Contents

2  I Inflation and inflation expectations
5  II Output and demand
8  III Foreign trade and external economic conditions
12 IV Labour market and wages
15 V Public finances
17 VI Asset markets
18 VII Financial markets
I Inflation and inflation expectations

**I-1 Consumer price inflation and core inflation**

12-month % change

- **CPI**
- **Core inflation 1**
- **Core inflation 2**
- **Core inflation 3**
- **Inflation target**

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

Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

**I-2 Inflation: various measurements**

12-month % change

- **Index excluding effects of lower indirect taxes**
- **CPI**
- **Core inflation 3 excluding tax effects**
- **CPI excluding housing**

Monthly data.

Source: Statistics Iceland.

**I-3 Seasonally adjusted inflation**

%  

- **Three-month inflation rate**
- **Annualised three-month inflation rate**

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

Sources: Statistics Iceland, Central Bank of Iceland.

**I-4 Components of CPI inflation**

%  

- **CPI**
- **Domestic goods excluding agricultural products**
- **Imported goods excl. alcohol, tobacco and petrol**
- **Petrol**
- **Private services**
- **Housing**
- **Other components**

Contribution of individual items to 12-month inflation. Monthly data.

Source: Statistics Iceland.

**I-5 Contribution of food, petrol and energy costs to annual inflation**

Percentage points  

12-month change (%)

- **CPI (right)**
- **Domestic food products (left)**
- **Petrol (left)**
- **Imported food and beverages (left)**
- **Electricity and heating (left)**

Monthly data.

Source: Statistics Iceland.

**I-6 Price developments: goods**

12-month % change

- **Imported goods excl. alcohol and tobacco**
- **CPI**
- **Domestic goods excl. agricultural products**

Monthly data.

Source: Statistics Iceland.
### Price developments: housing and services

#### 12-month % change

*Monthly data.*

**Source:** Statistics Iceland.

### Price developments: housing

#### 12-month % change

*Monthly data.*

**Source:** Statistics Iceland.

### Price developments: various components

#### 12-month % change

*Monthly data.*

**Source:** Statistics Iceland.

### Price developments: goods, housing and services

#### March 1997 = 100

*Monthly data.*

**Source:** Statistics Iceland.

### Breakeven inflation rate

#### % Latest: 26 April

Breakeven inflation rate at month-end, is calculated from 1) RIKB 13 0517 and HFF 150914; 2) RIKB 19 0226 and HFF 150224; and 3) RIKB 25 0612 and HFF 150434.

**Source:** Central Bank of Iceland.
I Inflation and inflation expectations

### I-13
**Inflation expectations of businesses and households one year ahead and current inflation**

1. Inflation expectations according to surveys carried out by Capacent Gallup. Respondents are asked about inflation 12 months ahead and median figures are used. Businesses' inflation expectations were measured on an irregular basis before Q3/2006 until then, measurements are interpolated. Quarterly data. Sources: Capacent Gallup, Statistics Iceland.

### I-14
**Import price levels and exchange rate developments**

- Import-weighted exchange rate index (March 1997 = 100)
- 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. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

### I-15
**Price level and exchange rate developments**

- Consumer price index (left)
- Exchange rate index (right)

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

### I-16
**Distribution of price increases in the CPI**

- CPI (right)
- Categories showing increase (left)

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

Source: Statistics Iceland.

### I-17
**Inflation in Iceland and Europe**

Harmonised indices of consumer prices. Monthly data.

Source: Statistics Iceland.
II Output and demand

II-1 Gross domestic product

Percentage change on a year earlier

- GDP  · Private consumption  · Public consumption  · Gross fixed capital formation  · Net trade

Contribution of individual components to output growth. Year-on-year change. Annual data.
Source: Statistics Iceland.

II-2 Output growth and national expenditure

Percentage change on a year earlier

- Output growth  · National expenditure

Quarterly data.
Source: Statistics Iceland.

II-3 Private consumption, public consumption and gross fixed capital formation

Percentage change on a year earlier

- Private consumption  · Public consumption  · Gross fixed capital formation

Quarterly data.
Source: Statistics Iceland.

II-4 Gross fixed capital formation

Percentage change on a year earlier

- Total gross fixed capital formation  · Businesses  · Public sector  · Residential

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

II-5 Foreign trade

Percentage change on a year earlier

- Imports of goods and services  · Exports of goods and services

Quarterly data.
Source: Statistics Iceland.

II-6 Turnover according to VAT returns

Percentage change in real terms on a year earlier

- Total turnover, index (right)  · Total turnover (left)

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-7

Turnover according to VAT returns: several components

II-8

Payment card turnover

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.

II-9

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-10

Foreign payment card turnover in Iceland

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

Sources: Statistics Iceland, Central Bank of Iceland.

II-11

Groceries turnover

Deflated by price of groceries in CPI. Monthly data.

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

II-12

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 Output and demand

II-13
Private consumption, groceries and payment card turnover

Volume change on a year earlier (%)

-30 -25 -20 -15 -10 -5 0 5 10 15 20

2003 2004 2005 2006 2007 2008 2009 2010 2011

-80 -60 -40 -20 0 20 40 60 80 100 120

Private consumption growth Groceries turnover Household’s domestic payment card turnover Household’s payment card turnover

Quarterly data.

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

II-14
Cement sales

12-month % change

-80 -60 -40 -20 0 20 40 60 80 100 120


Total cement sales (left) Cement sales excluding heavy industry (left) Cement sales (seasonally adjusted) (right)

3-month moving average. Monthly data.

Sources: Aalborg Portland hf., BM Vallá, Sementsverksmiðjan hf., Central Bank of Iceland.

II-15
Importation and new registration of motor vehicles

12-month % change

-100 -80 -60 -40 -20 0 20 40 60 80 100 120


Car registrations, seasonally adjusted (right) Car imports (m.kr.) (left) Car registrations (left)

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: Bilgireinsamansbandið, Statistics Iceland, Central Bank of Iceland.

II-16
Indices of expected big-ticket purchases

Index

0 20 40 60 80 100 120 140 160 180


Expected big-ticket purchases (left) Expected purchases of real estate property (left) Expected purchases of travel (right)

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-17
Capacent Gallup Business Sentiment Indices

Index

0 25 50 75 100 125 150 175 200

Ratio (%)


Strongly positive (right) Positive (right) Strongly negative (right) Negative (right) Sentiments towards situation in six months (left) Current situation (left)

The Business sentiment indices are based upon Capacent Gallup’s survey of the largest companies in Iceland. The columns show the sentiments towards the current situation in the economy.

Source: Capacent Gallup.

II-18
Consumer sentiment (Gallup)

Index

0 20 40 60 80 100 120 140 160 180

% 0 20 40 60 80 100


Negative for current economic situation (right) Positive for current economic situation (right) Expectations 6 months ahead (left) Current economic situation (left) Consumer Sentiment Index (left)

Monthly data.

Source: Capacent Gallup.
II Output and demand

Private consumption and Gallup Consumer Sentiment Index

Data for Q2/2012 are for April. Quarterly data.
Sources: Capacent Gallup, Statistics Iceland.

Components of current account

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

Merchandise trade balance as percentage of merchandise exports

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 Foreign trade and external economic conditions

#### III-5
**Components of merchandise exports**

- Marine and agricultural products
- Manufacturing products
- Ships, aircraft and other products

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**

- Consumer goods
- Industrial supplies
- Capital goods
- Fuel, lubricants and other products
- Transport equipment

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

Sources: Statistics Iceland, Central Bank of Iceland.

#### III-7
**Volume changes on main export products**

- Marine products
- Metals
- Other manufacturing products

Quarterly data.

Source: Statistics Iceland.

#### III-8
**Volume changes on main import products**

- Consumer goods
- Capital goods
- Industrial supplies

Capital goods including ships and aircraft. Quarterly data.

Source: Statistics Iceland.

#### III-9
**Volume changes on import products**

- Durable consumer goods
- Non-durable consumer goods
- Semi-durable 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**

- Total
- Excluding ships and aircraft

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 Foreign trade and external economic conditions

III-11
Merchandise exports by category

January 2000 = 100

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 in January - December

% price change on a year earlier
% volume change on a year earlier

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

Percentage change on a year earlier

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

III-15
Fish catch volume

2004 = 100

12-month % change

Monthly data at constant price levels.
Source: Statistics Iceland.

III-16
Marine export value

Jan.-March

Jan.-February

Cumulative catch volume from beginning of year. Cumulative value of marine exports from beginning of year; nominal fob value. Monthly data.
Sources: Directorate of Fisheries, Statistics Iceland.
III Foreign trade and external economic conditions

III-17

Export prices

January 1999 = 100 USD/tonne

Latest: 23 April

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.


III-18

Aluminium production

Thous. tonnes

Annual aluminium production for 2012 is production in January-February. Monthly data.

Source: Statistics Iceland.

III-19

Global crude oil and gasoline prices

Crude oil Europe (DTD Brent) (right) Gasoline NW Europe 95 (left)

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

Crude oil (Brent) (right) Gasoline (left)

Weekly data. Source: Bloomberg.

III-21

Commodity prices in international markets


Weekly data. Source: Macrobond.

III-22

Global commodity prices and Icelandic export prices

Non-fuel commodities (in USD) (left) Total marine products (right) Aluminium (left)

Monthly data.

Sources: London Metal Exchange, Macrobond, Statistics Iceland.
III Foreign trade and external economic conditions

III-23

Real exchange rate

Quarterly data.
Source: Central Bank of 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

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-3

Unemployment register: Inflows and outflows

Monthly data.
Source: Directorate of Labour.

IV-4

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 Labour market and wages

IV-5 Vacancies and foreign labour

- New temporary permits for new jobs, extensions and existing E-8 workers
- Vacancies
- Recruitment by temporary
- Registered recruitment from E-8 employment agencies

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-6 Unemployment rate and labour participation rate

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. Source: Statistics Iceland.

IV-7 Employed persons and number of persons at work

Percentage change on a year earlier

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 labour force

Percentage change on a year earlier

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. Source: Statistics Iceland.

IV-9 Changes in labour force

Percentage change on a year earlier

Contribution of age groups to changes in total hours worked. 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. Source: Statistics Iceland.

IV-10 Nominal and real wages

12-month % change

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

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

Sources: Statistics Iceland, Central Bank of Iceland.

IV-13 Private sector wage index by occupational group

Percentage change on a year earlier

Management  Professionals  Technicians and semi-professionals
Clerks  Services, retail and marketing  Crafts
General and skilled workers

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

Source: Statistics Iceland.

IV-14 Private sector labour cost index by sector

Percentage change on a year earlier

Manufacturing  Construction  Wholesale, retail and repair  Transport, storage and communication  Financial intermediation

Total labour cost excluding irregular bonuses per hour. Sectors are defined according to ISAT 95 classification system. Quarterly data.

Source: Statistics Iceland.

IV-15 Migration

% of population

Net migration, Icelandic nationals  Net migration, foreign nationals  Total net migration

V Public finances

V-1 Public sector revenues, expenditures and balance

12-month % change

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

Source: Statistics Iceland.

V-2 Treasury revenues, expenditures and balance

12-month % change

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

12-month % change

In real terms, deflated by CPI. Quarterly data.

Source: Statistics Iceland.

V-4 Local government revenues and expenditures

12-month % change

In real terms, deflated by CPI. Quarterly data.

Source: Statistics Iceland.

V-5 Public sector debt

% of GDP

Excluding civil service pension liabilities and equity holdings. Debt on transaction accounts netted out of assets.

Sources: Ministry of Finance, Statistics Iceland.

V-6 Public sector interest expense

% of GDP

Figures for 2010 are preliminary. Quarterly data.

Source: Statistics Iceland.
V. Public finances

V-7. Treasury balance and net credit balance

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

V-8. 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-9. Tax revenues

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

V-10. Treasury expenditures by type

4-month moving average, 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-11. Treasury expenditures by function

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

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.

House prices in greater Reykjavík

Monthly data.
Sources: Registers Iceland, Central Bank of Iceland.

Market price of residential housing

Monthly data.
Source: Statistics Iceland.

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

Number and amount of new residential housing loans

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. 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  Asset markets

VI-7
Commercial property 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-8
Turnover of commercial housing

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

VI-9
Equity market

Total monthly volume of listed shares and monthly average of main stock indices.
Source: Nasdaq OMX Iceland.

VI-10
Bond indices

Indices are the OMX Nordic Exchange Iceland’s calculations of yields on fixed-maturity bonds. Daily data.
Source: Nasdaq OMX Iceland.

VII  Financial markets

VII-1
Credit system lending growth

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

VII-2
Household debt with major credit institutions

From September 2008, debt to DMBs are shown at discounts as taken over by the new banks. The total includes insurance companies and the student loan fund. Latest data can be partly estimated.
Source: Central Bank of Iceland.
VII Financial markets

VII-3 Credit institution lending to businesses

12-month change (%)

-80 -60 -40 -20 0 20 40 60


Index bonds Foreign currency-linked bonds Non-indexed bonds Overdrafts Other

Contribution of individual components to lending growth. From September 2008, lending is shown at discounts as taken over by the new banks. The category labelled “other” includes bills of exchange, redeemed guarantees, and asset financing agreements. Data from October 2008 are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-4 DMB lending to households

12-month change (%)

-60 -40 -20 0 20 40 60


Index bonds Foreign currency-linked bonds Non-indexed bonds Overdrafts Other

Contribution of individual components to lending growth. From September 2008, lending is shown at discounts as taken over by the new banks. The category labelled “other” includes bills of exchange, redeemed guarantees, and asset financing agreements. Data from October 2008 are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-5 Companies’ deposits

12-month change (%)

-50 -40 -30 -20 -10 0 10 20 30 40 50 60

2005 2006 2007 2008 2009 2010 2011 2012

Current accounts Foreign currency accounts (residents) Sight deposits Time deposits Indexed 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

12-month change (%)

-20 -10 0 10 20 30 40 50 60

2005 2006 2007 2008 2009 2010 2011 2012

Current accounts Foreign currency accounts (residents) Sight deposits Time deposits Indexed 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

12-month change (%)

-80 -60 -40 -20 0 20 40 60 80


M3 Debt stock excl. exchange rate adjustment and price indexation Credit Credit in real terms

Corrected for estimated effects of price level and exchange rate movements on indexed and foreign-denominated loans. Real loan values are deflated by the CPI. Corrected for entry of Kaupthing from January 2002 onwards. Data from October 2008 are preliminary. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

VII-8 Real M3 and domestic bank credit

January 2002 = 100

900 800 700 600 500 400 300 200 100


M3 (seasonally adjusted) Credit

Lending and M3 at constant price levels are deflated by the CPI. Data from October 2008 are preliminary. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.
VII Financial markets

**M3 and domestic bank credit**

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

**Bond auctions**

Monthly data. Source: Central Bank of Iceland.

**Base money (M0)**

Categorisation of base money according to Central Bank of Iceland. Monthly data. Source: Central Bank of Iceland.

**Non-residents’s króna assets**

Monthly data. Sources: Icelandic Securities Depository, Central Bank of Iceland.

**Central Bank collateral loans and overnight loans**

Weekly data for collateral loans; daily data for overnight loans. Source: Central Bank of Iceland.

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

Weekly data. Source: Central Bank of Iceland.
VII  Financial markets

VII-15
Central Bank and short-term market interest rates

Latest: 20 April

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overnight CBI rates</td>
<td>2.4%</td>
<td>2.2%</td>
<td>2.0%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Collateral loan rate</td>
<td>1.8%</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Maximum rate on 28-day CDs</td>
<td>2.0%</td>
<td>1.8%</td>
<td>1.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>O/N REIBOR</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.2%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Daily data.
Source: Central Bank of Iceland.

VII-16
Central Bank real interest rate

Latest: 27 April

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real interest rate according to:</td>
<td>-5.0%</td>
<td>-3.5%</td>
<td>-2.0%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Inflation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakeven inflation rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Businesses' inflation expectations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market inflation expectations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 1001) yields until June 2004, and on Treasury note (RIKB 13 0517) and HFF bond (HFF 100914) yields from July 2004 onwards. From April 2009 onwards, the Central Bank deposit interest rate is considered the effective policy rate.
Sources: Capacent Gallup, Statistics Iceland, Central Bank of Iceland.

VII-17
Forward interest rates on Treasury bond market

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3.0%</td>
</tr>
<tr>
<td>2013</td>
<td>4.0%</td>
</tr>
<tr>
<td>2014</td>
<td>5.0%</td>
</tr>
<tr>
<td>2015</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

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-18
Short-term interest rate differential

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Iceland/Euro area</td>
<td>-0.5%</td>
<td>-0.2%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.5%</td>
<td>3.0%</td>
<td>3.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Iceland/US</td>
<td>-1.0%</td>
<td>-0.6%</td>
<td>-0.2%</td>
<td>0.2%</td>
<td>0.6%</td>
<td>1.0%</td>
<td>1.4%</td>
<td>1.8%</td>
<td>2.2%</td>
<td>2.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Iceland/UK</td>
<td>-1.5%</td>
<td>-1.0%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.5%</td>
<td>3.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Iceland/Switzerland</td>
<td>-2.0%</td>
<td>-1.5%</td>
<td>-1.0%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Iceland/Japan</td>
<td>-2.5%</td>
<td>-2.0%</td>
<td>-1.5%</td>
<td>-1.0%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Iceland/UK</td>
<td>-3.0%</td>
<td>-2.5%</td>
<td>-2.0%</td>
<td>-1.5%</td>
<td>-1.0%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

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

VII-19
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, and RIKB 19 0226 is used thereafter.
Weekly data.
Sources: Macrobond, Central Bank of Iceland.

VII-20
Long-term nominal Treasury bond yields

Weekly data.
Source: Central Bank of Iceland.
VII Financial markets

VII-21 Yields on indexed long-term bonds

Latest: 20 April

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HFF150914</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFF150224</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFF150434</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HFF150644</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RIKS 15 1001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RIKS 21 0414</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Weekly data.
Source: Central Bank of Iceland.

VII-22 Average nominal interest rates

Latest: 18 April

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-23 Average indexed interest rates

Latest: 18 April

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 Bank lending and deposit rates

Latest: 18 April

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 indexed housing loans

Latest: 20 April

Lowest rates for loans with prepayment penalty. 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.

VII-26 The ISK exchange rate markets against the euro

The onshore exchange rate is the end-of-day rate. Daily data.
Sources: Reuters, Central Bank of Iceland.
VII Financial markets

VII-27 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-28 Exchange rate of high-yielding currencies against the euro

Daily data.
Source: Macrobond.

VII-29 Nominal and real effective exchange rate of the króna

Monthly data.
Source: Central Bank of Iceland.

VII-30 FX-market turnover

Weekly data.
Source: Central Bank of Iceland.

VII-31 Turnover on the interbank market for krónur

Weekly data.
Source: Central Bank of Iceland.

VII-32 Bond market turnover

Weekly data.
Source: Central Bank of Iceland.
VII Financial markets

CDS spread for Iceland

5-year EUR credit spread on the Republic of Iceland. Daily data.
Sources: Bloomberg, Central Bank of Iceland.