Economic Indicators

Central Bank of Iceland
August 2006
Overview of economic indicators

I  Inflation and inflation expectations

<table>
<thead>
<tr>
<th>Latest</th>
<th>Latest</th>
<th>Change (%)</th>
<th>Contribution</th>
<th>12-mo. ch.</th>
</tr>
</thead>
<tbody>
<tr>
<td>period</td>
<td>value</td>
<td>on prev.</td>
<td>over 6</td>
<td>to 12-mo.</td>
</tr>
<tr>
<td>period</td>
<td>year</td>
<td>value</td>
<td>months</td>
<td>inflation (%)</td>
</tr>
</tbody>
</table>

- Consumer price index
  - August '06: 264.0 (3.7)
- Core index 1 (CPI excl. agric. prod., veg., fruit and petrol)
  - August '06: 148.1
- Core index 2 (core index 1 excl. public services)
  - August '06: 148.7
- Domestic goods excl. agricultural products and vegetables
  - August '06: 138.0
- Agricultural products and vegetables
  - August '06: 131.8
- Importedi goods excl. alcohol and tobacco
  - August '06: 115.9
- - cars and spare parts
  - August '06: 125.7
- - petrol
  - August '06: 171.3
- - imported goods excl. food and beverages
  - August '06: 96.1
- Housing
  - August '06: 241.9
- Public services
  - August '06: 146.4
- Private services
  - August '06: 153.4
- Groceries (perishable items)
  - August '06: 129.9
- Weighted import exchange rate index (Dec. 31 1994=100)
  - July 31 '06: 130.5

II  Output and demand

<table>
<thead>
<tr>
<th>Latest</th>
<th>Expected</th>
<th>Exp.</th>
<th>Expected</th>
<th>Perceived</th>
</tr>
</thead>
<tbody>
<tr>
<td>period</td>
<td>12 mo. inflation</td>
<td>on prev. survey</td>
<td>12-mo. inflation</td>
<td>annual inflation</td>
</tr>
</tbody>
</table>

- Employers’ inflation expectations
  - February '06: 4.2
- Public’s inflation expectations
  - Jan./Feb. '06: 6.6

III  Foreign trade and external economic conditions

<table>
<thead>
<tr>
<th>Latest</th>
<th>Latest</th>
<th>Value</th>
<th>% change1 on</th>
<th>From beginn. of year1</th>
</tr>
</thead>
<tbody>
<tr>
<td>period</td>
<td>value</td>
<td>1 year ago</td>
<td>previous year</td>
<td>year</td>
</tr>
</tbody>
</table>

- Price of marine products in foreign currency
  - June '06: 109.0
- Price of aluminium, LME cash price USD/t
  - July '06: 2,513
- Price of crude oil (Brent) USD/b
  - July '06: 73.0
- Demersals (1,000 tonnes)
  - July '06: 40.1
- Pelagics (1,000 tonnes)
  - July '06: 47.0
- Merchandise exports (excl. ships & aircraft, b.kr.)
  - June '06: 22.3
- - marine products (b.kr.)
  - June '06: 11.7
- - aluminium (b.kr.)
  - June '06: 7.9
- - other industrial products (b.kr.)
  - June '06: 2.2
- Merchandise imports (excl. ships & aircraft, b.kr.)
  - June '06: 37.9
- Merchandise trade balance (excl. ships & aircraft, b.kr.)
  - June '06: -15.5
- Services exports (b.kr.)
  - Q2 '06: 24.1
- Services imports (b.kr.)
  - Q2 '06: 39.2
- Real effective exchange rate (relative CPI) (1980=100)
  - Q2 '06: 96.4

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.

1. Change between periods is presented in real terms. 2. Change in seasonally adjusted values.
IV  Labour market and wages

<table>
<thead>
<tr>
<th></th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change1 from previous period</th>
<th>Change1 from previous year</th>
<th>From beginn. of year Value</th>
<th>Change on Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of unemployed listed at employment agencies</td>
<td>July '06</td>
<td>2,184</td>
<td>3,135</td>
<td>155</td>
<td>-951</td>
<td>2,790</td>
<td>-23.6</td>
</tr>
<tr>
<td>Registered unemployment, s.a. (% of total estim. labour force)</td>
<td>July '06</td>
<td>14</td>
<td>2.0</td>
<td>0.0</td>
<td>-0.7</td>
<td>1.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>Unemployment rate, labour force survey</td>
<td>Q2/2006</td>
<td>4.0</td>
<td>3.0</td>
<td>1.6</td>
<td>1.0</td>
<td>3.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Listed vacancies at employment agencies</td>
<td>July '06</td>
<td>555</td>
<td>1,506</td>
<td>8.8</td>
<td>-63.1</td>
<td>1,115</td>
<td>-18.5</td>
</tr>
<tr>
<td>New work permits issued</td>
<td>July '06</td>
<td>50</td>
<td>434</td>
<td>-46</td>
<td>-88.5</td>
<td>7,162</td>
<td>338.3</td>
</tr>
<tr>
<td>Work permits issued, total</td>
<td>July '06</td>
<td>178</td>
<td>571</td>
<td>-54</td>
<td>-68.8</td>
<td>10,716</td>
<td>320.6</td>
</tr>
<tr>
<td>Wage index (December 1988=100)</td>
<td>July '06</td>
<td>295.4</td>
<td>268.0</td>
<td>1.7</td>
<td>10.2</td>
<td>274.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Real wages (wage index deflated by CPI)</td>
<td>July '06</td>
<td>140.2</td>
<td>137.9</td>
<td>1.3</td>
<td>1.7</td>
<td>138.3</td>
<td>1.0</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 cumulative 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></th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change1 from previous period</th>
<th>Change1 from previous year</th>
<th>From beginn. of year Value</th>
<th>Change on Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury revenue balance (b.kr.)</td>
<td>June '06</td>
<td>1.8</td>
<td>0.2</td>
<td>.</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>- as a percentage of revenue</td>
<td>June '06</td>
<td>6.7</td>
<td>0.8</td>
<td>.</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>Net borrowing requirement (b. kr.)</td>
<td>June '06</td>
<td>-1.7</td>
<td>-2.0</td>
<td>.</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>- as percentage of revenue</td>
<td>June '06</td>
<td>-6.0</td>
<td>-7.6</td>
<td>.</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>Treasury revenue (b. kr.)</td>
<td>June '06</td>
<td>27.6</td>
<td>26.2</td>
<td>-4.2</td>
<td>-0.8</td>
<td>182.8</td>
<td>4.7</td>
</tr>
<tr>
<td>- w/o asset sales and irregular items (b. kr.)</td>
<td>June '06</td>
<td>27.6</td>
<td>25.0</td>
<td>-4.2</td>
<td>-3.9</td>
<td>182.5</td>
<td>7.8</td>
</tr>
<tr>
<td>- from VAT (b. kr.)</td>
<td>June '06</td>
<td>9.5</td>
<td>8.4</td>
<td>-1.0</td>
<td>3.9</td>
<td>56.1</td>
<td>1.6</td>
</tr>
<tr>
<td>- from payroll &amp; personal income tax withheld (b. kr.)</td>
<td>June '06</td>
<td>9.3</td>
<td>8.1</td>
<td>-1.0</td>
<td>7.8</td>
<td>56.1</td>
<td>7.1</td>
</tr>
<tr>
<td>- w/o asset sales and irregular items (b. kr.)</td>
<td>June '06</td>
<td>2.4</td>
<td>2.2</td>
<td>1.0</td>
<td>5.0</td>
<td>13.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Treasury expenditures (b. kr.)</td>
<td>June '06</td>
<td>25.8</td>
<td>26.0</td>
<td>1.3</td>
<td>-6.7</td>
<td>153.2</td>
<td>-4.6</td>
</tr>
<tr>
<td>- w/o irregular items (b. kr.)</td>
<td>June '06</td>
<td>25.8</td>
<td>26.0</td>
<td>1.3</td>
<td>-6.7</td>
<td>153.2</td>
<td>-4.6</td>
</tr>
</tbody>
</table>

Note: First four columns show 4-month moving averages of monthly values, last two show current year to date.

VI  Asset markets

<table>
<thead>
<tr>
<th></th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change1 from previous period</th>
<th>Change1 from previous year</th>
<th>From beginn. of year Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICEX-15 equity price index2 (Dec. 1997=1,000)</td>
<td>July '06</td>
<td>5,394.0</td>
<td>4,209.1</td>
<td>-2.7</td>
<td>28.2</td>
<td>5,855.3</td>
</tr>
<tr>
<td>ICEX-Main equity price index2 (Dec. 1997=1,000)</td>
<td>July '06</td>
<td>4,969.8</td>
<td>3,921.8</td>
<td>-2.7</td>
<td>26.7</td>
<td>5,387.9</td>
</tr>
<tr>
<td>Equity turnover on ICEX,2 monthly total</td>
<td>July '06</td>
<td>56.9</td>
<td>58.9</td>
<td>-4.86</td>
<td>3.4</td>
<td>1,046.2</td>
</tr>
<tr>
<td>Residential housing prices, narrow index³ (Jan. 1994=100)</td>
<td>July '06</td>
<td>295.6</td>
<td>278.2</td>
<td>-1.3</td>
<td>6.3</td>
<td>277.7</td>
</tr>
<tr>
<td>Real residential housing prices, broad index³ (Jan. 1994=100)</td>
<td>July '06</td>
<td>195.4</td>
<td>197.0</td>
<td>-1.2</td>
<td>0.8</td>
<td>193.0</td>
</tr>
<tr>
<td>Price of long-term cod quota (kr./kg.)</td>
<td>August '06</td>
<td>1,860.0</td>
<td>1,375.0</td>
<td>3.3</td>
<td>35.3</td>
<td>1,735.6</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 turnover where the cumulative 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.

VII  Financial markets

<table>
<thead>
<tr>
<th></th>
<th>Latest period</th>
<th>Latest value</th>
<th>Value 1 year ago</th>
<th>Change1 from previous period</th>
<th>Change1 from previous year</th>
<th>From beginn. of year Average prev. year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank lending to domestic sector (b.kr.)¹</td>
<td>July '06</td>
<td>2,169.9</td>
<td>1,426.0</td>
<td>1.1</td>
<td>52.2</td>
<td>.</td>
</tr>
<tr>
<td>- adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index)²</td>
<td>July '06</td>
<td>467.3</td>
<td>339.2</td>
<td>3.3</td>
<td>37.8</td>
<td>5,855.3</td>
</tr>
<tr>
<td>- in real terms (January 2002 = 100)³</td>
<td>July '06</td>
<td>1.5</td>
<td>1.5</td>
<td>-1.0</td>
<td>-1.7</td>
<td>.</td>
</tr>
<tr>
<td>Credit system total lending (b.kr.)</td>
<td>March '06</td>
<td>3,943.1</td>
<td>2,822.6</td>
<td>13.7</td>
<td>39.7</td>
<td>5,387.9</td>
</tr>
<tr>
<td>M3 (b.kr.)</td>
<td>July '06</td>
<td>749.0</td>
<td>618.6</td>
<td>1.2</td>
<td>21.1</td>
<td>.</td>
</tr>
<tr>
<td>Central Bank policy interest rate (%)</td>
<td>August 25 '06</td>
<td>13.50</td>
<td>9.50</td>
<td>0.5</td>
<td>4.0</td>
<td>11.68</td>
</tr>
<tr>
<td>Money market yield, 3-mo. (%)²</td>
<td>August 25 '06</td>
<td>12.9</td>
<td>9.3</td>
<td>0.4</td>
<td>3.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Money market yield, 12-mo. (%)²</td>
<td>August 25 '06</td>
<td>13.3</td>
<td>10.0</td>
<td>0.2</td>
<td>3.4</td>
<td>10.4</td>
</tr>
<tr>
<td>Yield on Treasury notes (RIKB 10 0317) (%)²</td>
<td>August 25 '06</td>
<td>11.6</td>
<td>7.6</td>
<td>-0.3</td>
<td>4.0</td>
<td>8.2</td>
</tr>
<tr>
<td>Yield on Treasury notes (RIKB 13 0517) (%)²</td>
<td>August 25 '06</td>
<td>8.6</td>
<td>7.4</td>
<td>-0.4</td>
<td>1.2</td>
<td>8.1</td>
</tr>
<tr>
<td>Real yield on HFF bonds (HFF 15 0224) (%)²</td>
<td>August 25 '06</td>
<td>4.3</td>
<td>3.7</td>
<td>0.0</td>
<td>0.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Real yield on HFF bonds (HFF 15 0234) (%)²</td>
<td>August 25 '06</td>
<td>4.1</td>
<td>3.7</td>
<td>0.0</td>
<td>0.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Real yield on HFF bonds (HFF 15 0244) (%)²</td>
<td>August 25 '06</td>
<td>4.1</td>
<td>3.7</td>
<td>0.0</td>
<td>0.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Real yield on Treasury bonds (RIKS 15 1001) (%)²</td>
<td>August 25 '06</td>
<td>4.4</td>
<td>3.6</td>
<td>0.2</td>
<td>0.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Average bank lending rate, non-indexed loans (%)²</td>
<td>August 25 '06</td>
<td>18.5</td>
<td>14.9</td>
<td>0.5</td>
<td>3.6</td>
<td>16.1</td>
</tr>
<tr>
<td>Average bank lending rate, indexed loans (%)²</td>
<td>August 25 '06</td>
<td>7.2</td>
<td>7.0</td>
<td>0.1</td>
<td>0.2</td>
<td>6.7</td>
</tr>
<tr>
<td>Exchange rate index of króna (Dec. 31 1991=100)²</td>
<td>August 25 '06</td>
<td>124.7</td>
<td>109.4</td>
<td>8.4</td>
<td>15.4</td>
<td>99.7</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

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

I-2 Consumer prices: goods

I-3 Consumer prices: housing and services

I-4 Food, groceries and petrol prices

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

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Contribution to inflation in past 12 months

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HICP inflation for all countries except national CPI inflation for USA, Switzerland and Japan

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Breakeven inflation rate at month-end May 2002 - July 2006. Inflation expectations according to surveys
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II-3 Contributions to GDP growth

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II-6 Turnover based on VAT returns: selected sectors

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II  Output and demand

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January-December 2004 and 2005
Sample size: 18 listed companies

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12-month moving averages

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12-month moving averages, at fixed exchange rates

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3-month moving averages, at fixed exchange rates

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and as a ratio of budgeted cost
Quarterly weighted averages

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III Foreign trade and external economic conditions

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3-month moving averages, export value at fixed exchange rates
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Price change on previous year (%) Volume change on previous year (%)

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At fixed exchange rate

III-9 Quarterly current account
(Net current transfer is included in factor income)

III-10 Monthly fish catch volume

III-11 Fish catch
January - July

III-12 Prices of marine exports and aluminium
In foreign currency, January 1999 = 100
III Foreign trade and external economic conditions

III-13 Crude oil and gasoline prices

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III-15 Quarterly real effective exchange rate of the króna 1986/Q1 - 2006/Q2

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IV-2 Listed vacancies with employment agencies

IV-3 Work permits

IV-4 Number of employed persons
IV Labour market and wages

IV-5 Change in average hours worked, number of persons at work during reference week and total hours worked

Number of persons at work
Average hours worked
Total hours worked

Change from previous year (%)

-4
-3
-2
-1
0
1
2
3
4
5
6
7


IV-6 Unemployment rate and labour participation rate

% of labour force
Participation rate
Unemployment rate

(right-hand axis)
(left-hand axis)

% of labour force

10 20 30 40 50 60 70 80 90 100


IV-7 Wage index and real wages

12-month change (%)

1998:1 = 100


Wage index
Real wages (wage index deflated by CPI)

IV-8 Wages in the private sector excl. Banks and wages in the public and banking sector

Wages in the private sector excl. Banks and wages in the public and banking sector

V Public finances

V-1 Treasury balance and borrowing requirement

Cash basis, in real terms, 4-month moving averages

% of revenue
Revenue balance
Net borrowing requirement

2002 2003 2004 2005 2006

V-2 Treasury revenues and expenditure

In real terms, based on 4-month moving averages

% Revenues Expenditure

2002 2003 2004 2005 2006

V-3 Treasury revenues excluding asset sales and expenditure excluding interest

In real terms, based on 4-month moving averages

12-month change (%)

2002 2003 2004 2005 2006

V-4 Tax revenues

In real terms, based on 4-month moving averages

12-month change (%)

2002 2003 2004 2005 2006
V  Public finances

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VI-1  Equity market: Monthly turnover and daily equity prices on ICEX (Latest: August 25, 2006)

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VII-9 Term structure of nominal interest rates August 25, 2006

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Monthly averages, later August 29, 2006