for expected big-ticket purchases is an average of the other three indices. Quarterly data.

Source: Capacent Gallup.

II-14

## Private consumption, groceries and payment card turnover



Quarterly data.

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

II-16

#### New registration of motor vehicles

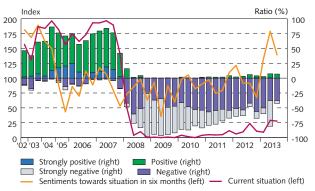


3-month moving average. New motor vehicle registrations include new and used vehicles in all categories (passenger cars, motor coaches and delivery and transport vehicles). Monthly data.

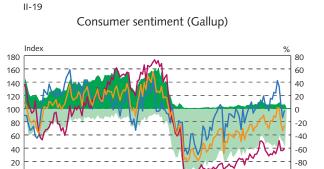
Sources: The Icelandic Transport Authority, Statistics Iceland, Central Bank of Iceland.

II-18

## Corporation expectations towards the economic situation and outlook



The Business sentiment indices are based upon Capacent 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: Capacent Callup.



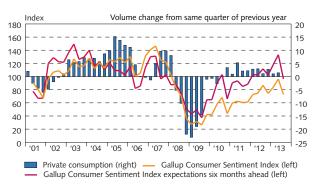
Negative for current economic situation (right)
Positive for current economic situation (right)
Expectations 6 months ahead (left)

'04 '05 '06 '07 '08

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

Source: Capacent Gallup

## II-20 Private consumption and Gallup Consumer Sentiment Index



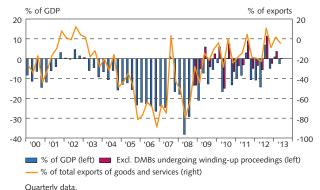
The Capacent Gallup Consumer Sentiment Index is a measure of general consumers' Sentiment towards the economy and the labour market. Quarterly data

Sources: Capacent Gallup, Statistics Iceland.

### III Foreign trade and external economic conditions

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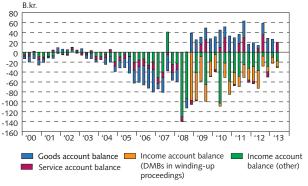
III-1 Current account balance



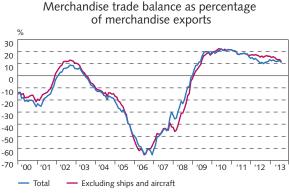
Sources: Statistics Iceland, Central Bank of Iceland.

III-3

III-2 Components of current account

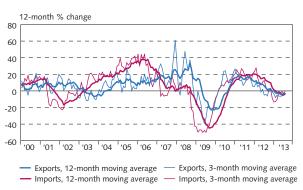


Net current transfers are included in factor income. Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.



12-month moving averages. Monthly data. *Source:* Statistics Iceland.

Merchandise imports and exports at constant exchange rates

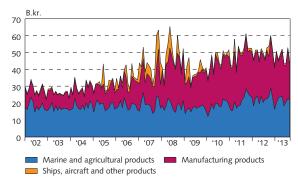


Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-4

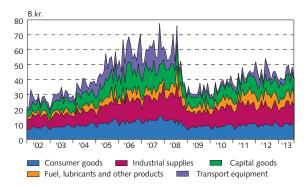
## III-5 Components of merchandise exports



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

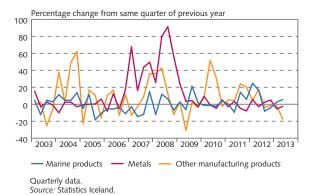
Sources: Statistics Iceland, Central Bank of Iceland.

## III-6 Components of merchandise imports



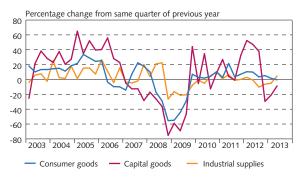
Merchandise import values at constant exchange rates based on import-weighted exchange rate index (broad trade basket). Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

## Volume changes on main export products



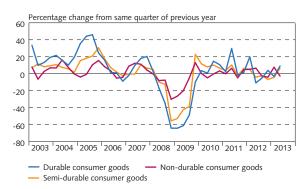
III-8

#### Volume changes on main import products



Capital goods including ships and aircraft. Quarterly data. *Source:* Statistics Iceland.

## Volume changes on imported consumer goods

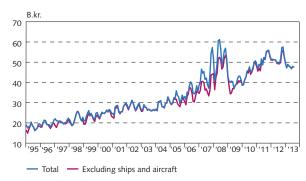


Non-durable consumer goods are disposable items such as tobacco and pharmaceuticals. Semi-durables are products that are neither disposable nor durable, such as clothing. Consumer durables are products with a long life-time, such as household appliances. Quarterly data.

Source: Statistics Iceland.

III-10

#### Merchandise exports

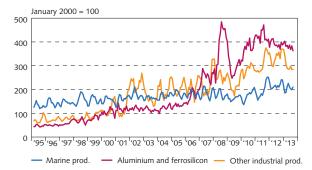


Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland

#### III-11

#### Merchandise exports by category

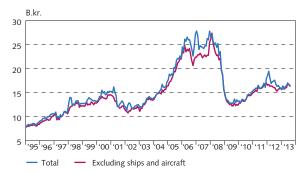


Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

#### III-12

#### Seasonally adjusted merchandise imports

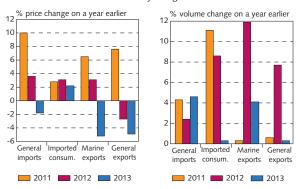


Imported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). The index of foreign price levels is calculated by weighting together the consumer price indices in main trading partner countries using a currency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

Sources: Statistics Iceland, Central Bank of Iceland.

#### III-13

## Merchandise trade January - August

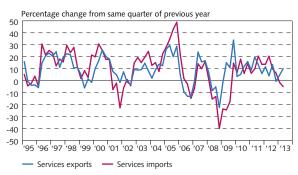


General imports are total imports excluding ships, aircraft, and sundry items (residual). General exports are total exports excluding ships, aircraft, and sundry items (residual). Monthly data.

Source: Statistics Iceland.

#### III-14

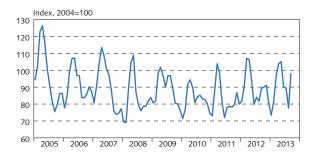
#### Services balance



Quarterly data at constant exchange rates. *Source:* Central Bank of Iceland.

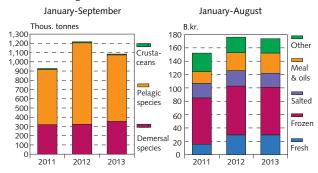
#### III-15

#### Fish catch volume

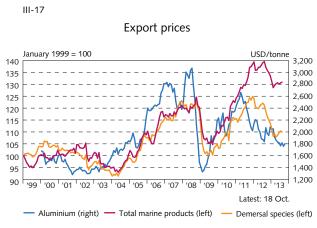


3 month average at constant price levels. Monthly data. *Source:* Statistics Iceland.

### II-16 Foreign trade and external economic conditions

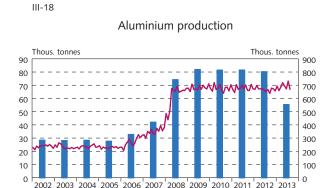


Cumulative catch volume from beginning of year. Cumulative value of marine exports from beginning of year; nominal fob value. Monthly data. Sources: Directorate of Fisheries, Statistics Iceland.



Foreign currency prices of marine products are calculated by dividing marine products prices in Icelandic krónur by the export-weighted trade basket. LME aluminium prices are in US dollars. Monthly averages plus most recent aluminium prices.

Sources: Statistics Iceland, London Metal Exchange, Central Bank of Iceland.

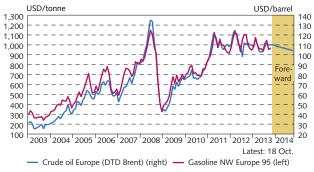


Annual alumnium production for 2013 is production in January-August. Monthly data

Annual production (right) — Monthly production (left)

Source: Statistics Iceland

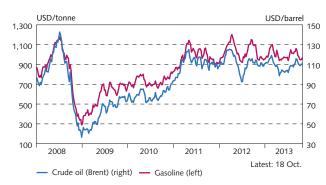
III-19 Global crude oil and gasoline prices



Monthly averages, most recent daily prices, and forward prices 12 months ahead in US dollars.

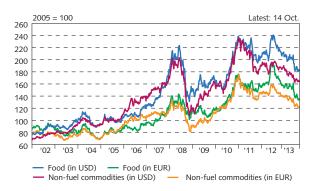
Sources: Bloomberg, Nymex

#### III-20 Global crude oil and gasoline prices



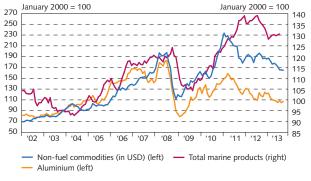
Weekly data. Source: Bloomberg

III-21 Commodity prices in international markets



Source: Macrobond

III-22 Global commodity prices and Icelandic export prices



Monthly data. Sources: London Metal Exchange, Macrobond, Statistics Iceland.





#### III-24

#### Real exchange rate

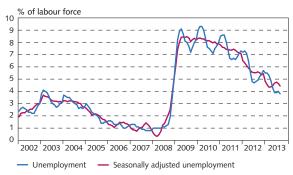


Monthly data relative to consumer prices. Source: Central Bank of Iceland.

### IV Labour market and wages

#### IV-1

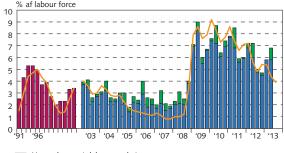
### Unemployment



Registered unemployment is the average number of individuals registered with employment agencies nationwide as a percentage of the estimated number of persons in the labour market in each month. Monthly data. Sources: Directorate of Labour, Central Bank of Iceland.

#### IV-2

#### Unemployment rate



Unemployment, labour market survey

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

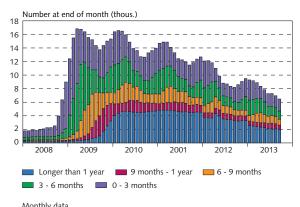
Unemployment, labour market survey, those who have already got a job
 Unemployment, Directorate of Labour

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 data.

Sources: Directorate of Labour, Statistics Iceland

#### IV-3

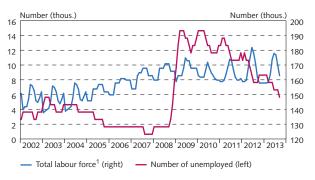
#### Unemployment by duration



Source: Directorate of labour.

#### IV-4

#### Number of unemployed and total labour force

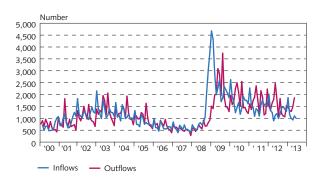


Registered unemployment is the average number of individuals registered with employment agencies nationwide as a percentage of the estimated number of persons in the labour market in each month. 1. Directorate of Labour estimate. Monthly data.

Source: Directorate of Labour.

### IV Labour market and wages

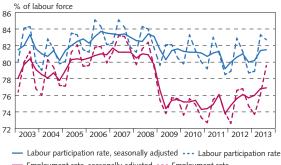
#### IV-5 Unemployment register: Inflows and outflows



Monthly data. Source: Directorate of Labour.

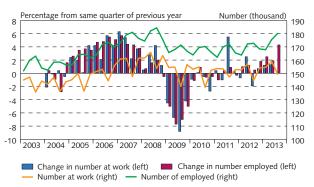
## Labour participation rate and employment rate

IV-6



Employment rate, seasonally adjusted ••• Employment rate

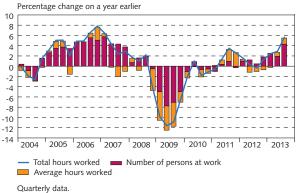
### IV-7 Employed persons and number of persons at work



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

Source: Statistics Iceland

IV-8 Changes in employment and hours worked

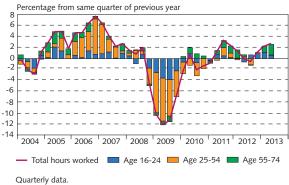


Source: Statistics Iceland

IV-10

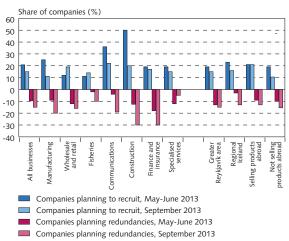
IV-9

#### Changes in labour force



Source: Statistics Iceland.

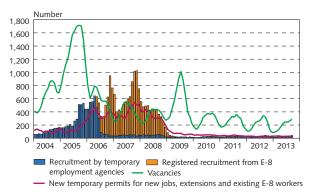
#### Companies planning to change staffing levels during the next 6 months



Data based on Capacent Gallup's survey of the 400 largest companies in Iceland. Source: Capacent Gallup.

IV-11

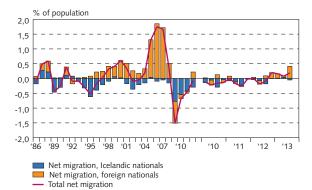
#### Vacancies and foreign labour



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-12

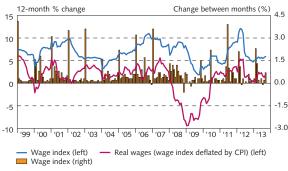
#### Migration



Numbers for the period 1986-2011 and quarterly numbers since Q1/2010. Source: Statistics Iceland.

IV-13

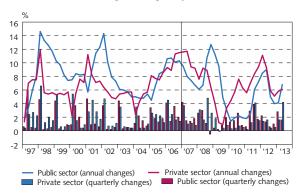
#### Nominal and real wages



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

IV-14

#### Wage changes by sector

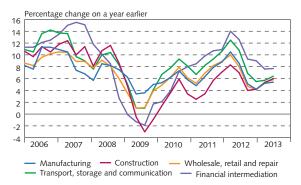


Until 2006, private sector wages, on the one hand, and public sector and banking sector wages, on the other, are components of the wage index; however, from 2006 onwards, the banking sector is included in private sector wages. Quarterly data.

Source: Statistics Iceland

IV-15

#### Private sector wage index by sector

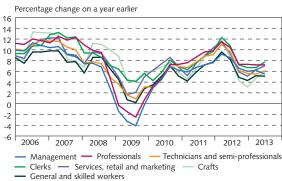


Sectors are defined according to fSAT 95 classification system. fSAT 95 is a classification system based on the sector classification system of the European Union. Quarterly data.

Source: Statistics Iceland.

IV-16

#### Private sector wage index by occupational group



Occupational groups are defined according to ÍSTARF 95 classification system. Ouarterly data.

Source: Statistics Iceland

### IV Labour market and wages

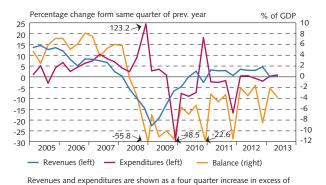
IV-17 Private sector labour cost index by sector



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

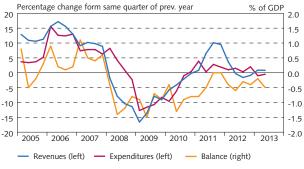
-1
 Public sector revenues, expenditures and balance



consumer prices. Percentage of gross domestic product from last four quarters. In real terms, deflated by CPI. Quarterly data.

Source: Statistics Iceland.

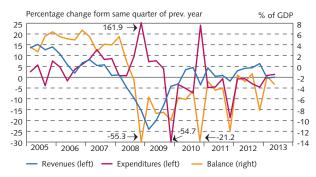
V-3
Local government revenues, expenditures and balance



In real terms, deflated by CPI. Quarterly data Source: Statistics Iceland.

V-2

Treasury revenues, expenditures and balance



Revenues and expenditures are shown as a four quarter increase in excess of consumer prices. Percentage of gross domestic product from last four quarters. In real terms, deflated by CPI. Quarterly data. Source: Statistics Iceland.

V-4 Local government revenues and expenditures

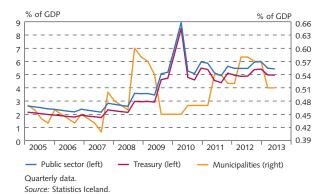


In real terms, deflated by CPI. Quarterly data. *Source:* Statistics Iceland.

### V Public finances

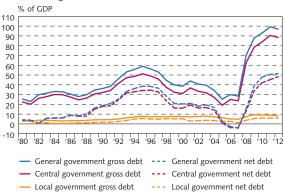
V-5

#### Public sector interest expense



V-6

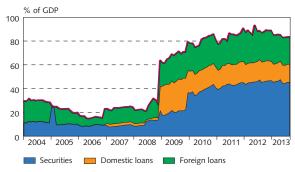
## Debt of treasury and local government vs. financial institutions



Excluding civil service pension liabilities and equity holdings. Debt on transaction accounts netted out of assets. Annual data. Source: Ministry of Finance, Statistics Iceland.

V-7

#### Treasury debt

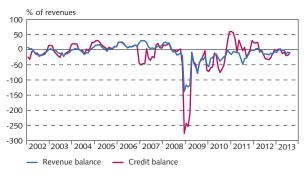


Contractual loans and issued securities only, excluding accounts payable and pension obligations. Monthly data.

Sources: State Accounting Office, Statistics Iceland.

V-8

#### Treasury balance and net credit balance



4-month moving averages, deflated by the CPI. Revenues from assets sales included. Credit balance peaked at -276% of revenues in December 2008 and revenue balance peaked at -138% of revenues in December 2008. Monthly data.

Sources: State Accounting Office, Central Bank of Iceland.

V-9

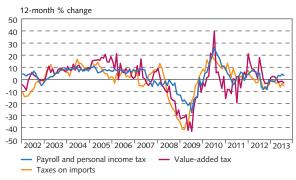
## Regular revenues excluding asset sales, regular expenditure excluding interest



4-month moving averages, deflated by the CPI. Monthly data. *Sources:* State Accounting Office, Central Bank of Iceland.

V-10

#### Tax revenues

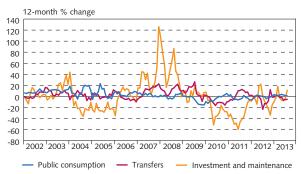


4-month moving averages, deflated by the CPI. Monthly data. Sources: State Accounting Office, Central Bank of Iceland.

### V Public finances

V-11

#### Treasury expenditures by type

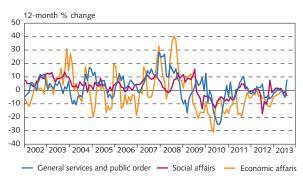


4-month moving averages, deflated by the CPI. For December 2008, irregular expenditures totalling 192 b.kr. due to the banks' collapse are not shown. Monthly data.

Sources: State Accounting Office, Central Bank of Iceland.

V-12

#### Treasury expenditures by function



4-month moving averages, deflated by the CPI. Monthly data. *Sources:* State Accounting Office, Central Bank of Iceland.

### VI Asset markets

VI-1

## Housing market prices and turnover in greater Reykjavík

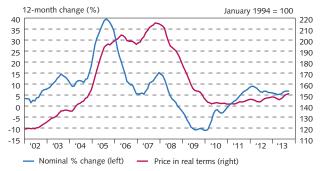


Turnover is based on the number of purchase agreements on the date of purchase. Monthly data.

Sources: Registers Iceland, 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, Central Bank of Iceland.

VI-3

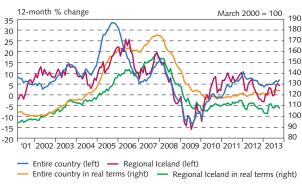
#### House prices in greater Reykjavík



Sources: Registers Iceland, Central Bank of Iceland

VI-4

#### Market price of residential housing



Monthly data.

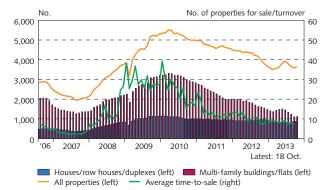
Source: Statistics Iceland.

VI-5 Rent price index in greater Reykjavík



Monthly data Source: Registers Iceland.

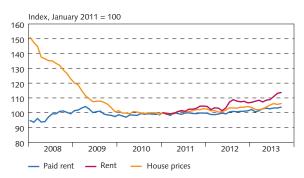
VI-7 Advertised property and average time to sale



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 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

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

## Rent, house prices and paid rent in real terms

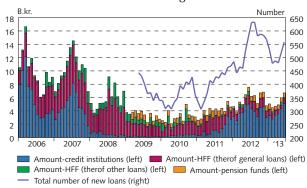


Rent and house price are for greater Reykjavík, paid rent is for the whole country. Monthly data.

Sources: Registers Iceland, Statistics Iceland

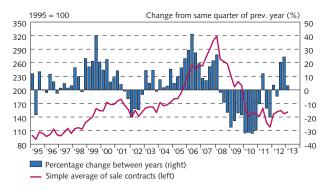
VI-6

#### VI-8 Number and amount of new residential housing loans



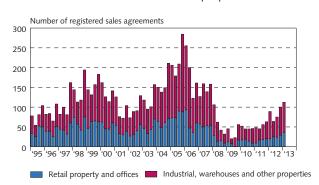
Information on new pension fund loans is based on a sample covering the nation's Information on new pension fund loans is based on a sample covering the nation's 20 largest pension funds. During the survey period, the number of pension funds in the sample rose from 18 to 20. The sample now extends to almost 97% of Icelandic pension funds' net assets. Monthly data. The latest month excludes the pension funds. Number of new loans is shown as a 3-month rolling average. Sources: Housing Financing Fund, Central Bank of Iceland.

VI-9 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. Quarterly data. Sources: Registers Iceland, Central Bank of Iceland.

VI-10 Turnover of commercial properties

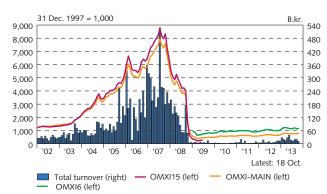


Before June 2006 turnover is based on purchase day, otherwise on day of registered sales agreement. Quarterly data Sources: Registers Iceland, Central Bank of Iceland

#### VI Asset markets

VI-11

#### Equity market

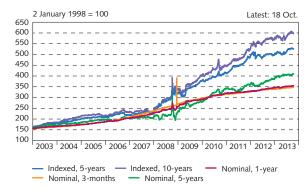


Total monthly volume of listed shares and monthly average of main stock indices.

Source: Nasdaq OMX Iceland.

#### VI-12

#### Bond indices



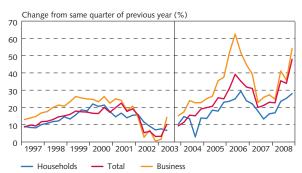
Indices are the Nasdaq OMX Iceland's calculations of yields on fixed-maturity bonds. Daily data.

Source: Nasdaq OMX Iceland.

#### VII Financial markets

VII-1

#### Credit system lending

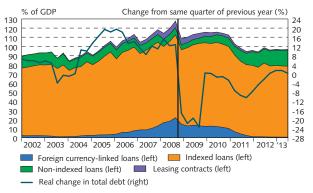


Due to reclassification of lending, data from Q3 2003 are not comparable to earlier data. The series have not been updated since September 2008 due to lack of data. Quarterly data.

Source: Central Bank of Iceland

#### VII-2

#### Households' loans from financial corporations

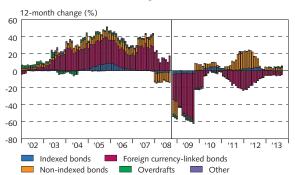


Financial institutions in winding-up proceedings are included until Q3/2011. The three new banks' loans are assessed at book value from Q3/2008 but at laim value before that time. A portion of loans remained with the resolution committees of the old banks. Loans that were transferred to special purpose entitites are excluded. The data are therefore not fully comparable between these periods. The most recent figures are preliminary. The GDP figures are seasonally adjusted by the Central Bank. Quarterly data.

\*\*Sources:\*\* Statistics Iceland, Central Bank of Iceland.

VII-4

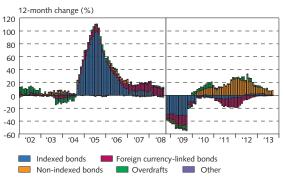
## VII-3 DMB lending to businesses



Contribution of individual components to lending growth. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Corrected for estimated effects of price level and exchange rate movements on CPI-indexed and exchange rate-linked loans. Loans are assessed at book value from September 2008 but at claim value before that time. A portion of loans remained with the resolution committees of the old banks. Loans that were transferred to special purpose entities are excluded. The data are therefore not fully comparable between these periods. Data from October 2008 are preliminary. Monthly data.

Source: Central Bank of Iceland.

#### DMB lending to households

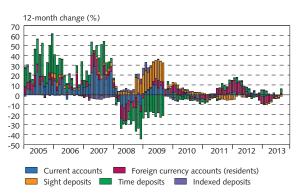


Contribution of individual components to lending growth. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. Corrected for estimated effects of price level and exchange rate movements on CPI-indexed and exchange rate-linked loans. Loans are assessed at book value from Sep. 2008 but at claim value before that time. A portion of loans remained with the resolution committees of the old banks. Loans that were transferred to special purpose entitites are excluded. The data are therefore not fully comparable between these periods. Data from October 2008 are preliminary. Monthly data.

\*\*Source: Central Bank of Iceland.\*\*

VII-5

#### Companies' deposits

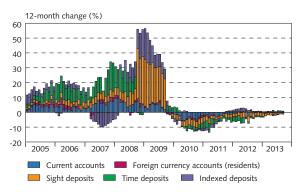


Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings Data from October 2008 are preliminary. Monthly data.

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. Data from October 2008 are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-7

#### M3 and domestic bank credit



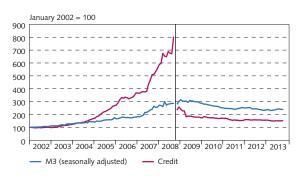
Corrected for estimated effects of price level and exchange rate movements on CPI-indexed and exchange rate-linked loans. The series "real loan values" represents loans deflated by the CPI and the exchange rate index. Corrected for entry of Kaupthing from January 2002 onwards. Loans are assessed at book value from September 2008 but at claim value before that time. A portion of loans

remained with the resolution committees of the old banks. Loans that were transferred to special purpose entitites are excluded. The data are therefore not fully comparable between these periods. Data from October 2008 are preliminary. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

VII-8

#### Real M3 and domestic bank credit

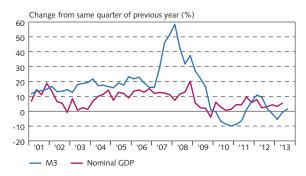


Lending and M3 at constant price levels are deflated by the CPI. Loans are assessed at book value from September 2008 but at claim value before that time. A portion of loans remained with the resolution committees of the old banks. Loans that were transferred to special purpose entities are excluded. The data are therefore not fully comparable between these periods. Data from October 2008 are preliminary. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland

VII-9

#### Nominal GDP and M3

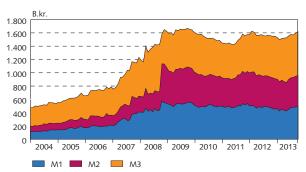


Quarterly data.

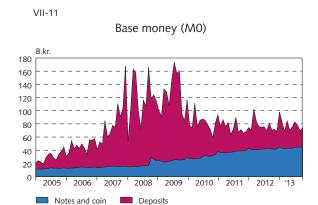
Sources: Statistics Iceland, Central Bank of Iceland.

VII-10

#### M3 and domestic bank credit



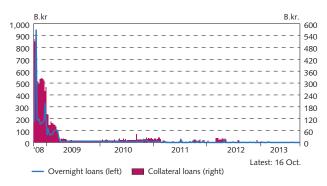
Data from October 2008 are preliminary. Monthly data. *Source:* Central Bank of Iceland.



Categorisation of base money according to Central Bank of Iceland. Monthly

Source: Central Bank of Iceland.

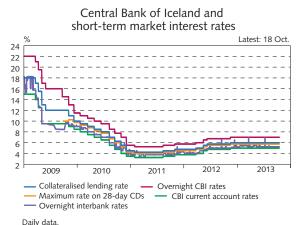
## VII-13 Central Bank collateral loans and overnight loans



Source: Central Bank of Iceland

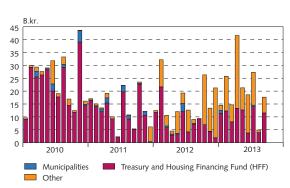
Source: Central Bank of Iceland.

#### VII-15



#### VII-12

#### Bond auctions

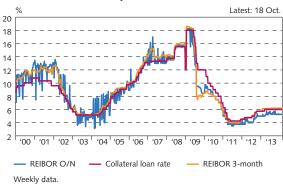


Information on auctions of other issuers' marketable bonds does not necessarily include all of their issued bonds. Monthly data.

Sources: Icelandic Securities Depository, Central Bank of Iceland.

#### VII-14

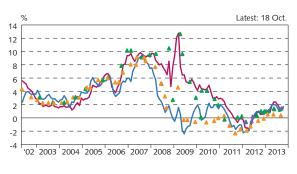
## Central Bank collateral loan rate and money market interest rates



Source: Central Bank of Iceland

#### VII-16

#### Central Bank of Iceland real interest rates



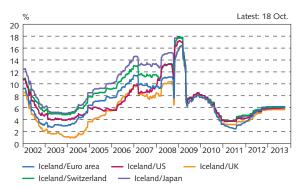
— Inflation — Breakeven inflation rate
 Household inflation expectations
 Market inflation expectations

According to 12-month inflation. 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. Since September 2009, the effective policy rate has been the average of the current account rate and the maximum rate on 28-day CDs. Monthly data.

Sources: Capacent Gallup, Statistics Iceland, Central Bank of Iceland.

VII-17

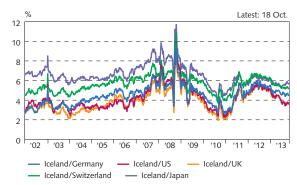
#### Short-term interest rate differential



3-month interbank rates. Weekly data. *Source:* Macrobond.

VII-18

#### Long-term interest rate differential



Yields on non-indexed 10-year Treasury bonds are used. For Iceland, RIKB 13 0517 is used until end-February 2008, RIKB 19 0226 is used from the beginning of March 2008 until end-October 2011, and RIKB 22 1026 is used thereafter. Weekly data.

Sources: Macrobond, Central Bank of Iceland.

VII-19

#### Yields on nominal Treasury bonds



Weekly data.
Source: Central Bank of Iceland.

VII-20

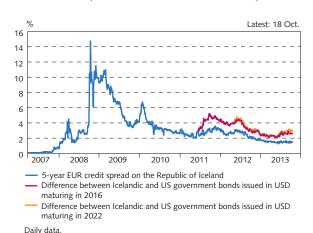
#### Yields on indexed bonds



Source: Central Bank of Iceland.

VII-21

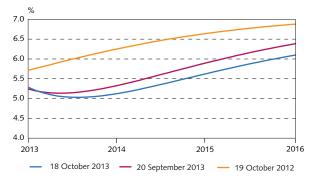
#### Risk premia on the Icelandic Treasury



Source: Bloomberg.

VII-22

#### Forward market interest rates

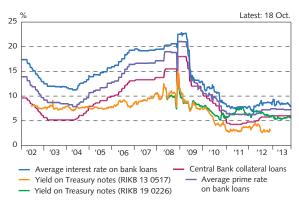


Forward interest rates calculated based on interbank market interest and yields on Treasury notes, using the Nelson-Siegel method. The valuation is subject to some uncertainty because of the small number of Treasury notes underlying the calculations.

Source: Central Bank of Iceland.

#### VII-23

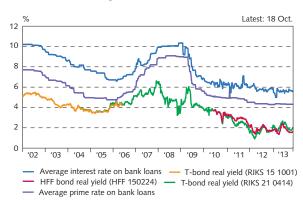
#### Average nominal interest rates



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-24

#### 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-25

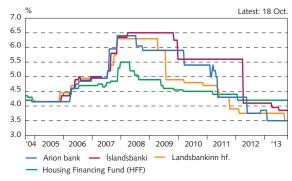
#### Interest rates on nominal housing loans



Lowest rates for non-indexed housing loans. 10-day data. No data for Arion bank for the time periods 1 July 2010 - Feb. 2011 and 11 May - 11 Sep. 2011 Source: Central Bank of Iceland.

#### VII-26

#### Interest rates on indexed housing loans



Lowest 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. 10-day data.

Sources: Housing Financing Fund, Central Bank of Iceland.

#### VII-27

#### Bank lending and deposit rates



Average indexed deposit rates (at 5 yrs.)

Due to changes in calculation methods, figures from February 1. 1 february 1. 1

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-28

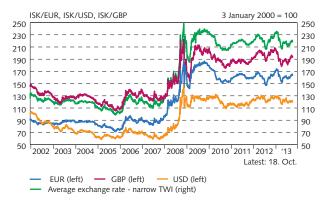
#### Nominal and real effective exchange rate of the króna



Monthly data.

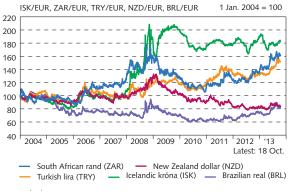
Source: Central Bank of Iceland.

VII-29 Exchange rate of the króna against foreign currencies



The exchange rate index is calculated based on a narrow trade basket. Daily data. Source: Central Bank of Iceland.

VII-30 Exchange rate of high-yielding currencies against the euro

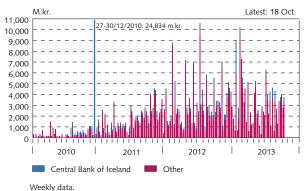


Daily data.

Source: Macrobond.

VII-31

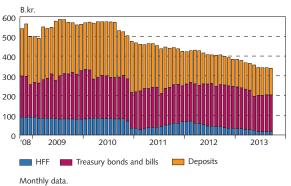
#### FX-market turnover



Source: Central Bank of Iceland

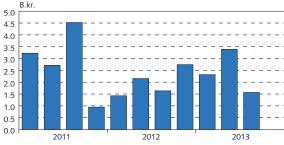
VII-32

#### Non-residents' króna assets



Sources: Icelandic Securities Depository, Central Bank of Iceland.

VII-33 Non-residents' repatriation of domestic interest payments

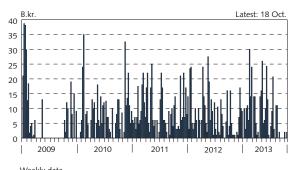


The figures above are based on information provided to the Central Bank by domestic financial institutions, on non-residents' foreign exchange transactions involving payments of interest and indexation on deposits with domestic financial institutions and ISK-denominated bonds issued by domestic parties. 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-34

Turnover on the interbank market for krónur

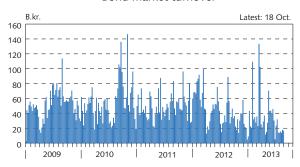


Source: Central Bank of Iceland.

## VII Financial markets



### Bond market turnover



Weekly data.

Source: Nasdaq OMX Iceland.