Economic Indicators

Central Bank of Iceland
January 2005
Overview of economic indicators

I  Inflation and inflation expectations

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Change (%)</th>
<th>Contribution to 12-mo. inflation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer price index</td>
<td>January '05</td>
<td>239.2</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Core index 1 (CPI excl. agric. prod., vegetables, fruit and petrol)</td>
<td>January '05</td>
<td>135.3</td>
<td>3.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Core index 2 (core index 1 excl. public services)</td>
<td>January '05</td>
<td>135.1</td>
<td>3.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Domestic goods excl. agricultural products and vegetables</td>
<td>January '05</td>
<td>131.0</td>
<td>1.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Agricultural products and vegetables</td>
<td>January '05</td>
<td>123.8</td>
<td>5.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Imported goods excl. alcohol and tobacco</td>
<td>January '05</td>
<td>108.8</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>- food and beverages</td>
<td>January '05</td>
<td>121.4</td>
<td>-3.8</td>
<td>-0.1</td>
</tr>
<tr>
<td>- cars and spare parts</td>
<td>January '05</td>
<td>120.5</td>
<td>2.2</td>
<td>0.1</td>
</tr>
<tr>
<td>- petrol</td>
<td>January '05</td>
<td>129.3</td>
<td>4.3</td>
<td>0.2</td>
</tr>
<tr>
<td>- imported goods excl. food and beverages</td>
<td>January '05</td>
<td>96.9</td>
<td>-1.0</td>
<td>-0.2</td>
</tr>
<tr>
<td>Housing</td>
<td>January '05</td>
<td>191.7</td>
<td>11.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Public services</td>
<td>January '05</td>
<td>142.3</td>
<td>3.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Private services</td>
<td>January '05</td>
<td>142.2</td>
<td>3.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Groceries (perishable items)</td>
<td>January '05</td>
<td>124.0</td>
<td>-0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Weighted import exchange rate index (Dec. 31 1994=100)</td>
<td>Dec. 31 '04</td>
<td>95.7</td>
<td>-1.2</td>
<td>-1.4</td>
</tr>
</tbody>
</table>

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation. 3. Difference between non-indexed and indexed Treasury bond yields at 2 and 3 years’ maturity.

II  Output and demand

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value % change on previous year</th>
<th>Change on previous year</th>
<th>Change on previous year</th>
<th>From beginn. of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (b.kr.)</td>
<td>2004/Q3</td>
<td>225.8</td>
<td>7.4</td>
<td>646.6</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>National expenditure (b.kr.)</td>
<td>2004/Q3</td>
<td>231.3</td>
<td>6.0</td>
<td>676.2</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Private consumption (b.kr.)</td>
<td>2004/Q3</td>
<td>120.9</td>
<td>5.8</td>
<td>360.8</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Public consumption (b.kr.)</td>
<td>2004/Q3</td>
<td>56.5</td>
<td>2.4</td>
<td>167.8</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Gross fixed investment (b.kr.)</td>
<td>2004/Q3</td>
<td>54.5</td>
<td>10.0</td>
<td>146.9</td>
<td>15.7</td>
<td></td>
</tr>
<tr>
<td>Exports of goods and services (billion kr.)</td>
<td>2004/Q3</td>
<td>91.4</td>
<td>11.0</td>
<td>240.1</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Imports of goods and services (billion kr.)</td>
<td>2004/Q3</td>
<td>-96.9</td>
<td>7.3</td>
<td>-269.7</td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td>Domestic turnover according to VAT statements (billion kr.)</td>
<td>Sept.-Oct. '04</td>
<td>175.6</td>
<td>6.2</td>
<td>813.7</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>Turnover in groceries stores (b.kr.)</td>
<td>December '04</td>
<td>149.4</td>
<td>3.2</td>
<td>114.8</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Credit and debit card turnover (b.kr.)</td>
<td>December '04</td>
<td>57.2</td>
<td>12.2</td>
<td>573.3</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Turnover of publicly listed companies on ICEX (billion kr.)</td>
<td>January-Nov. '04</td>
<td>187.2</td>
<td>21.3</td>
<td>187.2</td>
<td>21.3</td>
<td></td>
</tr>
<tr>
<td>Cement sales (thous. tons)</td>
<td>December '04</td>
<td>11.4</td>
<td>7.0</td>
<td>197.2</td>
<td>40.8</td>
<td></td>
</tr>
<tr>
<td>Automobil registrations (number)</td>
<td>November '04</td>
<td>1,303</td>
<td>44.5</td>
<td>15,153</td>
<td>27.6</td>
<td></td>
</tr>
</tbody>
</table>

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

III  Foreign trade and external economic conditions

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value % change on previous year</th>
<th>From beginn. of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of marine products in foreign currency (Jan.1999=100)</td>
<td>Dec. '04</td>
<td>100.1</td>
<td>5.5</td>
<td>95.6</td>
</tr>
<tr>
<td>Price of aluminium, LME cash price USD/t</td>
<td>Dec. '04</td>
<td>1,849</td>
<td>18.9</td>
<td>1,717</td>
</tr>
<tr>
<td>Price of crude oil (Brent) USD/b</td>
<td>Dec. '04</td>
<td>39.7</td>
<td>32.7</td>
<td>38.4</td>
</tr>
<tr>
<td>Groundfish (1,000 tonnes)</td>
<td>Dec. '04</td>
<td>36.9</td>
<td>5.3</td>
<td>524.0</td>
</tr>
<tr>
<td>Pelagics (1,000 tonnes)</td>
<td>Dec. '04</td>
<td>44.6</td>
<td>-15.5</td>
<td>1,168.8</td>
</tr>
<tr>
<td>Merchandise exports (excl. ships &amp; aircraft, b.kr.)</td>
<td>Nov. '04</td>
<td>18.7</td>
<td>21.7</td>
<td>183.7</td>
</tr>
<tr>
<td>- marine products (b.kr.)</td>
<td>Nov. '04</td>
<td>11.7</td>
<td>28.1</td>
<td>111.3</td>
</tr>
<tr>
<td>- aluminium (b.kr.)</td>
<td>Nov. '04</td>
<td>3.0</td>
<td>23.3</td>
<td>34.2</td>
</tr>
<tr>
<td>- other industrial products (b.kr.)</td>
<td>Nov. '04</td>
<td>3.3</td>
<td>3.9</td>
<td>31.2</td>
</tr>
<tr>
<td>Merchandise imports (excl. ships &amp; aircraft, b.kr.)</td>
<td>Nov. '04</td>
<td>21.2</td>
<td>36.0</td>
<td>212.5</td>
</tr>
<tr>
<td>Merchandise trade balance (excl. ships &amp; aircraft, b.kr.)</td>
<td>Nov. '04</td>
<td>-2.5</td>
<td>-19.3</td>
<td>-28.8</td>
</tr>
<tr>
<td>Services exports (b.kr.)</td>
<td>2004/Q3</td>
<td>41.4</td>
<td>19.2</td>
<td>91.2</td>
</tr>
<tr>
<td>Services imports (b.kr.)</td>
<td>2004/Q3</td>
<td>34.5</td>
<td>8.7</td>
<td>95.1</td>
</tr>
<tr>
<td>Real effective exchange rate (relative CPI) (1980=100)</td>
<td>2004/Q4</td>
<td>98.6</td>
<td>5.7</td>
<td>97.0</td>
</tr>
</tbody>
</table>

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.
### IV  Labour market and wages

<table>
<thead>
<tr>
<th>Period</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value l year ago</th>
<th>Change(^1) from previous year</th>
<th>From beginn. of year(^2)</th>
<th>Change on Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of unemployed listed at employment agencies</td>
<td>December '04</td>
<td>4,088</td>
<td>4,728</td>
<td>203 -640</td>
<td>4,564 -6.7</td>
<td></td>
</tr>
<tr>
<td>Registered unemployment, s.a. (% of total estim. labour force)</td>
<td>December '04</td>
<td>2.8</td>
<td>3.2</td>
<td>-0.1 -0.4</td>
<td>3.1 -0.2</td>
<td></td>
</tr>
<tr>
<td>Unemployment rate, labour force survey (biannual)</td>
<td>2004-04</td>
<td>2.5</td>
<td>2.9</td>
<td>-0.1 -0.4</td>
<td>3.1 -0.3</td>
<td></td>
</tr>
<tr>
<td>Listed vacancies at employment agencies</td>
<td>December '04</td>
<td>727</td>
<td>390</td>
<td>9.8 86.4</td>
<td>668 45.4</td>
<td></td>
</tr>
<tr>
<td>New work permits issued</td>
<td>December '04</td>
<td>168</td>
<td>68</td>
<td>3 147.1 1,581 84.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work permits issued, total</td>
<td>December '04</td>
<td>394</td>
<td>278</td>
<td>4 417.1 3,750 13.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage index (december 1988=100)</td>
<td>December '04</td>
<td>255.5</td>
<td>241.0</td>
<td>0.7 6.0</td>
<td>250.3 4.7</td>
<td></td>
</tr>
<tr>
<td>Real wages (wage index deflated by CPI)</td>
<td>December '04</td>
<td>133.5</td>
<td>130.9</td>
<td>0.2 2.0</td>
<td>133.5 1.5</td>
<td></td>
</tr>
</tbody>
</table>

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.

### V  Public finances

<table>
<thead>
<tr>
<th>Period</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change(^1) from previous year</th>
<th>From beginn. of year(^2)</th>
<th>Change on Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury revenue balance (billion kr.)</td>
<td>November '04</td>
<td>-0.7</td>
<td>-1.7</td>
<td>. . -4.2</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>- as % of revenue</td>
<td>November '04</td>
<td>-3.0</td>
<td>-8.2</td>
<td>. . -1.7</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>Net borrowing requirement (billion kr.)</td>
<td>November '04</td>
<td>3.8</td>
<td>-0.7</td>
<td>. . 17.7</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>- as % of revenue</td>
<td>November '04</td>
<td>16.0</td>
<td>-3.3</td>
<td>. . 7.2</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>Treasury revenue (b.kr.)</td>
<td>November '04</td>
<td>23.7</td>
<td>20.7</td>
<td>-0.5 10.7</td>
<td>247.7 10.1</td>
<td></td>
</tr>
<tr>
<td>- from VAT (b. kr.)</td>
<td>November '04</td>
<td>8.0</td>
<td>7.2</td>
<td>-2.2 7.7</td>
<td>79.9 9.6</td>
<td></td>
</tr>
<tr>
<td>- from imports, alcohol, car ownership (b. kr.)</td>
<td>November '04</td>
<td>7.3</td>
<td>6.5</td>
<td>0.8 87.1</td>
<td>80.7 7.7</td>
<td></td>
</tr>
<tr>
<td>Treasury expenditures (b.kr.)</td>
<td>November '04</td>
<td>24.5</td>
<td>22.4</td>
<td>1.2 5.4</td>
<td>252.0 1.6</td>
<td></td>
</tr>
</tbody>
</table>

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. Comparing expenditures in 2003 and 2004 is tricky as accounting rules have changed.

### VI  Asset markets

<table>
<thead>
<tr>
<th>Period</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change(^1) from previous year</th>
<th>From beginn. of year(^2)</th>
<th>Change on Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICEX-15 equity price index(^2) (Dec. 1997=1,000)</td>
<td>December '04</td>
<td>3,380.2</td>
<td>2,077.6</td>
<td>-1.3 62.7</td>
<td>2,983.9 86.0</td>
<td></td>
</tr>
<tr>
<td>ICEX-Main equity price index(^2) (Dec. 1997=1,000)</td>
<td>December '04</td>
<td>3,181.5</td>
<td>2,040.8</td>
<td>-1.4 55.9</td>
<td>2,841.4 73.5</td>
<td></td>
</tr>
<tr>
<td>Equity turnover on ICEX(^2), monthly total</td>
<td>December '04</td>
<td>89.3</td>
<td>59.1</td>
<td>25.9 51.0</td>
<td>721.4 30.3</td>
<td></td>
</tr>
<tr>
<td>Residential housing prices, narrow index(^1) (Jan. 1994=100)</td>
<td>November '04</td>
<td>215.8</td>
<td>186.2</td>
<td>3.5 15.9</td>
<td>199.6 11.1</td>
<td></td>
</tr>
<tr>
<td>Real residential housing prices, broad index(^1) (Jan. 1994=100)</td>
<td>December '04</td>
<td>157.8</td>
<td>132.9</td>
<td>2.0 18.7</td>
<td>144.8 9.3</td>
<td></td>
</tr>
<tr>
<td>Price of long-term cod quota (kr./kg.)</td>
<td>December '04</td>
<td>1,175</td>
<td>1,250</td>
<td>1.3 -6.0</td>
<td>1,126 -7.9</td>
<td></td>
</tr>
</tbody>
</table>

1. Except for turnover which is cumulated to date. 2. ICEX = Iceland Stock Exchange. Prices are monthly averages. 3. In Greater Reykjavík Area.

### VII  Financial markets

<table>
<thead>
<tr>
<th>Period</th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change(^1) from previous year</th>
<th>From beginn. of year(^2)</th>
<th>Change on Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank lending to domestic sector (b.kr.)(^1)</td>
<td>December '04</td>
<td>1,111.1</td>
<td>805.5</td>
<td>2.7 37.9</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>- adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index)(^1)</td>
<td>December '04</td>
<td>265.5</td>
<td>188.4</td>
<td>4.1 40.9</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>- in real terms (January 1999=100)(^3)</td>
<td>December '04</td>
<td>152.5</td>
<td>115.0</td>
<td>2.6 32.7</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>Credit system total lending (b.kr.)</td>
<td>September '04</td>
<td>2,594</td>
<td>2,160</td>
<td>6.2 20.1</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>M3 (b.kr.)</td>
<td>December '04</td>
<td>546.3</td>
<td>483.6</td>
<td>-2.4 13.0</td>
<td>. .</td>
<td></td>
</tr>
<tr>
<td>Central Bank policy interest rate (%)</td>
<td>January 21 '05</td>
<td>8.25</td>
<td>5.30</td>
<td>0.00 2.95</td>
<td>8.25 2.95</td>
<td></td>
</tr>
<tr>
<td>Money market yield, 3-mo. (%)(^2)</td>
<td>January 21 '05</td>
<td>8.6</td>
<td>5.2</td>
<td>0.2 3.4</td>
<td>8.6 3.4</td>
<td></td>
</tr>
<tr>
<td>Treasury bill yield, 3-mo. (%)(^2)</td>
<td>January 21 '05</td>
<td>7.5</td>
<td>5.1</td>
<td>-0.1 2.5</td>
<td>7.5 2.4</td>
<td></td>
</tr>
<tr>
<td>Treasury bill yield, based on breakeven inflation (%)(^2)</td>
<td>January 21 '05</td>
<td>3.5</td>
<td>2.7</td>
<td>0.0 0.8</td>
<td>3.5 0.8</td>
<td></td>
</tr>
<tr>
<td>Yield on Treasury notes (2½ yrs., RIKB 07 0209) (%)(^2)</td>
<td>January 21 '05</td>
<td>8.2</td>
<td>7.4</td>
<td>0.0 0.8</td>
<td>8.3 0.8</td>
<td></td>
</tr>
<tr>
<td>Yield on Treasury notes (9 yrs., RIKB 13 0517) (%)(^2)</td>
<td>January 21 '05</td>
<td>7.5</td>
<td>7.9</td>
<td>-0.3 -0.5</td>
<td>7.5 -0.5</td>
<td></td>
</tr>
<tr>
<td>Real yield on housing bonds (25 yrs., IBH 26 0315) (%)(^2)</td>
<td>January 21 '05</td>
<td>4.6</td>
<td>4.7</td>
<td>0.0 -0.1</td>
<td>4.7 -0.1</td>
<td></td>
</tr>
<tr>
<td>Real yield on housing bonds (40 yrs., IBH 41 0315) (%)(^2)</td>
<td>January 21 '05</td>
<td>4.6</td>
<td>4.7</td>
<td>0.0 0.0</td>
<td>4.7 0.0</td>
<td></td>
</tr>
<tr>
<td>Real yield on Treasury bonds (5 yrs., RIKS 05 0410) (%)(^2)</td>
<td>January 21 '05</td>
<td>3.5</td>
<td>3.7</td>
<td>0.1 -0.2</td>
<td>3.5 -0.2</td>
<td></td>
</tr>
<tr>
<td>Real yield on Treasury bonds (15 yrs., RIKS 15 0011) (%)(^2)</td>
<td>January 21 '05</td>
<td>3.5</td>
<td>4.3</td>
<td>-0.2 -0.8</td>
<td>3.5 -0.8</td>
<td></td>
</tr>
<tr>
<td>Average bank lending rate, non-indexed loans (%)(^2)</td>
<td>January 21 '05</td>
<td>13.8</td>
<td>11.7</td>
<td>0.5 2.1</td>
<td>13.8 2.1</td>
<td></td>
</tr>
<tr>
<td>Average bank lending rate, indexed loans (%)(^2)</td>
<td>January 21 '05</td>
<td>7.5</td>
<td>8.6</td>
<td>0.0 -1.1</td>
<td>7.5 -1.1</td>
<td></td>
</tr>
<tr>
<td>Exchange rate index of króna (Dec. 31 1991=100)(^2)</td>
<td>January 21 '05</td>
<td>113.0</td>
<td>121.3</td>
<td>-1.9 -6.8</td>
<td>112.9 -6.7</td>
<td></td>
</tr>
</tbody>
</table>

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

Fig. 1 Consumer price inflation and core inflation
Core inflation 1: CPI less agricultural products, vegetables, fruit and petrol
Core inflation 2: Core inflation 1 less public services

Fig. 2 Consumer prices: goods
12-month % change

Fig. 3 Consumer prices: housing and services
12-month % change

Fig. 4 Food, groceries and petrol prices
12-month % change

Fig. 5 Price of imported goods in the CPI and import-weighted exchange rate of the króna
Period average (from March 1997) = 100
March 1997 = 100

Fig. 6 Components of CPI inflation in January 2005
Contribution to inflation in past 1, 3, 6 and 12 months

Fig. 7 Inflation in Iceland and trading partner countries
HICP inflation for all countries except national CPI inflation for USA, Switzerland and Japan

Fig. 8 Inflation expectations
At month-end January 2002 - June 2004
Daily observations July 1, 2004 - January 21, 2005
Breakeven inflation rate
(difference between non-indexed and indexed bond yields)

Breakeven inflation rate (difference between non-indexed and indexed bond yields)
At 2 yrs. at 3 yrs.

Business expectations (survey)
Consumer expectations (survey)
**Fig. 10**

*Consumption and gross fixed capital formation*

Volume change on same quarter in previous year (%)

- Private consumption
- Gross fixed capital formation
- Public consumption

**Fig. 11**

*Exports and imports of goods and services*

Volume change on same quarter in previous year (%)

- Exports
- Imports

**Fig. 12**

*Turnover based on VAT returns*

Change on same period in previous year in real terms (%)

- Domestic sector
- Total

**Fig. 13**

*Turnover based on VAT returns: selected sectors*

Change on same period in previous year in real terms (%)

- Construction
- Retail
- Services

**Fig. 14**

*Groceries turnover*

In real terms (deflated by the price of groceries in the CPI)

Change on previous year (%)

- 3-month moving average (left-hand axis)
- Change on same period in previous year (right-hand axis)

**Fig. 15**

*Credit card and debit card turnover*

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

- Monthly, total
- Monthly, domestic

**Fig. 16**

*ICEX-15 listed company turnover and profits*


- Sample size: 23 of 28 listed companies.

- Increase in turnover
- EBITDA*
- After-tax profit*
- Financial expenses*

* As ratio of turnover.
II Output and demand

Fig. 17
Cement sales and car imports and registrations
12-month change (%)

Car imports
Cement sales
Car registrations

Fig. 19
Value of contracts in public tender and the ratio of value to estimated costs
Quarterly weighted averages

Fig. 20
Consumer sentiment

III Foreign trade and external economic conditions

Fig. 21
Quarterly current account balance
% of GDP
% of exports

Fig. 23
Merchandise imports and exports
Moving 12-month average at fixed exchange rates

Fig. 22
Merchandise trade balance as % of merchandise exports
Moving 12-month average

Fig. 24
Merchandise exports
3-month moving average, at fixed exchange rates
III Foreign trade and external economic conditions
III Foreign trade and external economic conditions

Fig. 33
Crude oil and gasoline prices

Fig. 35
Quarterly real effective exchange rate of the króna 1986/Q1-2004/Q4

IV Labour market and wages

Fig. 36
Unemployment

Fig. 38
Work permits

Fig. 37
Listed vacancies with employment agencies

Fig. 39
Number of employed persons

1. Forecast (quarterly), based on Rotterdam SWP prices for gasoline; Sciences for Brent crude oil.
IV  Labour market and wages

Fig. 40  Average hours worked and volume of labour per week
Quarterly figures (survey-based) begin as of 2003 and are not comparable with earlier data

Fig. 41  Unemployment rate and labour participation rate
Quarterly figures (survey-based) begin as of 2003 and are not comparable with earlier data

V  Public finances

Fig. 42  Wage index and real wages

Fig. 43  Wages in the private sector excl. banks, wages in the public and banking sector and wage drift
1998:1 = 100

Fig. 44  Treasury balance and borrowing requirement
Cash basis, in real terms, 4-month moving averages

Fig. 45  Treasury revenues and expenditure
In real terms, based on 4-month moving averages

Fig. 46  Treasury revenues excluding asset sales and expenditure excluding interest
In real terms, based on 4-month moving averages

Fig. 47  Tax revenues
In real terms, based on 4-month moving averages
V Public finances

Fig. 48
Treasury expenditures
In real terms, based on 4-month averages

Fig. 49
The equity market
Monthly turnover and daily equity prices on ICEX (latest: January 21, 2005)

Fig. 50
Residential housing prices
Price per m² in Greater Reykjavik Area, 3-month moving averages

VI Asset markets

Fig. 51
Commercial property prices in Greater Reykjavik Area
Quarterly, inflation-adjusted prices

Fig. 52
Price of long-term and short-term cod quota
Fig. 53  Quarterly credit system lending growth  
Change on same quarter in previous year (%)  
Due to a reclassification of lending, after Sept. 2003 data by sector are not comparable with earlier data.

Fig. 54  Household debt with main credit institutions  
12-month change in real terms (%)  
REIBOR O/N  
REIBOR 3-mo.  
Policy rate  
DMBs (left-hand axis)  
Total (right-hand axis)  
Investment funds and pension funds (left-hand axis)  
Total, real growth (right-hand axis)  
B.kr.  
Weekly data  
Latest: January 21

Fig. 55  Growth of M3 and bank credit  
Credit to domestic sector, excluding marketable securities  
12-month change (%)  
Credit  
Credit, adjusted for inflation and exchange rate developments  
M3  
Credit in real terms

Fig. 56  Growth of M3 and DMBs’ credit to domestic sector  
In real terms  
January 2001 = 100  
M3 (seasonally adjusted)  
Credit

Fig. 57  Base money and repurchase agreements with the Central Bank  
Based on 3-month moving averages  
12-month change (%)  
12-month change (%)  
Base money (left-hand axis)  
Outstanding repo stock (right-hand axis)

Fig. 58  The Central Bank repo rate and interbank interest rates  
Weekly data  
Latest: January 21  
Approx. 2 yrs. to maturity  
Spread between domestic and foreign 3-mo. T-bill rates  
Approx. 5 yrs. to maturity  
Approx. 8 yrs. to maturity  
Real repo rate (repo yield in excess of breakeven inflation rate at 2 yrs.)

Fig. 59  Short-term interest rates and interest rate spread  
Weekly data  
Latest: January 21  
Real repo rate (repo yield in excess of breakeven inflation rate at 2 yrs.)

Fig. 60  Long-term nominal Treasury bond yields  
Daily data  
Latest: January 21  
Approx. 2 yrs. to maturity  
Approx. 5 yrs. to maturity  
Approx. 8 yrs. to maturity  
Approx. 11 yrs. to maturity  
(Approx. 7 yrs. to maturity (yellow line))
VII Financial markets

Fig. 61  The term structure of nominal interest rates  January 21, 2005

Money market  Treasury securities

Days to maturity

% 1 month ago Latest 1 year ago Latest

Fig. 65  Interest rate spreads  Between bank non-indexed prime rates and the policy rate; between bank indexed lending rates and T-bond real yield

Spread between the average indexed bank lending rate and real T-bond yield (approx. 2 yrs.)

Spread between the average bank non-indexed prime lending rate and the Central Bank policy interest rate

Days to maturity

Fig. 62  Yields on indexed long-term bonds  Daily data  Latest: January 21

2002 2003 2004 2005

% 6.5 6.0 5.5 5.0 4.5 4.0 3.5 3.0

Fig. 66  Indexed bank rates: lending rates and deposit rates

Average bank indexed lending rate

Average bank indexed deposit rates (at 5 yrs.)

Spread between indexed lending and deposit rates

2001 2002 2003 2004 2005

Fig. 63  Non-indexed interest rates: average bank lending rates, the yield on T-bonds and the policy interest rate

2001 2002 2003 2004 2005

% 20 18 16 14 12 10 8 6 4

Fig. 67  Exchange rate of the króna

Krona/euro, krona/USD  December 31, 1991=100

0.95 1.00 1.05 1.10 1.15 1.20 1.25 1.30 1.35 1.40 1.45 1.50 1.55 1.60 1.65

Fig. 64  Indexed interest rates: average bank lending rates and real yield on housing bonds and T-bonds

2001 2002 2003 2004 2005

% 11 10 9 8 7 6 5 4 3 2

Fig. 68  Nominal and real effective exchange rate of the króna  Monthly averages, latest is until January 25, 2005

December 31, 1991=100  1980 = 100

0.95 1.00 1.05 1.10 1.15 1.20 1.25 1.30 1.35 1.40 1.45 1.50 1.55 1.60 1.65

