

# Economic Indicators



Central Bank of Iceland  
December 2003

## Overview of economic indicators

<i>I Inflation and inflation expectations<sup>1</sup></i>	Latest period	Latest value	Change (%)			Contribution to inflation (%)	12-mo. ch. ago (%)
			on prev. month	over 6 months <sup>2</sup>	over 12 months		
Consumer price index .....	Dec. '03	230.0	0.3	2.8	2.7	.	2.0
Core index 1 (CPI excl. agric. prod., vegetables, fruit and petrol)	Dec. '03	130.3	0.2	2.8	3.0	2.6	2.8
Core index 2 (core index 1 excl. public services).....	Dec. '03	130.9	0.3	2.6	2.7	2.2	2.7
Domestic goods excl. agricultural products and vegetables.....	Dec. '03	128.0	-0.2	0.9	1.4	0.1	0.0
Agricultural products and vegetables.....	Dec. '03	116.5	-0.7	-0.3	0.4	0.0	-2.4
Imported goods excl. alcohol and tobacco.....	Dec. '03	110.5	0.6	2.4	0.9	0.3	-1.7
- food and beverages.....	Dec. '03	122.7	0.4	1.8	-0.9	0.0	-7.9
- cars and spare parts.....	Dec. '03	117.7	0.9	4.9	3.3	0.2	-1.4
- petrol.....	Dec. '03	121.8	2.4	9.1	2.4	0.1	-2.5
- imported goods excl. food and beverages.....	Dec. '03	101.9	0.3	0.4	0.0	0.0	-0.5
Housing.....	Dec. '03	171.8	0.5	8.0	8.9	1.5	6.8
Public services.....	Dec. '03	129.7	0.0	4.8	6.2	0.5	3.5
Private services.....	Dec. '03	137.5	0.3	1.2	1.4	0.3	5.4
Groceries (perishable items).....	Dec. '03	122.7	-0.4	0.7	0.3	0.1	.
Weighted import exchange rate index (Dec. 31 1994=100).....	Nov. 28 '03	106.1	-0.4	11.6	-2.6	.	-13.5
	Latest period	Expected 12 mo. inflation	Change on prev. survey	Exp. 12-mo inflation 1 year ago	Expected annual inflation over next 2 yrs. 3 yrs.	Perceived inflation in past 12 mo.	
Inflation premium on Treasury bonds <sup>3</sup> .....	Dec. 12 '03	.	.	.	2.3 2.7	.	
Employers' inflation expectations.....	Sept. '03	2.9	-0.8	.	2.8	.	
Public's inflation expectations.....	Oct. '03	3.1	-0.3	3.5	.	.	2.9

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

<i>II Output and demand</i>	Latest period	Latest value	Value 1 year ago	% change <sup>1</sup> on		From beginn. of year <sup>1</sup>	
				previous period	previous year	Value	Change on prev. year (%)
GDP (b.kr.).....	2003/Q3	202.6	194.4	.	3.2	594.7	3.1
National expenditure (b.kr.).....	2003/Q3	211.0	189.1	.	9.3	611.0	6.8
Private consumption (b.kr.).....	2003/Q3	112.2	104.9	.	6.5	330.1	6.3
Public consumption (b.kr.).....	2003/Q3	53.1	49.4	.	3.8	158.3	4.2
Gross fixed investment (b.kr.).....	2003/Q3	44.7	34.1	.	26.9	122.8	10.4
Exports (b.kr.).....	2003/Q3	79.0	80.8	.	1.0	217.4	0.1
Imports (b.kr.).....	2003/Q3	-87.4	-75.6	.	15.8	-233.8	9.3
Turnover according to VAT statements (b.kr.) <sup>2</sup> .....	July-Aug. '03	229.1	211.0	4.6	6.7	856.5	-0.1
Turnover in groceries stores (b.kr.).....	Nov. '03	105.8	103.9	-2.0	1.9	107.5	4.2
Credit and debit card turnover (b.kr.) <sup>2</sup> .....	Nov. '03	40.6	38.3	-8.8	5.0	467.4	9.2
Turnover of publicly listed companies on ISEX (b.kr.).....	Jan.-Sept. '03	198.5	185.5	.	.	198.5	7.1
Cement sales (thous. tons).....	Nov. '03	12.3	10.8	-14.3	13.5	126.6	17.3
Automobile registrations (number).....	Nov. '03	902	573	-15.2	57.4	11,875	48.5

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

<i>III Foreign trade and external economic conditions</i>	Latest period	Latest value	Value 1 year ago	% change on		From beginn. of year	
				previous period	previous year	Value	Change on prev. year (%)
Price of marine products in foreign currency (Jan.1999=100)...	Oct. '03	95.4	99.1	0.0	-3.7	97.9	-4.4
Price of aluminium, LME cash price \$/t.....	Dec. '03	1,539	1,375	1.9	11.9	1,429	5.8
Price of crude oil (Brent) \$/b.....	Dec. '03	30.0	28.3	2.0	5.9	28.7	15.2
Groundfish (1,000 tonnes).....	Nov. '03	39.7	34.4	0.0	15.5	457.1	3.7
Pelagics (1,000 tonnes).....	Nov. '03	97.9	34.8	4.8	181.2	1,400.3	-2.0
Merchandise exports (b.kr.) <sup>1</sup> .....	Oct. '03	15.8	19.0	9.0	-15.0	152.9	-7.1
- marine products (b.kr.) <sup>1</sup> .....	Oct. '03	9.6	11.9	-1.8	-17.9	95.4	-8.4
- aluminium (b.kr.) <sup>1</sup> .....	Oct. '03	3.1	3.5	18.0	-8.7	29.1	-6.6
- other industrial products (b.kr.) <sup>1</sup> .....	Oct. '03	2.5	2.9	59.2	-11.9	22.8	-0.5
Merchandise imports (b.kr.) <sup>1</sup> .....	Oct. '03	18.6	17.1	-2.8	11.5	167.1	9.7
Merchandise trade balance (b.kr.) <sup>1</sup> .....	Oct. '03	-2.8	1.9	.	.	-14.3	.
Services exports (b.kr.) <sup>1</sup> .....	2003/Q3	35.1	32.6	41.8	14.3	80.3	6.8
Services imports (b.kr.) <sup>1</sup> .....	2003/Q3	32.6	28.0	11.2	23.8	85.7	17.7
Real effective exchange rate (relative CPI) (1980=100).....	2003/Q3	92.0	90.5	-4.2	1.6	93.8	6.1

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

			Value	Change <sup>1</sup> from		From beginn. of year <sup>2</sup>	
	Latest	Latest	1 year	previous	previous	Average	Change on
<i>IV Labour market and wages</i>	period	value	ago	period	year		prev. year (%)
Number of unemployed listed at employment agencies.....	Nov. '03	4,400	4,077	341	323	4,908	38.1
Registered unemployment, s.a. (% of total estim. labour force)	Nov. '03	3.3	3.0	-0.1	0.3	3.3	0.8
Unemployment rate, labour force survey (biannual).....	2003/Q3	2.6	.	-1.5	.	3.5	.
Listed vacancies at employment agencies .....	Nov. '03	452	160	17	183	465	103.5
New work permits issued.....	Nov. '03	84	53	-33	58	790	-16.6
Work permits issued, total.....	Nov. '03	247	277	-37	-11	3,014	-10.7
Wage index (december 1988=100).....	Oct. '03	240.4	227.9	0.2	5.5	238.7	5.6
Real wages (wage index deflated by CPI).....	Oct. '03	131.1	127.0	-0.3	3.2	131.6	3.6

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

			Value	% change on		From beginn. of year	
	Latest	Latest	1 year	previous	previous	Value	Change on
<i>V Public finances</i>	period	value	ago	period	year		prev. year (%)
Treasury revenue balance (billion kr.).....	Nov. '03	-1.9	-1.1	.	.	-10.9	.
- as % of revenue .....	Nov. '03	-9.2	-5.8	.	.	-4.7	.
Net borrowing requirement (billion kr.).....	Nov. '03	0.9	0.6	.	.	1.6	.
- as % of revenue .....	Nov. '03	4.2	3.3	.	.	0.7	.
Treasury revenue (b.kr.).....	Nov. '03	20.5	18.8	0.9	6.8	229.4	9.0
- from VAT (b. kr.).....	Nov. '03	7.2	6.5	-1.8	7.4	70.7	7.1
- from payroll & personal income tax withheld (b.kr.).....	Nov. '03	6.5	5.8	-0.9	10.1	72.1	5.9
- from imports, alcohol, car ownership (b.kr.).....	Nov. '03	1.6	1.4	-4.7	13.6	16.0	10.6
Treasury expenditures (b.kr.).....	Nov. '03	22.4	19.9	-2.0	10.2	240.3	6.4

Note: First four columns refer to 4 month moving averages of monthly values, the last two to totals for current year to date. All changes are in real terms.

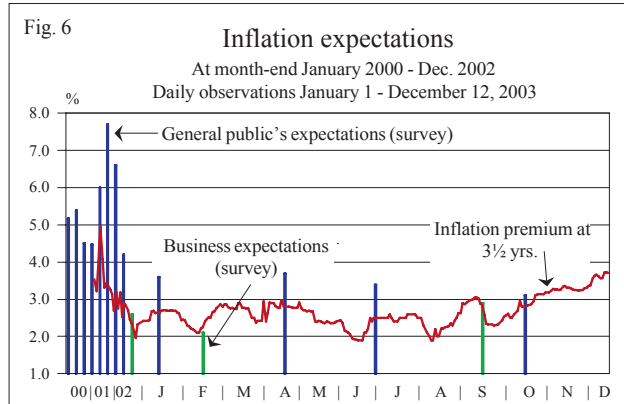
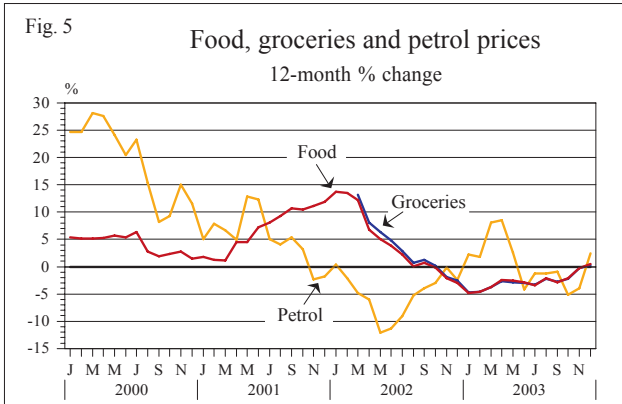
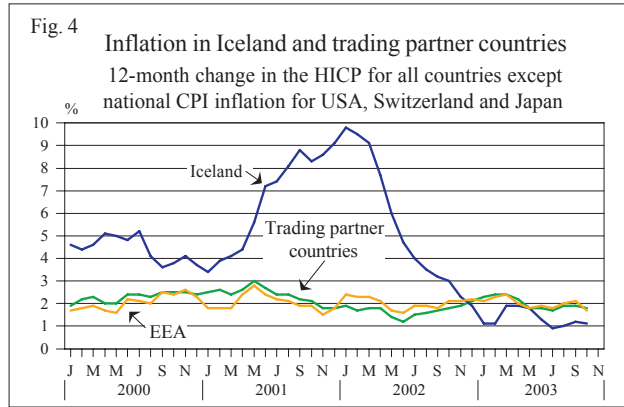
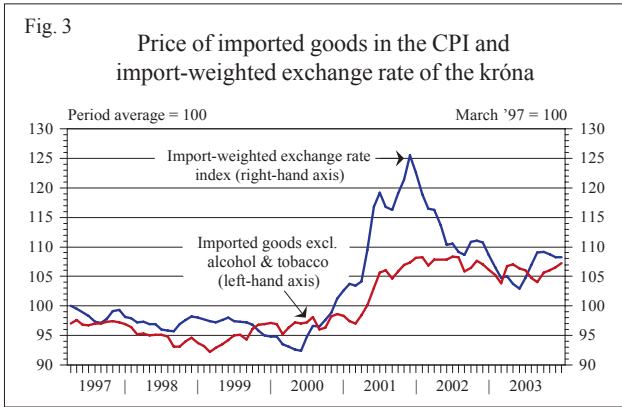
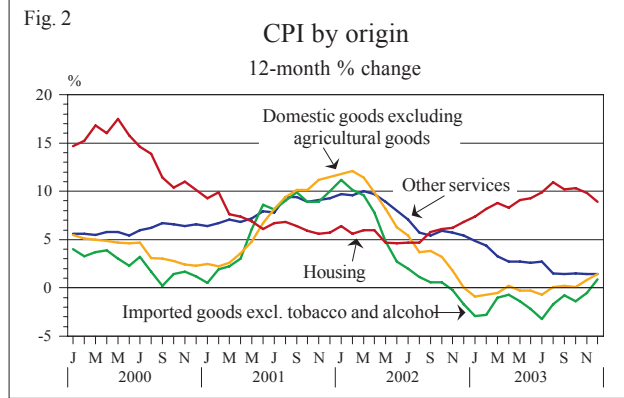
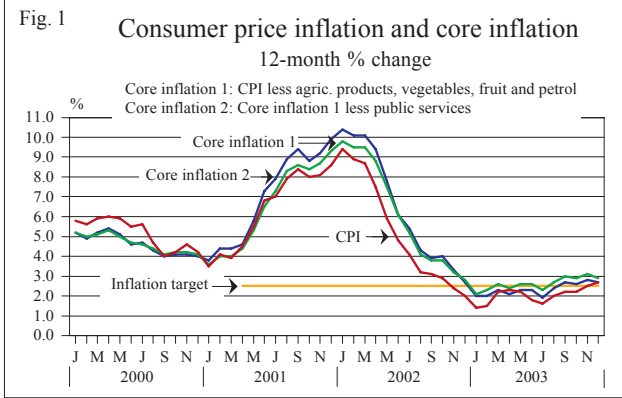
			Value	% change on		From beginn. of year	
	Latest	Latest	1 year	previous	previous	Aver-	Change on
<i>VI Asset markets</i>	period	value	ago	period	year	age <sup>2</sup>	prev. year (%)
ICEX-15 monthly average (Dec. 1997=100).....	Nov. '03	1,972.6	1,315.3	5.6	50.0	1,561.1	21.5
ICEX Main monthly average (Dec. 1997=100).....	Nov. '03	1,947.8	1,385.8	4.2	40.6	1,600.8	20.8
Turnover on Iceland Stock Exchange (ICEX), monthly (b.kr.)	Nov. '03	48.5	22.8	-31.4	112.8	494.5	67.8
Residential housing price index, broad index <sup>1</sup> (Jan. 1999=100)	Nov. '03	162.9	145.9	0.5	11.7	158.0	12.6
Real residential housing prices, narrow index <sup>1</sup> (Jan. 1996=100)	Nov. '03	145.1	131.6	-0.1	10.2	140.8	10.0
Price of long-term cod quota (kr./kg.).....	Nov. '03	1,250	1,000	0.0	25.0	1,220	33.0

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

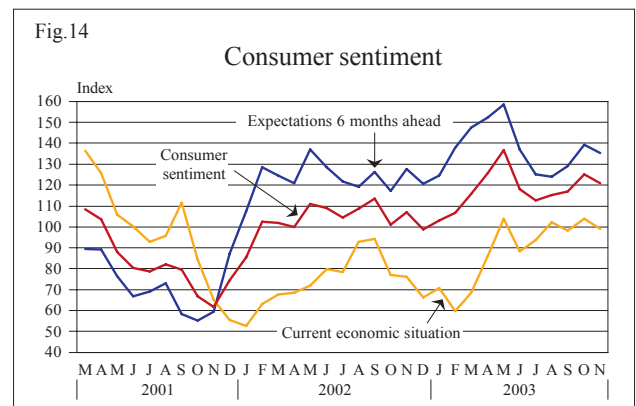
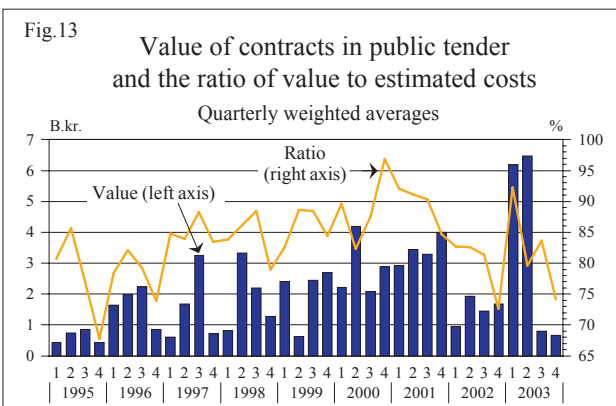
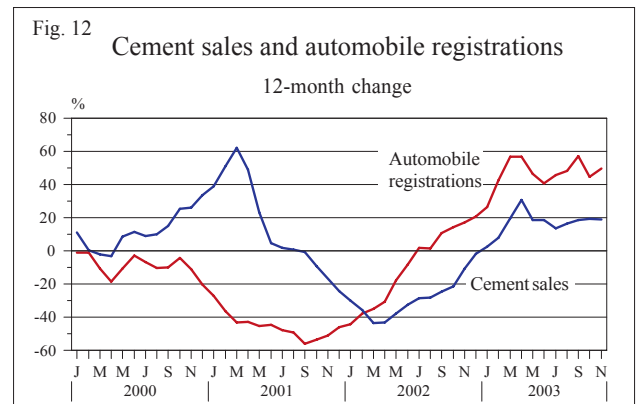
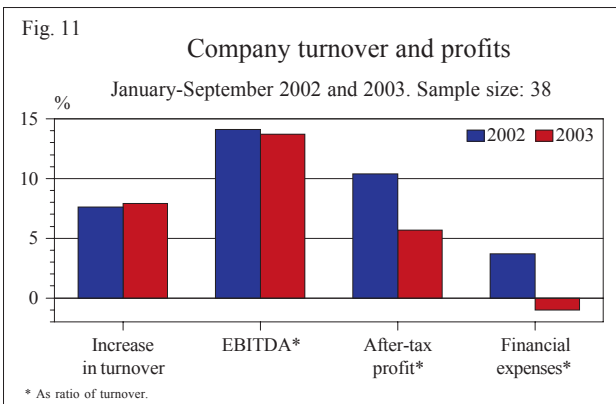
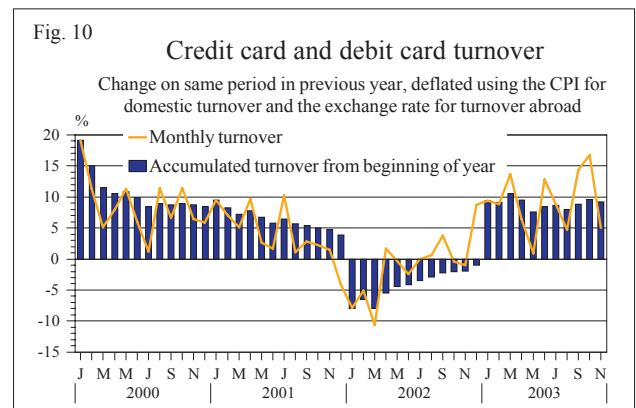
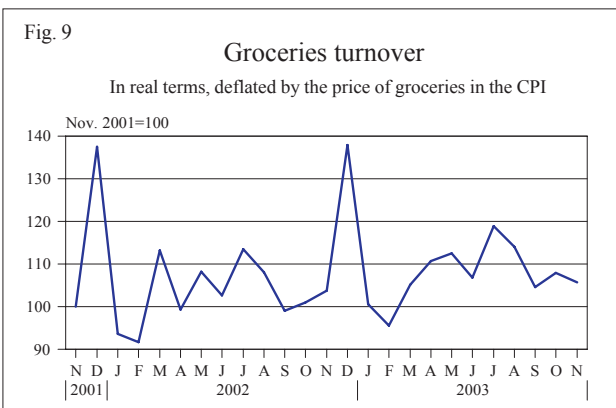
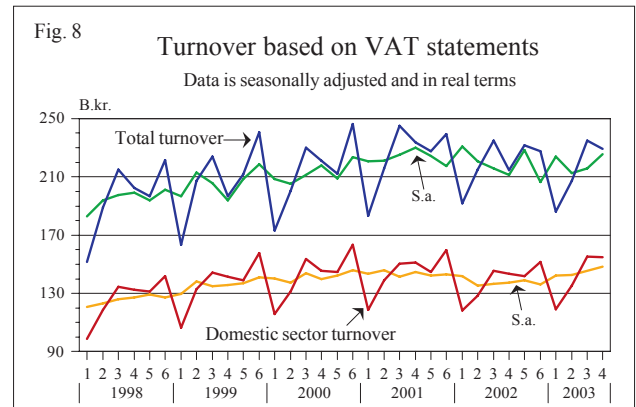
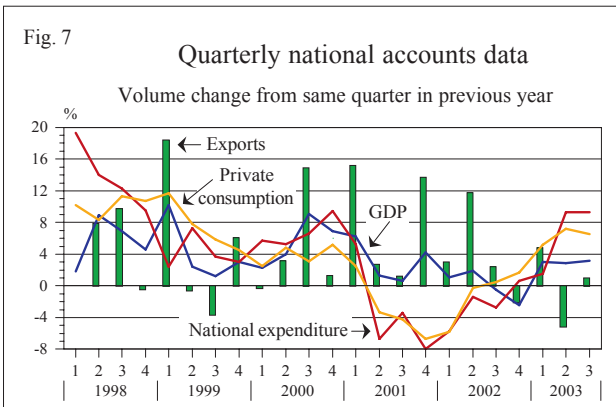
			Value	% change on		From beginn. of year	
	Latest	Latest	1 year	previous	previous	Aver-	Change on
<i>VII Financial markets</i>	period	value	ago	period	year	age	prev. year (%)
Bank lending to domestic sector (b.kr.) <sup>1</sup> .....	Oct. 31 '03	800.0	695.8	2.0	13.8	.	.
- adjusted for estimated indexation effects on inflation-							
and exchange rate-linked loans (index) <sup>1</sup> .....	Oct. 31 '03	185.7	160.6	1.7	14.5	.	.
- in real terms (January 1999=100) <sup>1</sup> .....	Oct. 31 '03	143.5	127.9	1.8	12.2	.	.
Credit system total lending (b.kr.).....	June 30 '03	2,133	1,931	5.2	10.5	.	.
M3 (b.kr.).....	Oct. 31 '03	479.9	382.5	1.3	25.5	.	.
Central Bank policy interest rate (%).....	Dec. 12 '03	5.3	5.8	0.0	-0.5	5.4	-3.1
Money market yield, 3-mo. (%) <sup>2</sup> .....	Dec. 12 '03	5.1	6.2	0.0	-1.1	5.4	-3.7
Treasury bill yield, 3-mo. (%) <sup>2</sup> .....	Dec. 12 '03	4.8	6.1	0.1	-1.3	5.0	-3.2
Treasury bill real yield, 3-mo., based on inflation premium (%) <sup>2</sup>	Dec. 12 '03	1.3	4.0	-0.1	-2.7	2.2	-3.2
Yield on Treasury notes (4 yrs., RIKB 07 0209) (%) <sup>2</sup> .....	Dec. 12 '03	7.2	6.9	0.3	0.3	6.8	-1.3
Yield on Treasury notes (10½ yrs., RIKB 13 0517) (%) <sup>2</sup> .....	Dec. 12 '03	7.7	7.5	0.1	0.3	7.6	2.8
Real yield on housing bonds (25 yrs., IBH 26 0315) (%) <sup>2</sup> .....	Dec. 12 '03	4.6	5.3	0.1	-0.7	4.7	-1.0
Real yield on housing bonds (40 yrs., IBH 41 0315) (%) <sup>2</sup> .....	Dec. 12 '03	4.6	5.2	0.1	-0.6	4.7	-0.8
Real yield on Treasury bonds (5 yrs., RIKS 05 0410) (%) <sup>2</sup> .....	Dec. 12 '03	3.7	4.8	0.1	-1.1	4.0	-1.4
Real yield on Treasury bonds (15 yrs., RIKS 15 1001) (%) <sup>2</sup> .....	Dec. 12 '03	4.3	5.0	0.0	-0.7	4.4	-0.8
Average bank lending rate, non-indexed loans (%) <sup>2</sup> .....	Dec. 12 '03	11.7	13.0	0.0	-1.3	12.0	-3.4
Average bank lending rate, indexed loans (%) <sup>2</sup> .....	Dec. 12 '03	8.7	9.7	-0.2	-1.0	9.1	-1.0
Exchange rate index of króna (Dec 31. 1991=100) <sup>2</sup> .....	Dec. 12 '03	125.2	128.0	-0.2	-2.2	123.5	-6.2

1. For comparability, financial companies which were reclassified as deposit money banks or moved into that category through mergers are included retrospectively for the entire period. This adjustment is made only for percentage changes and not applied to the original stock figures. 2. All figures except for two last columns are based on 4-week averages.

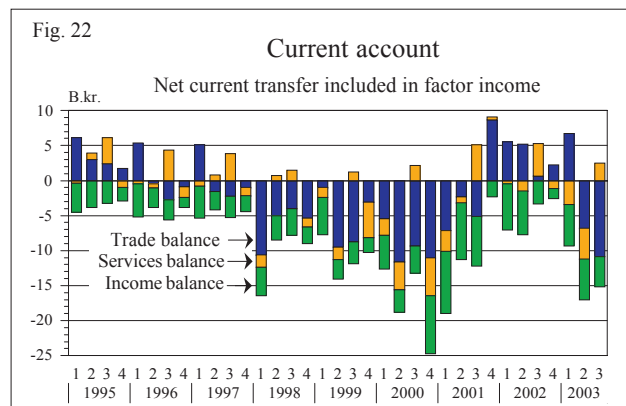
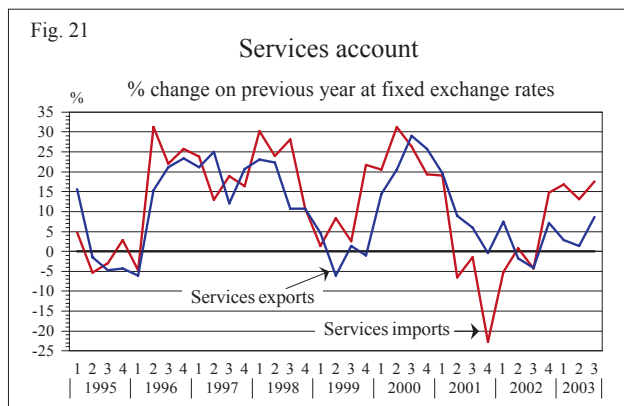
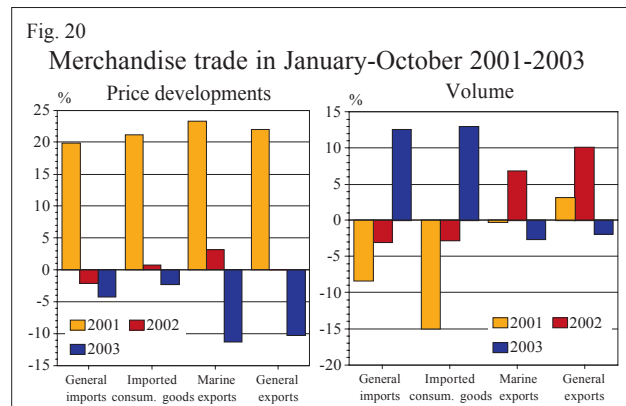
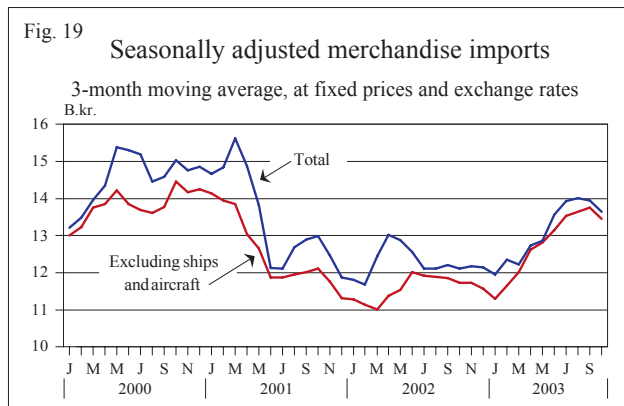
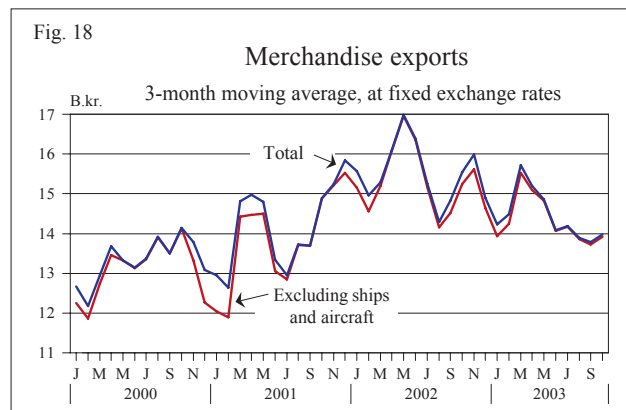
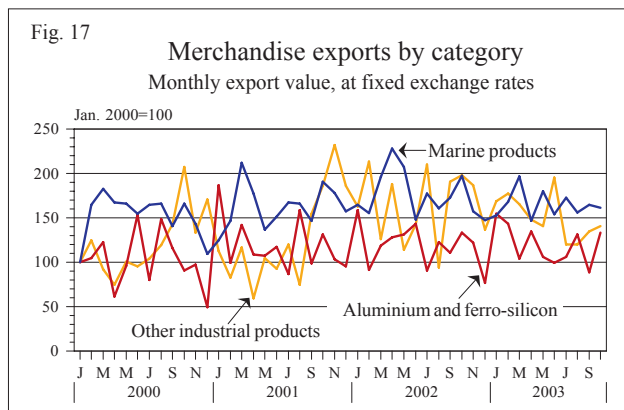
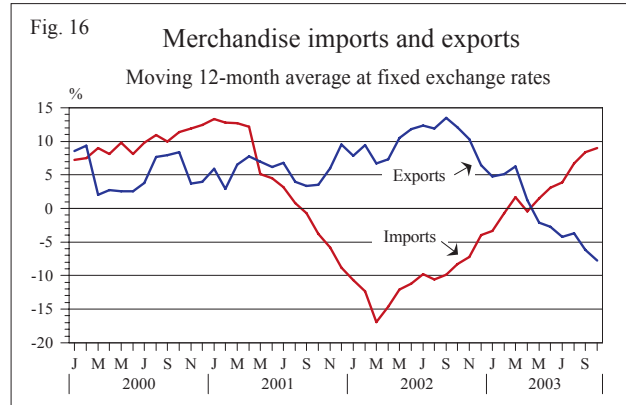
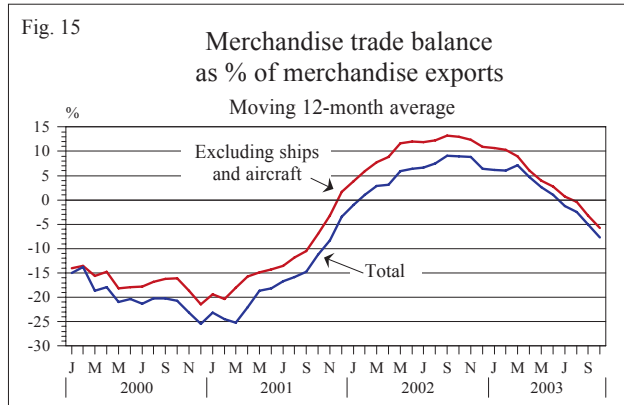
# I Inflation and inflation expectations



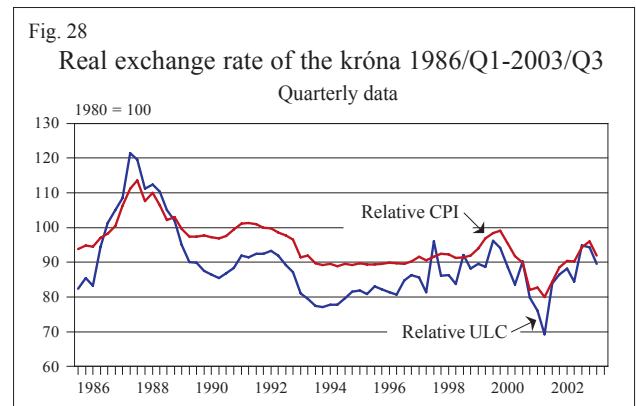
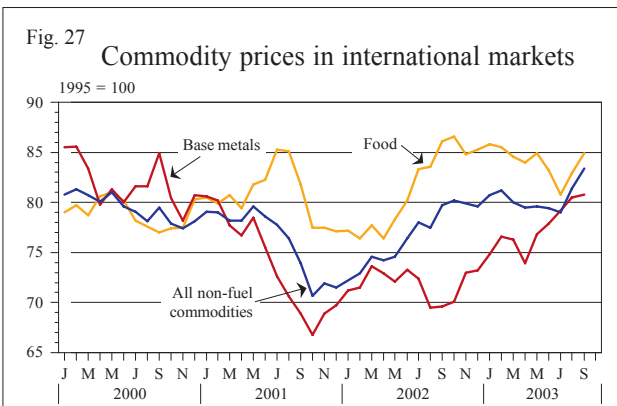
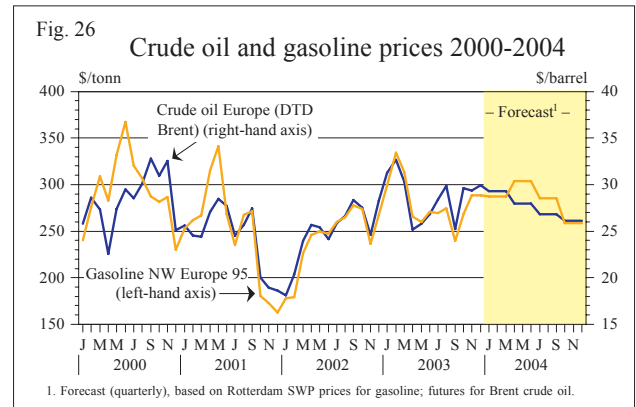
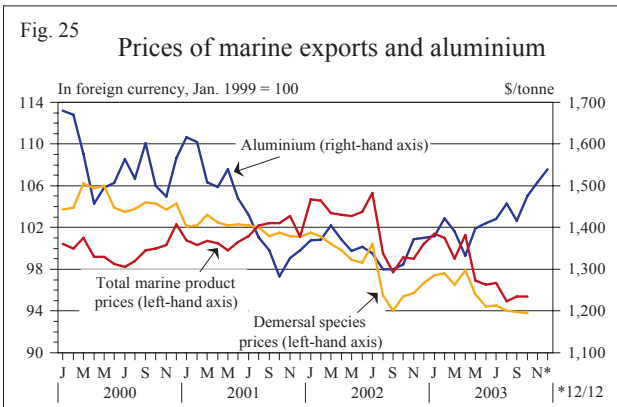
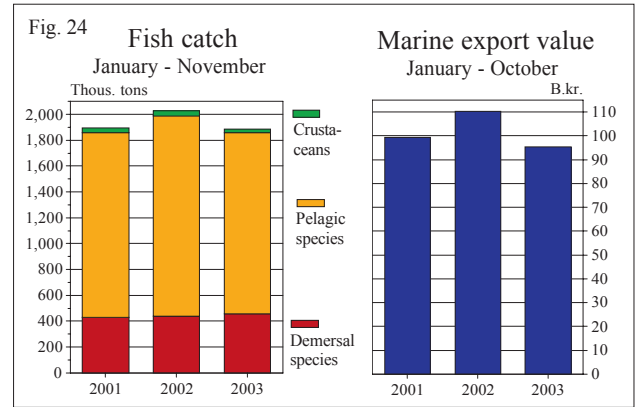
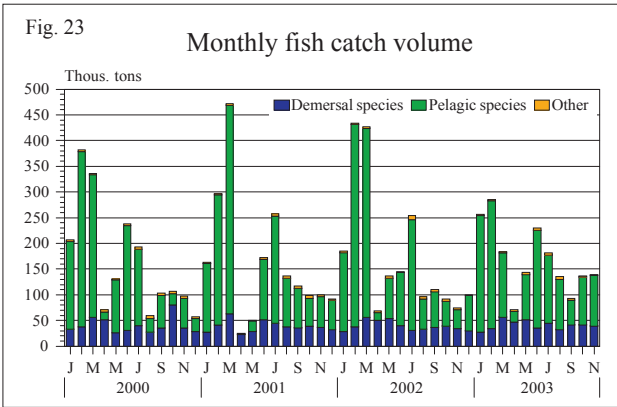
## II Output and demand



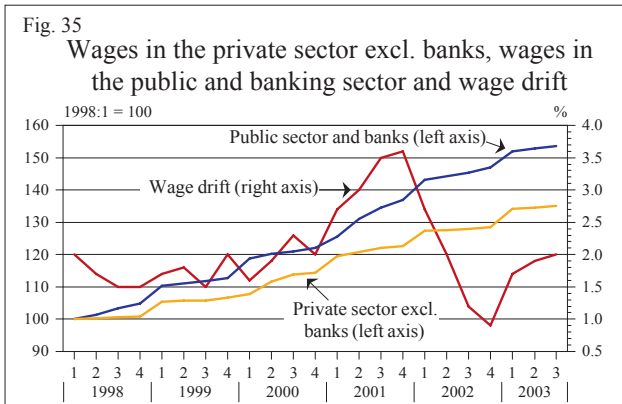
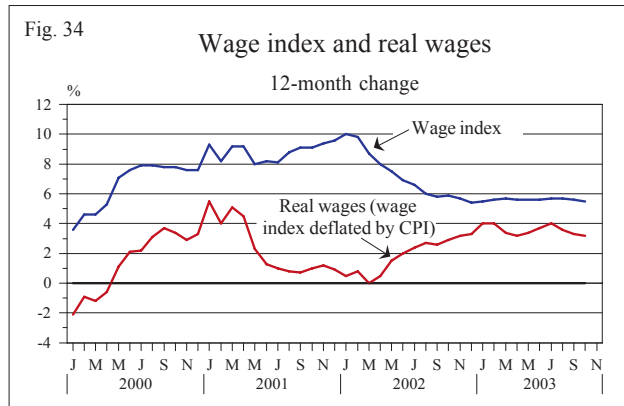
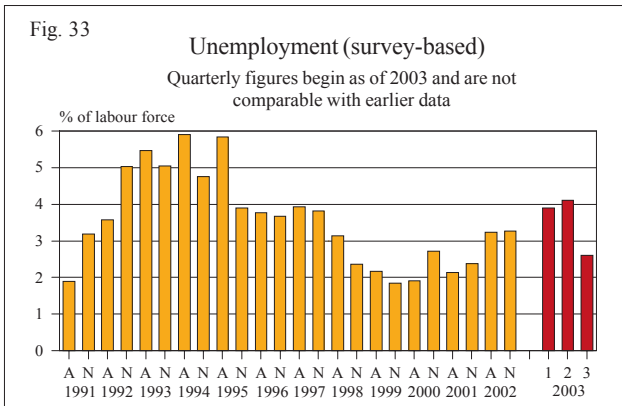
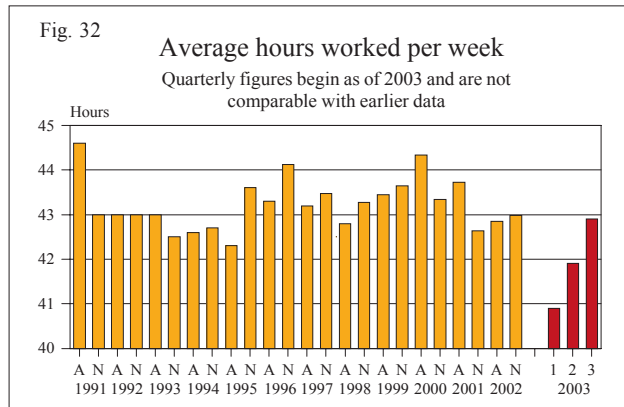
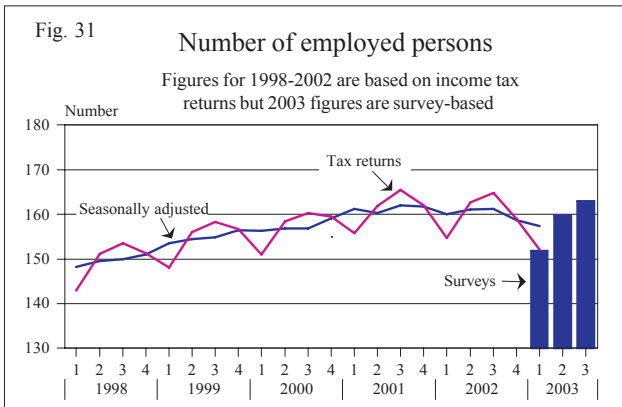
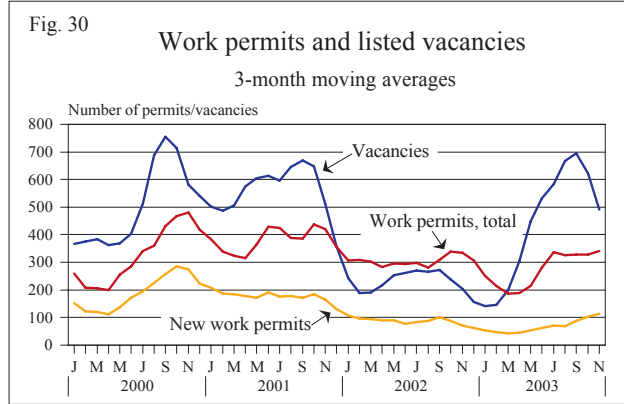
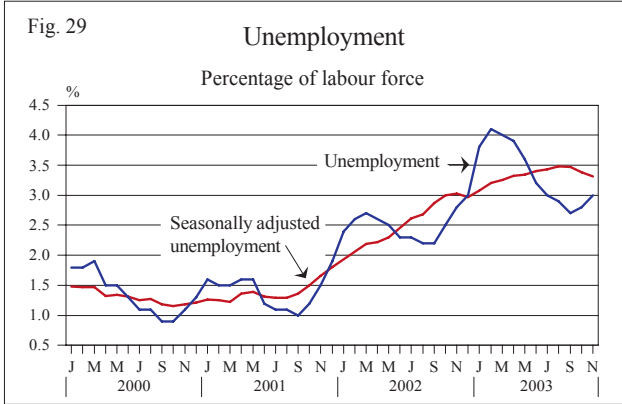
### III Foreign trade and external economic conditions



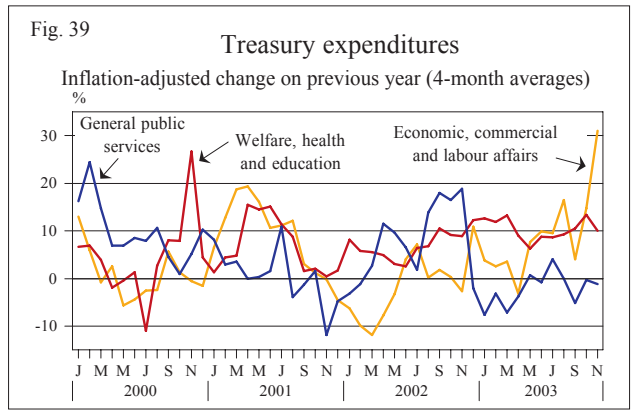
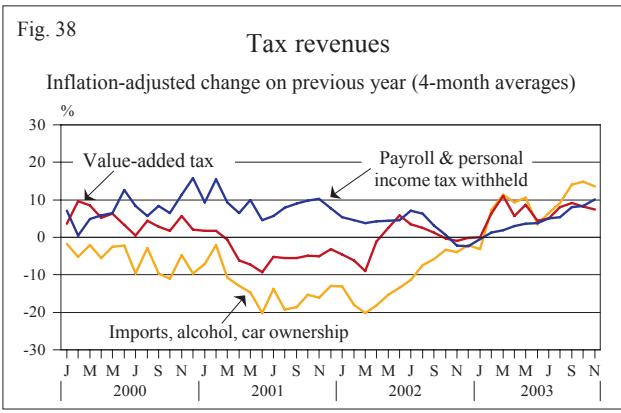
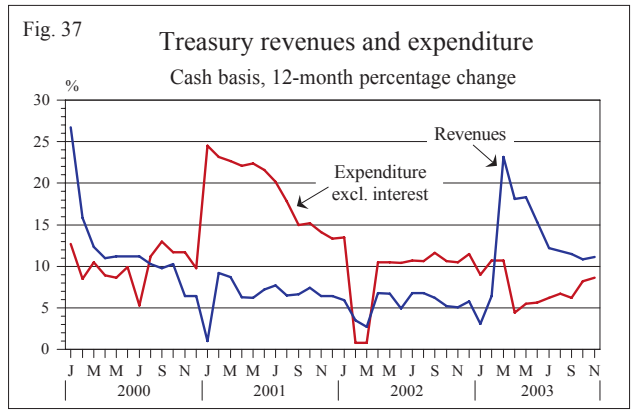
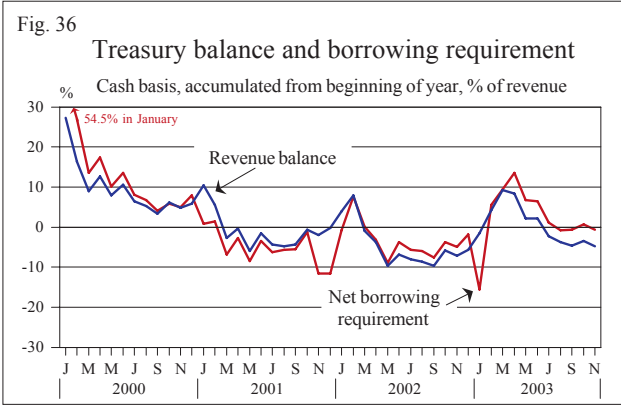
### III Foreign trade and external economic conditions (cont.)

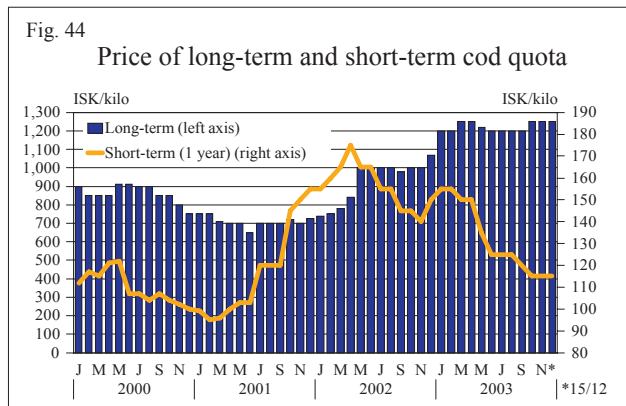
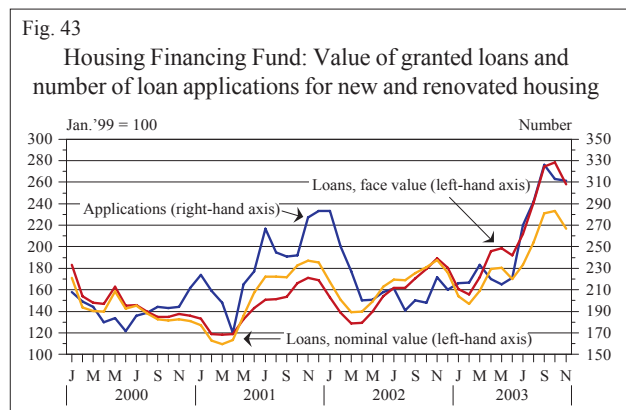
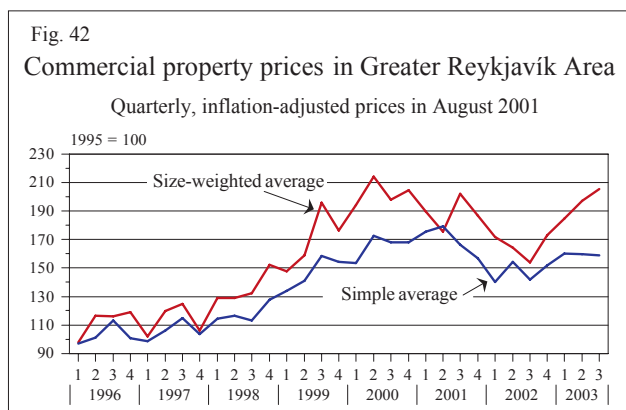
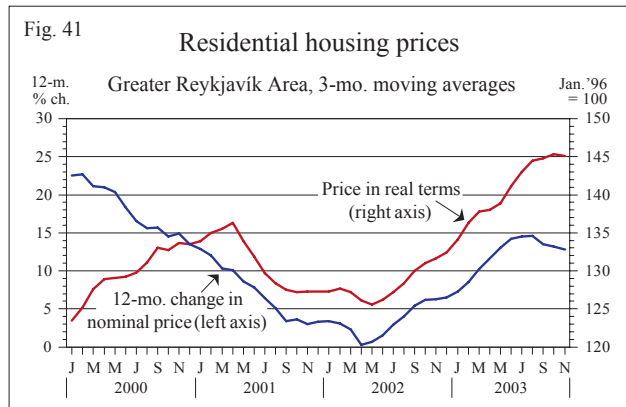
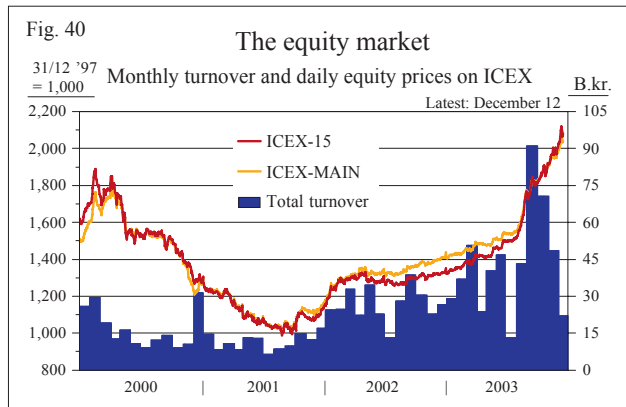


# IV Labour market and wages









## VII Financial markets

Fig. 45

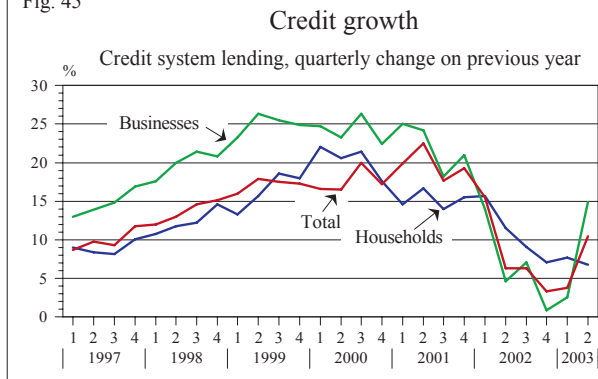


Fig. 46

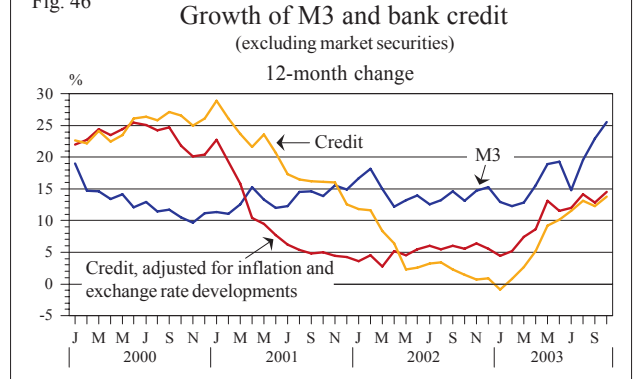


Fig. 47

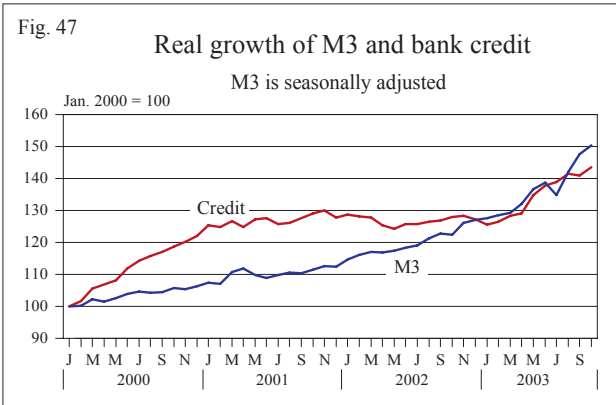


Fig. 48

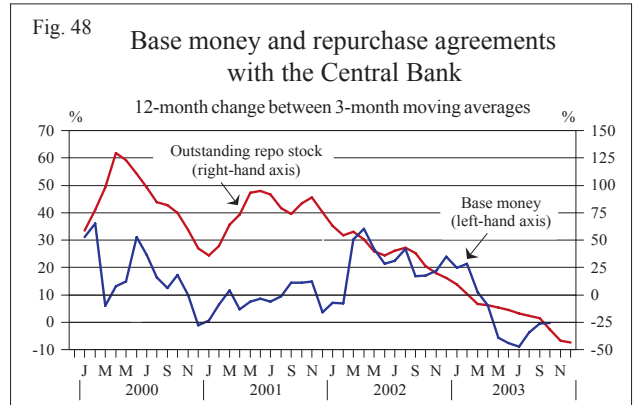


Fig. 49

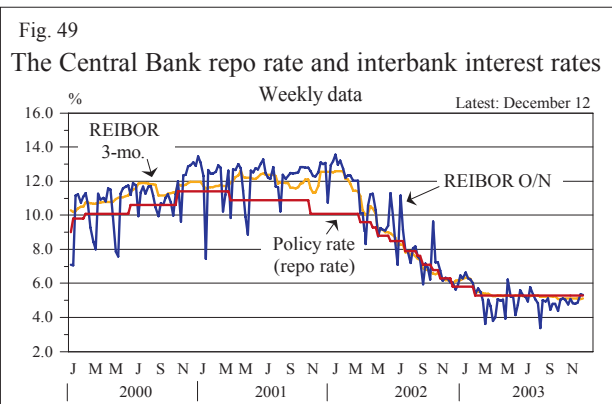


Fig. 50

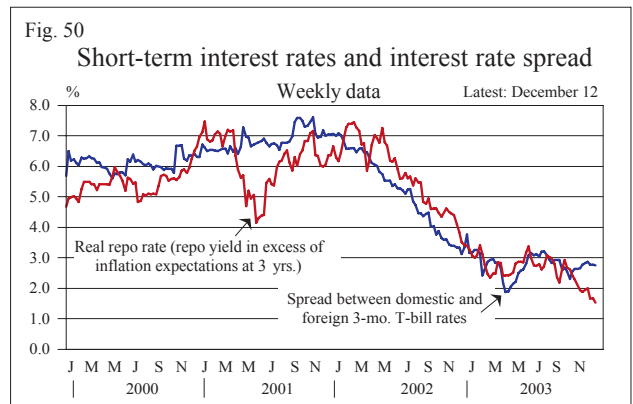


Fig. 51

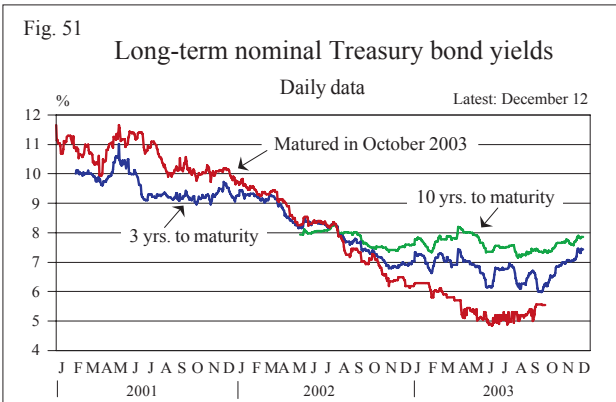
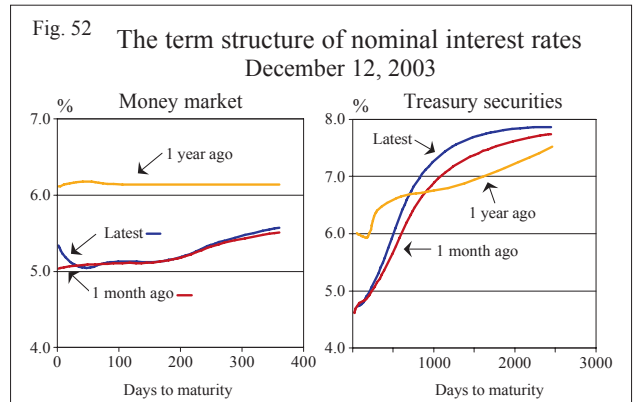


Fig. 52



## VII Financial markets (cont.)

