

# Economic Indicators



Central Bank of Iceland  
September 2006

## Overview of economic indicators

### I Inflation and inflation expectations<sup>1</sup>

	Latest period	Latest value	Change (%)			Contribution to 12-mo. inflation (%)	12-mo. ch. 1 year ago (%)
			on prev. month	over 6 months <sup>2</sup>	over 12 months		
Consumer price index.....	September '06	265.6	0.6	10.8	7.6	.	4.8
Core index 1 (CPI excl. agric. prod., veg., fruit and petrol).....	September '06	149.3	0.8	9.4	7.2	6.2	4.9
Core index 2 (core index 1 excl. public services).....	September '06	150.1	0.9	10.3	7.8	6.2	4.7
Domestic goods excl. agricultural products and vegetables .....	September '06	139.6	1.1	10.5	9.5	0.8	-2.0
Agricultural products and vegetables.....	September '06	134.3	1.9	14.9	11.7	0.7	-0.5
Imported goods excl. alcohol and tobacco .....	September '06	117.1	1.0	14.9	5.8	1.8	0.0
- food and beverages .....	September '06	126.4	1.1	22.2	14.0	0.3	-7.3
- cars and spare parts .....	September '06	126.1	0.3	19.7	7.8	0.6	-1.6
- petrol .....	September '06	165.7	-3.3	26.8	6.3	0.4	12.3
- imported goods excl. food and beverages .....	September '06	99.4	3.5	6.7	2.7	0.4	-2.2
Housing.....	September '06	243.2	0.5	13.6	13.0	3.0	18.0
Public services .....	September '06	145.7	-0.5	-0.3	0.4	0.0	6.9
Private services .....	September '06	153.0	-0.2	6.0	5.0	1.1	3.9
Groceries (perishable items).....	September '06	132.0	1.6	15.5	12.1	1.8	-3.5
Weighted import exchange rate index (Dec. 31 1994=100).....	August 31 '06	130.5	0.0	98.2	42.5	.	-11.4

	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.
Employers' inflation expectations.....	February '06	4.2	0.5	3.6	3.5	.
Public's inflation expectations.....	August '06	7.3	0.6	3.8	.	7.8

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation.

### II Output and demand

	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.) .....	Q2/2006	271.4	250.0	2.6	2.7	533.8	3.5
National expenditure (b.kr.).....	Q2/2006	322.7	277.6	-1.2	7.0	632.2	10.5
Private consumption (b.kr.).....	Q2/2006	174.4	154.8	4.1	4.6	333.9	8.0
Public consumption (b.kr.).....	Q2/2006	69.1	61.7	0.6	2.7	135.6	3.4
Gross fixed investment (b.kr.).....	Q2/2006	78.5	66.0	-13.0	6.5	161.2	20.7
Exports of goods and services (b. kr.) .....	Q2/2006	96.6	88.2	18.7	-5.9	170.4	-5.6
Imports of goods and services (b. kr.).....	Q2/2006	-148.0	-115.7	2.6	6.3	-268.9	14.2
Domestic turnover according to VAT statements (b. kr.).....	May-June '06	254.2	203.8	19.5	15.7	644.3	14.0
Turnover in groceries stores (b.kr.).....	August '06	138.7	127.5	-0.5	8.8	130.1	6.1
Credit and debit card turnover (b.kr.) <sup>2</sup> .....	August '06	53.0	50.5	3.9	-2.1	447.1	3.9
Turnover of publicly listed companies on ISEX (b.kr.) .....	Q1/2006	228.5	130.9	.	97.6	228.5	74.6
Cement sales (thous. tons) .....	August '06	32.0	24.2	-1.1	32.3	199.5	19.5
Automobile registrations (number) .....	August '06	1,498	1,936	-16.5	-22.6	17,766	-3.1

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

### III Foreign trade and external economic conditions

	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).....	August '06	112.8	104.4	1.8	8.1	108.2	6.8
Price of aluminium, LME cash price USD/t.....	September '06	2,429	1,840	-1.3	32.0	2,494	35.5
Price of crude oil (Brent) USD/b.....	September '06	60.5	63.0	-17.8	-3.9	67.3	25.6
Demersals (1,000 tonnes).....	August '06	38.9	38.1	-2.9	2.1	369.0	3.0
Pelagics (1,000 tonnes) .....	August '06	50.3	50.5	7.0	-0.5	585.7	-40.0
Merchandise exports (excl. ships & aircraft, b.kr.) <sup>1</sup> .....	August '06	16.6	14.4	7.6	1.1	145.3	7.7
- marine products (b.kr.) <sup>1</sup> .....	August '06	9.6	8.4	3.2	-0.1	83.1	1.8
- aluminium (b.kr.) <sup>1</sup> .....	August '06	4.5	2.8	21.0	38.0	36.7	41.7
- other industrial products (b.kr.) <sup>1</sup> .....	August '06	2.1	2.7	2.9	-32.9	20.6	-6.7
Merchandise imports (excl. ships & aircraft, b.kr.) <sup>1</sup> .....	August '06	28.1	25.9	-16.3	-4.9	241.6	24.1
Merchandise trade balance (excl. ships & aircraft, b.kr.) .....	August '06	-11.5	-11.5	.	.	-96.3	.
Services exports (b.kr.) <sup>1</sup> .....	Q2/2006	24.3	25.5	0.0	19.5	24.3	413.3
Services imports (b.kr.) <sup>1</sup> .....	Q2/2006	39.2	32.3	0.0	47.1	39.2	405.2
Real effective exchange rate (relative CPI) (1980=100).....	Q2/2006	96.4	103.6	-11.5	-6.9	102.7	-2.8

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

	Latest period	Latest value	Value 1 year ago	Change <sup>1</sup> from previous		From beginn. of year <sup>2</sup>	
				period	previous year	Average	Change on prev. year (%)
Number of unemployed listed at employment agencies .....	August '06	1,948	2,851	-236	-903	2,192	-38.3
Registered unemployment, s.a. (% of total estim. labour force) .....	August '06	1.3	1.9	0.0	-0.6	1.3	-0.9
Unemployment rate, labour force survey.....	Q2/2006	4.0	3.0	1.6	1.0	3.2	0.2
Listed vacancies at employment agencies .....	August '06	616	1,912	11.0	-67.8	656	-54.3
New work permits issued .....	August '06	107	353	114	-69.7	2,958	48.9
Work permits issued, total .....	August '06	363	478	104	-24.1	4,717	55.9
Wage index (December 1988=100) .....	August '06	297.4	268.9	0.7	10.6	288.9	9.0
Real wages (wage index deflated by CPI).....	August '06	140.7	138.1	0.3	1.9	140.5	2.5

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

	Latest period	Latest value	Value 1 year ago	% change on previous		From beginn. of year	
				period	previous year	Value	Change on prev. year (%)
Treasury revenue balance (b.kr.) .....	July '06	3.0	-1.3	.	.	-	.
- as a percentage of revenue.....	July '06	10.3	-4.8	.	.	-	.
Net borrowing requirement (b. kr.).....	July '06	3.2	0.1	.	.	-	.
- as percentage of revenue.....	July '06	11.1	0.3	.	.	-	.
Treasury revenue (b. kr.).....	July '06	29.0	26.4	3.6	2.0	215.5	9.9
- w/o asset sales and irregular items (b. kr.) .....	July '06	28.9	25.9	3.6	3.6	215.2	10.9
- from VAT (b. kr.).....	July '06	10.3	9.1	7.5	5.4	68.8	10.8
- from payroll & personal income tax withheld (b. kr.) .....	July '06	9.3	7.5	-0.2	15.5	65.7	12.2
- from imports, liquor, car ownership (b. kr.) .....	July '06	2.6	2.4	3.3	0.2	16.9	6.3
Treasury expenditures (b. kr.).....	July '06	26.0	27.7	-0.3	-12.6	178.3	-7.1
- w/o irregular items (b. kr.).....	July '06	26.0	26.4	-0.3	-8.4	178.3	-4.4

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

#### VI Asset markets

	Latest period	Latest value	Value 1 year ago	% change on previous		From beginn. of year	
				period	previous year	Average <sup>1</sup>	Change on prev. year (%)
ICEX-15 equity price index <sup>2</sup> (Dec. 1997=1,000).....	August '06	5,604.1	4,506.3	3.9	24.4	5,823.9	45.4
ICEX-Main equity price index <sup>2</sup> (Dec. 1997=1,000).....	August '06	5,151.7	4,182.8	3.7	23.2	5,358.4	43.2
Equity turnover on ICEX, <sup>2</sup> monthly total.....	August '06	201.3	98.3	253.8	104.8	1,247.5	122.8
Residential housing prices, narrow index <sup>3</sup> (Jan. 1994=100) .....	August '06	295.6	274.2	0.0	7.8	278.6	7.6
Real residential housing prices, broad index <sup>3</sup> (Jan. 1994=100) .....	August '06	199.4	195.4	2.1	2.1	193.3	5.0
Price of long-term cod quota (kr./kg.).....	September '06	1895	1426	1.9	32.9	1753	36.1

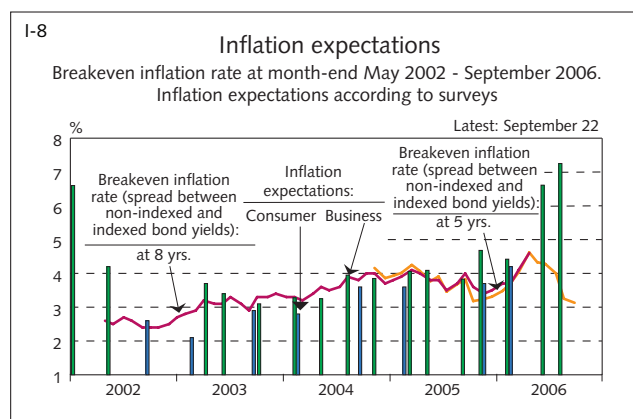
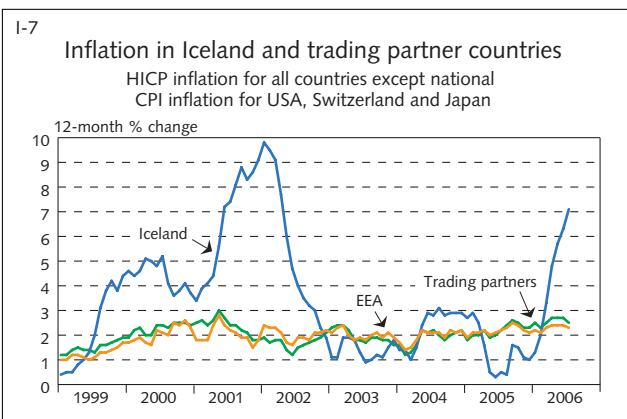
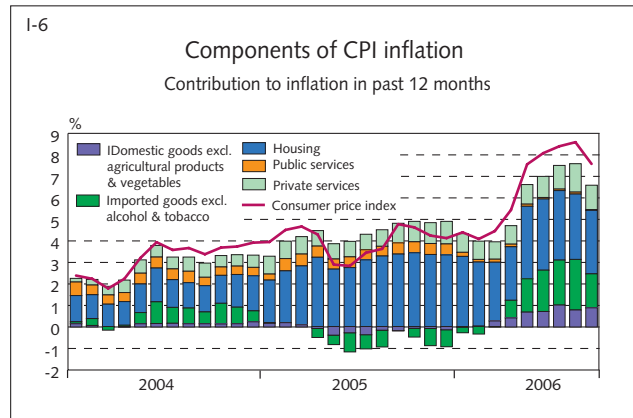
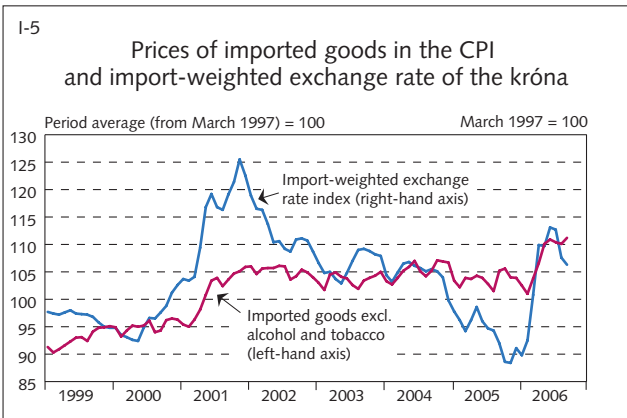
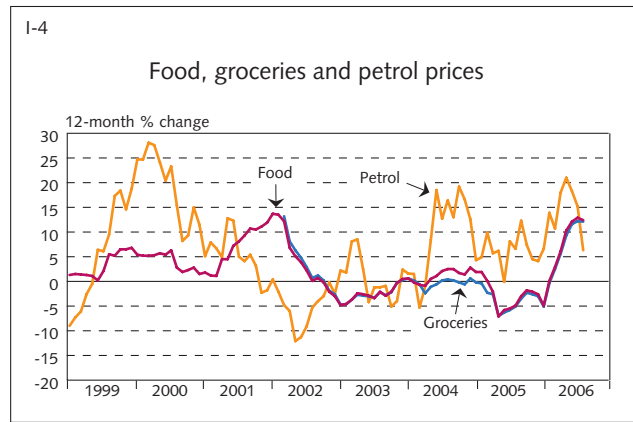
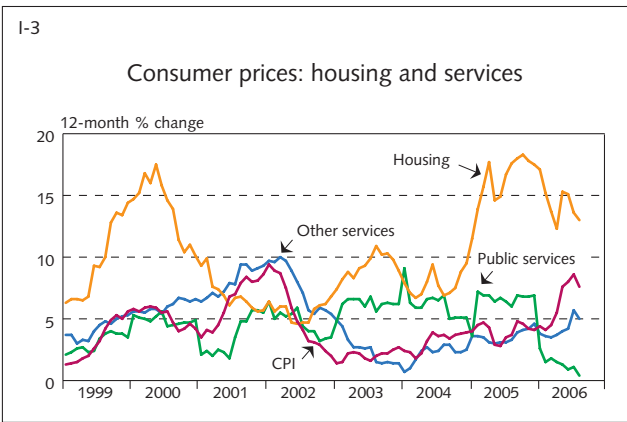
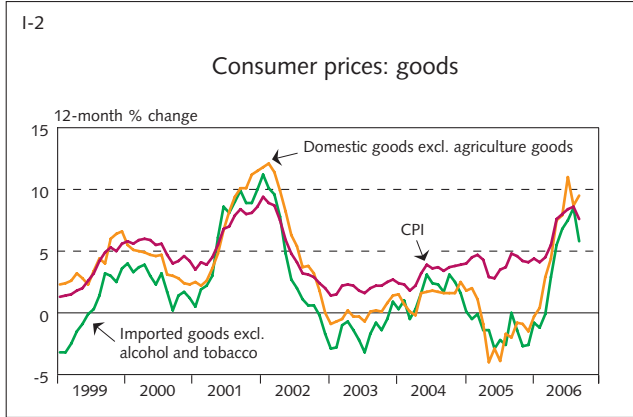
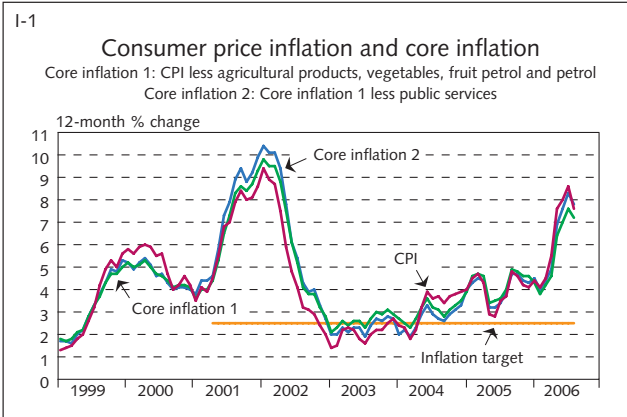
1. Except for turnover which is cumulated to date. 2. ICEX = Iceland Stock Exchange. Prices are monthly averages. 3. In Greater Reykjavik Area.

#### VII Financial markets

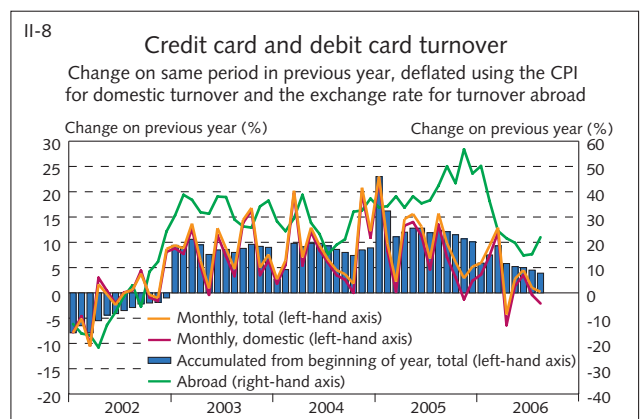
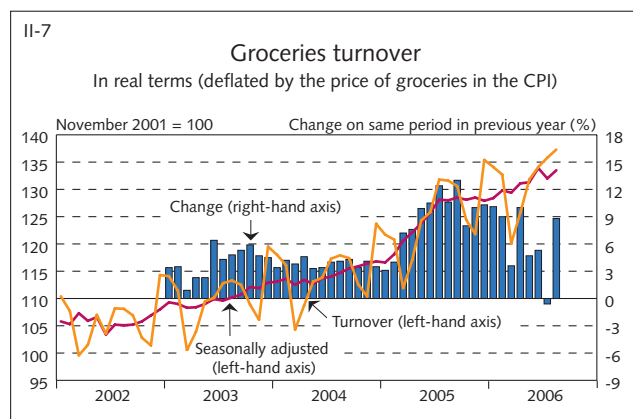
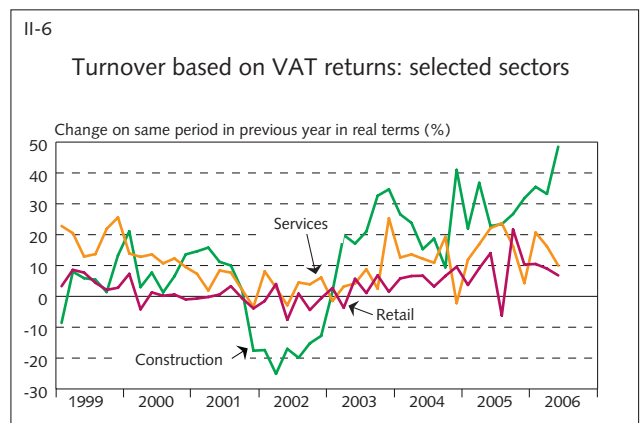
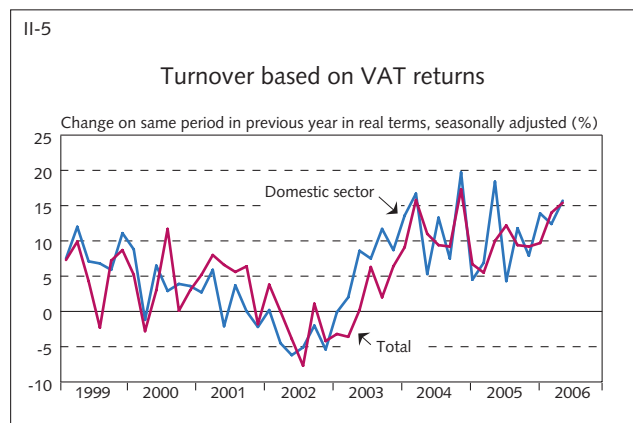
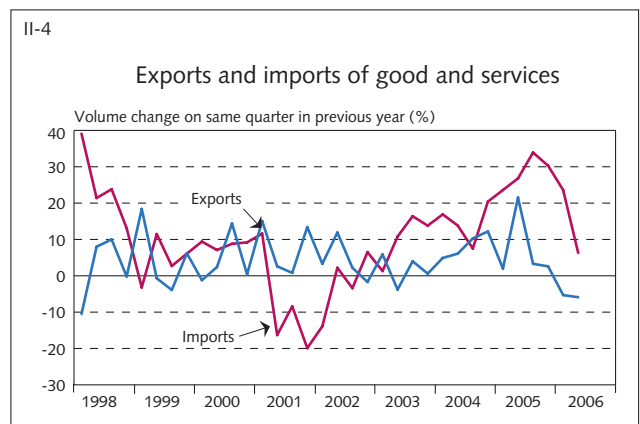
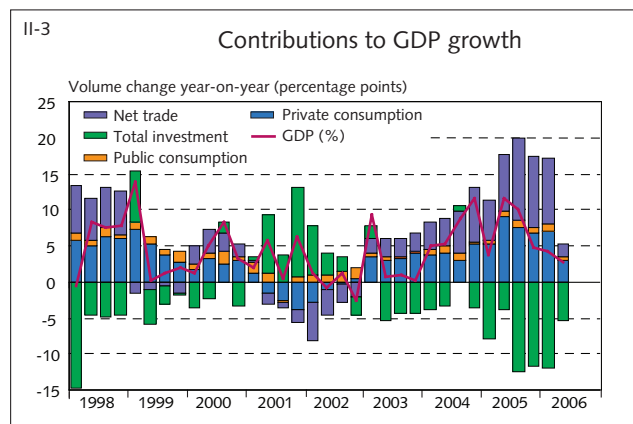
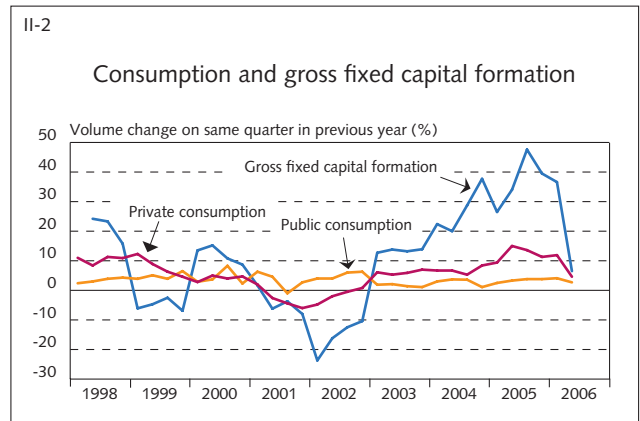
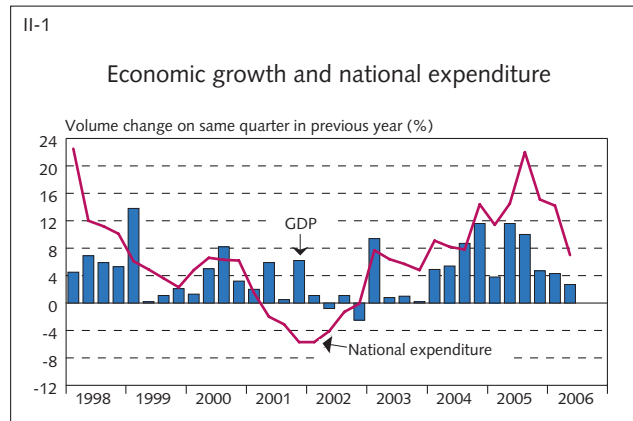
	Latest period	Latest value	Value 1 year ago	% change on previous		From beginn. of year	
				period	previous year	Average	Change on prev. year (%)
Bank lending to domestic sector (b.kr.) <sup>1</sup> .....	August '06	2,145.4	1,457.5	-1.1	47.2	.	.
- adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) <sup>1</sup> .....	August '06	485.6	348.8	3.9	39.2	.	.
- in real terms (January 2002 = 100) <sup>1</sup> .....	August '06	258.4	188.9	-1.7	36.8	.	.
.....	June '06	4,184.9	3,066.6	6.8	36.5	.	.
Credit system total lending (b.kr.).....	August '06	730.1	619.1	-2.5	17.9	.	.
M3 (b.kr.).....	September 22 '06	14.00	9.50	0.5	4.5	11.90	2.86
Central Bank policy interest rate (%).....	September 22 '06	12.9	9.4	0.1	3.6	10.3	1.2
Money market yield, 3-mo. (%) <sup>2</sup> .....	September 22 '06	13.3	9.9	0.1	3.4	10.4	0.6
Money market yield, 12-mo. (%) <sup>2</sup> .....	September 22 '06	10.9	0.0	-0.9	10.9	0.0	0.0
Yield on Treasury notes (RIKB 10 0317) (%) <sup>2</sup> .....	September 22 '06	8.0	7.4	-0.8	0.5	8.1	0.5
Yield on Treasury notes (RIKB 13 0517) (%) <sup>2</sup> .....	September 22 '06	4.3	3.6	0.0	0.7	4.4	.
Real yield on HFF bonds (HFF 15 0224) (%) <sup>2</sup> .....	September 22 '06	4.1	3.6	0.0	0.5	4.3	.
Real yield on HFF bonds (HFF 15 0234) (%) <sup>2</sup> .....	September 22 '06	4.1	3.6	0.0	0.4	4.2	.
Real yield on HFF bonds (HFF 15 0244) (%) <sup>2</sup> .....	September 22 '06	4.1	3.6	0.0	0.4	4.2	.
Real yield on Treasury bonds (RIKS 15 1001) (%) <sup>2</sup> .....	September 22 '06	4.2	3.6	-0.2	0.6	4.2	0.7
Average bank lending rate, non-indexed loans (%) <sup>2</sup> .....	September 22 '06	18.8	15.0	0.4	3.9	16.1	1.7
Average bank lending rate, indexed loans (%) <sup>2</sup> .....	September 22 '06	7.2	6.8	0.0	0.4	6.7	-0.6
Exchange rate index of króna (Dec. 31 1991=100) <sup>2</sup> .....	September 22 '06	104.6	101.7	-20.5	3.0	99.7	-10.1

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.

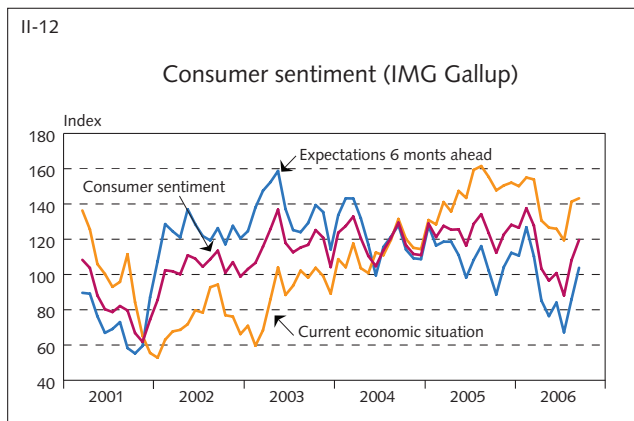
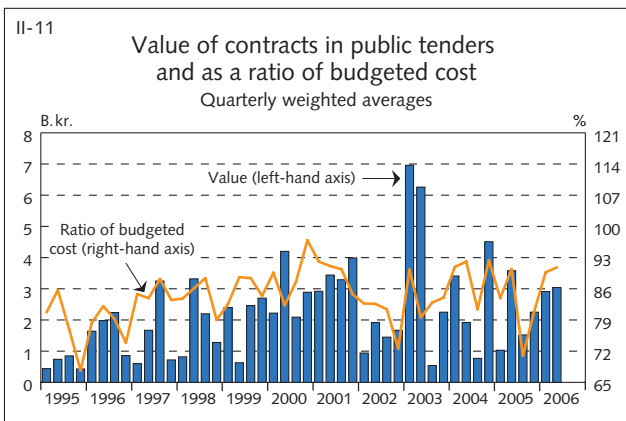
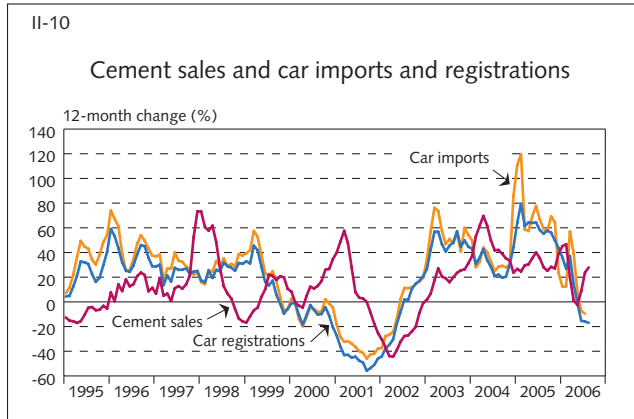
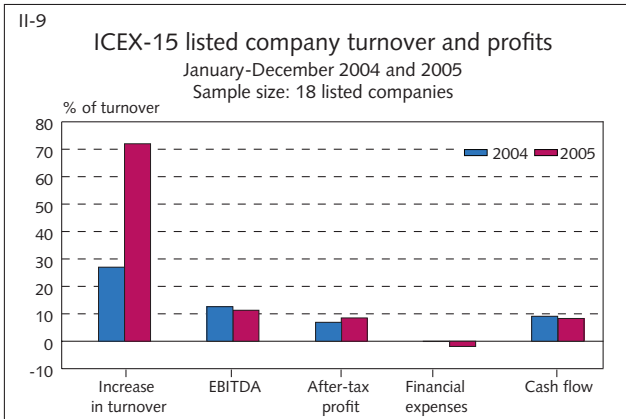
# I Inflation and inflation expectations



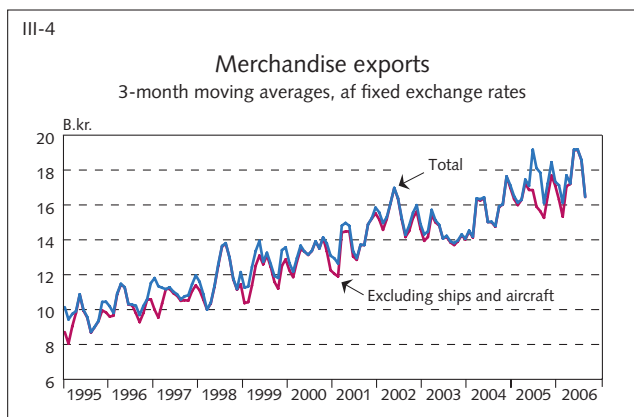
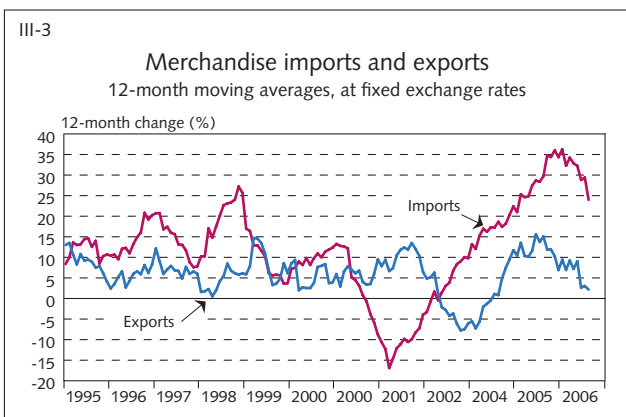
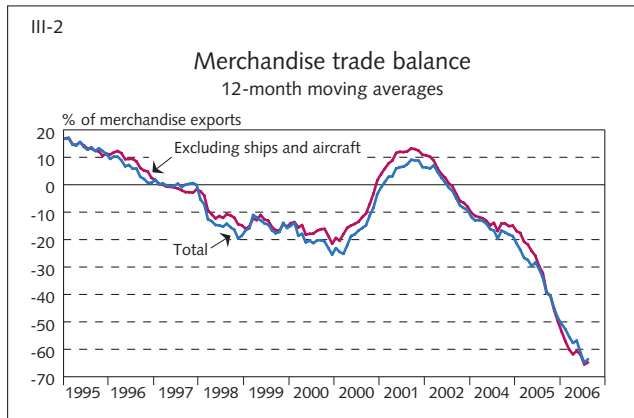
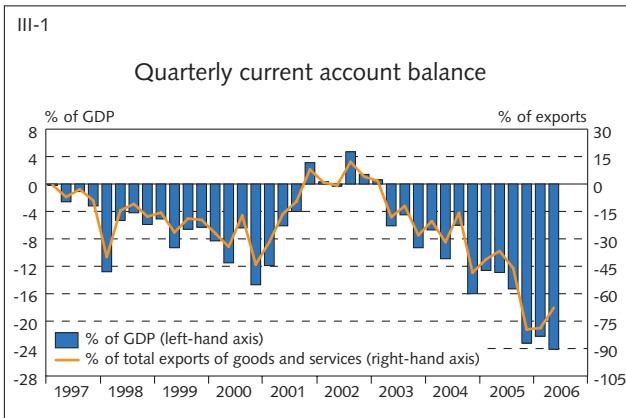
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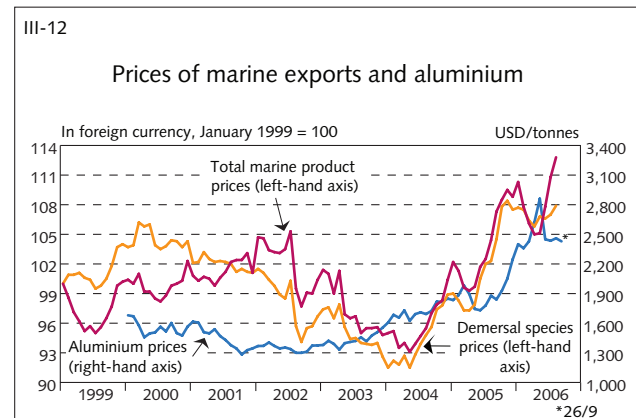
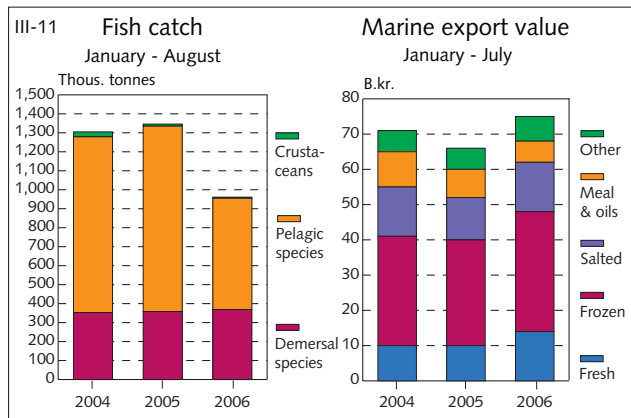
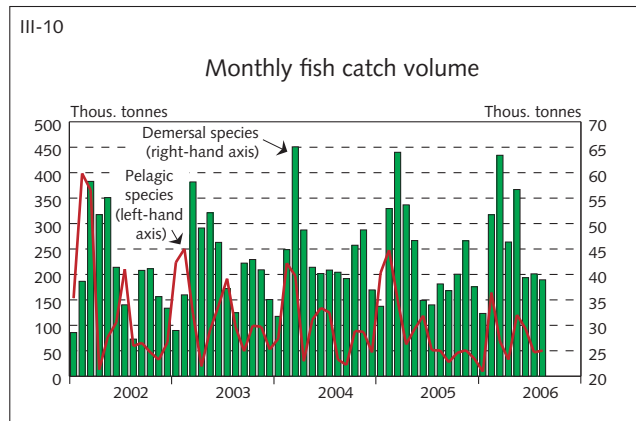
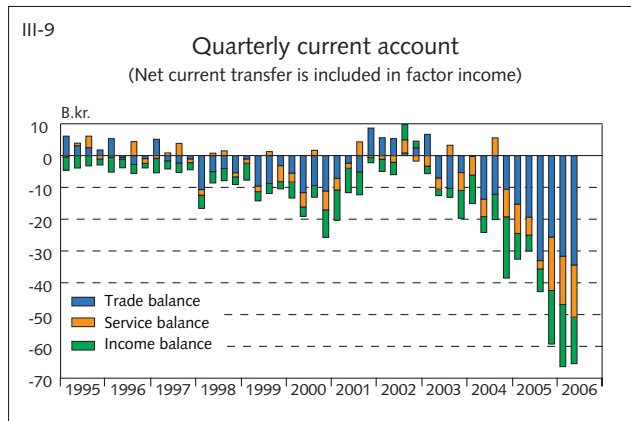
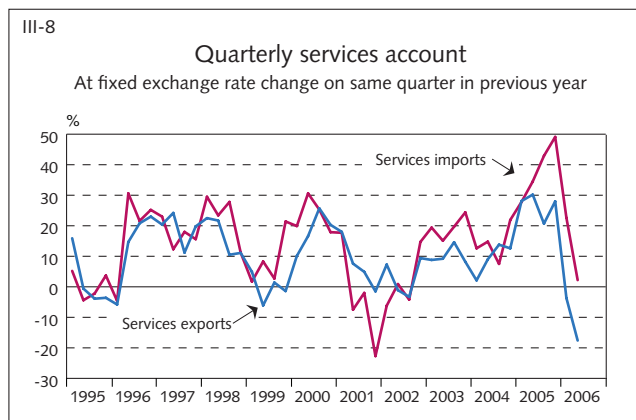
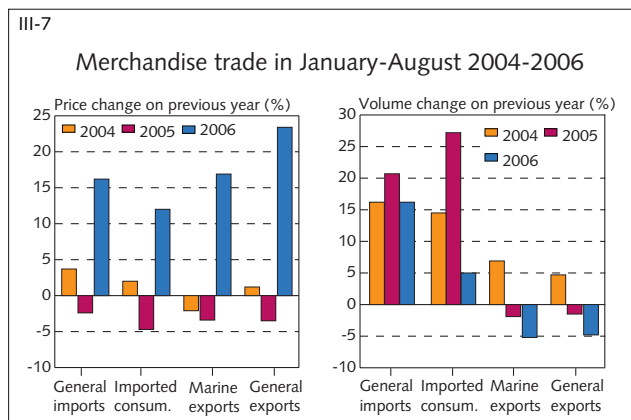
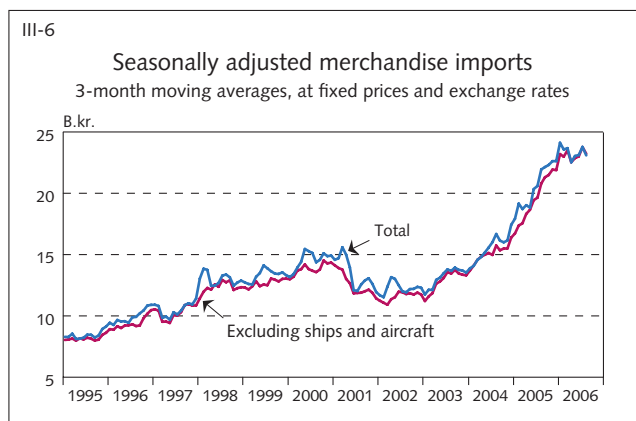
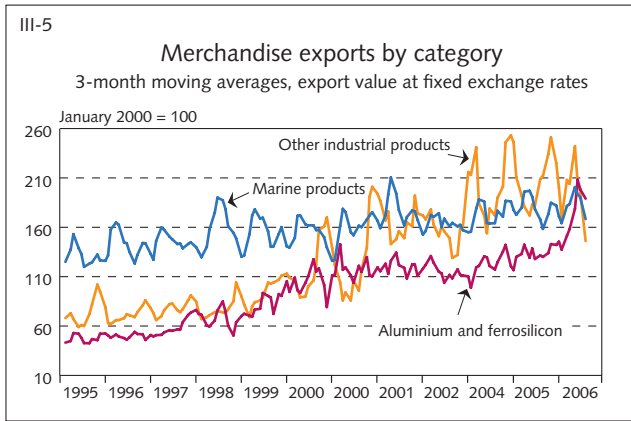
## II Output and demand



## III Foreign trade and external economic conditions

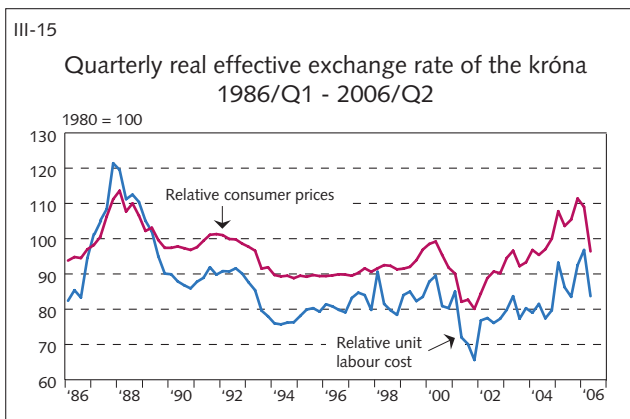
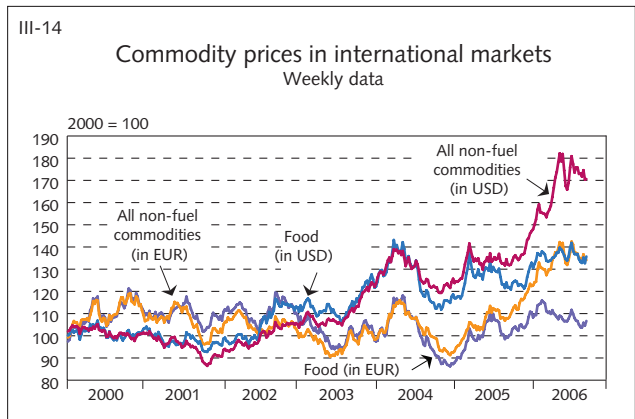
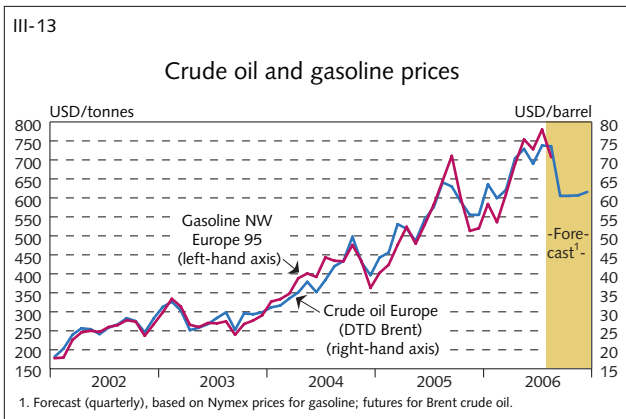


### III Foreign trade and external economic conditions

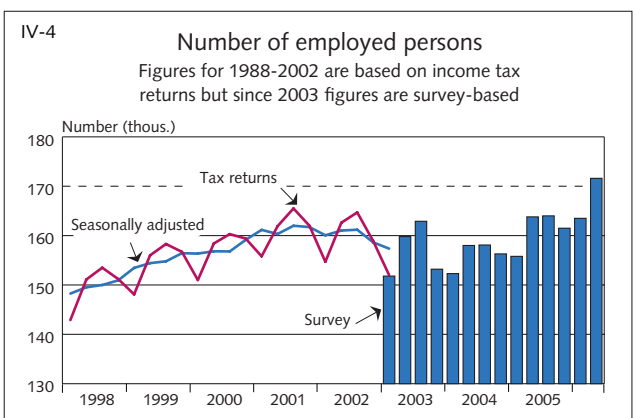
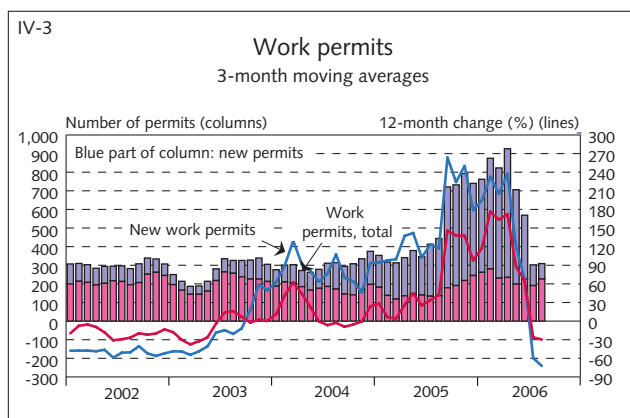
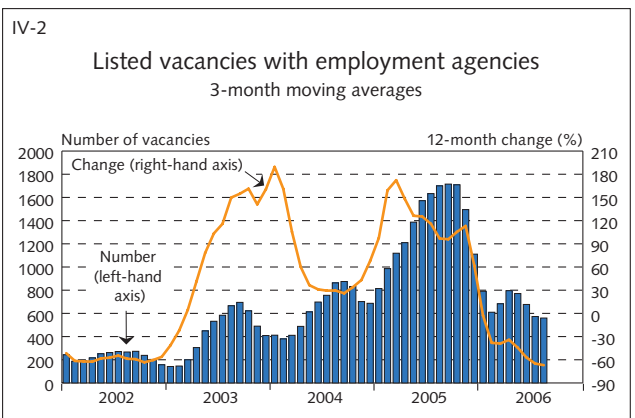
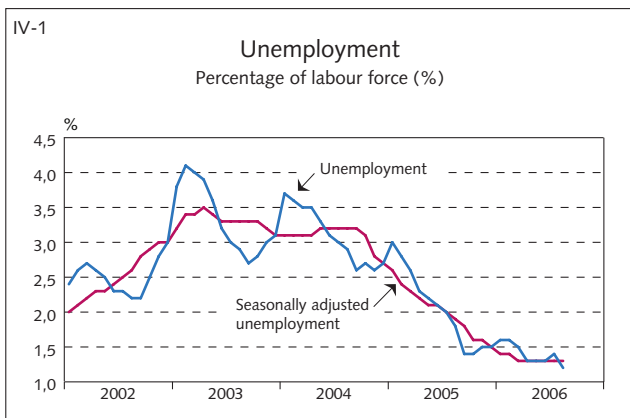




### III Foreign trade and external economic conditions

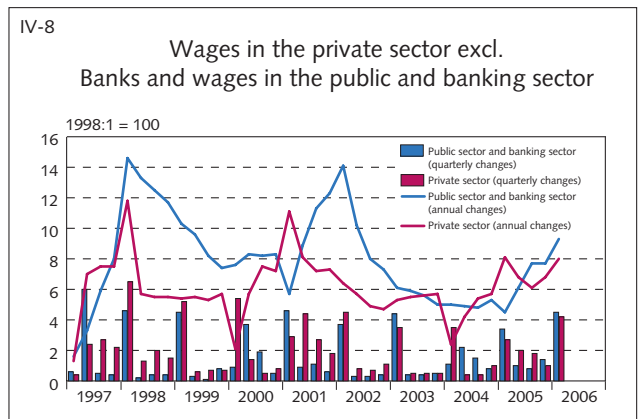
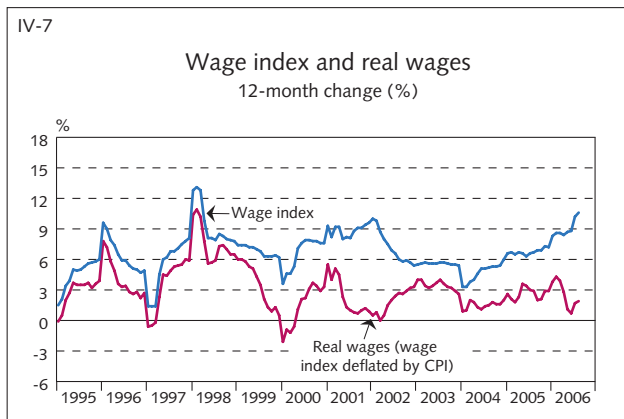
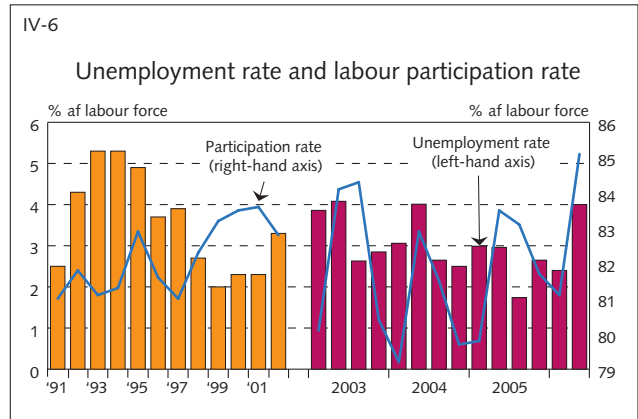
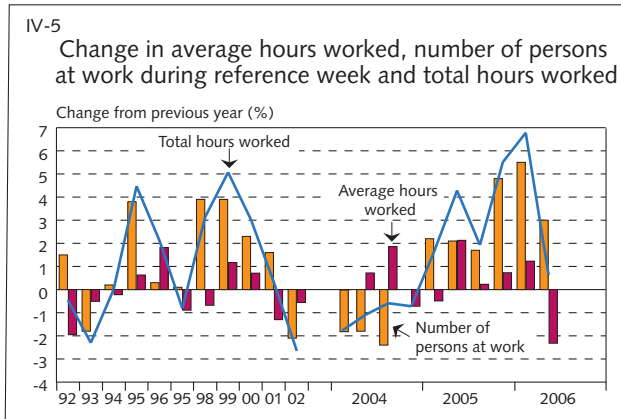


### IV Labour market and wages

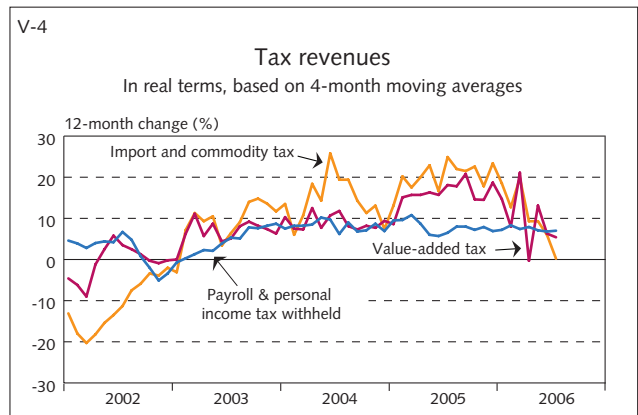
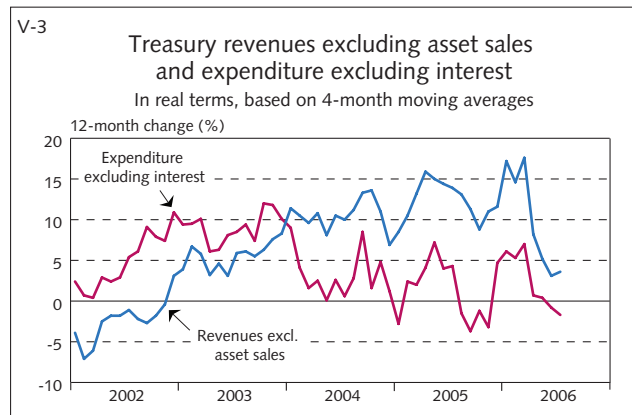
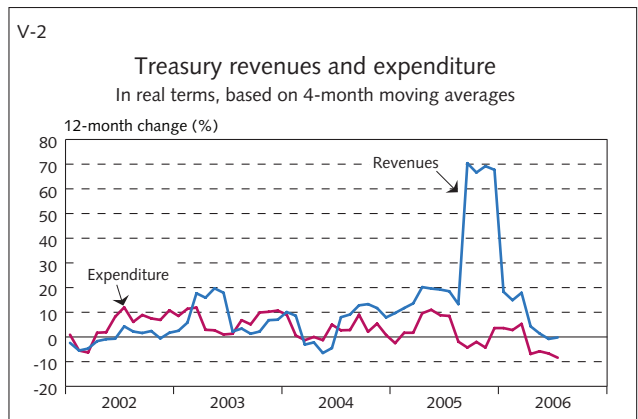
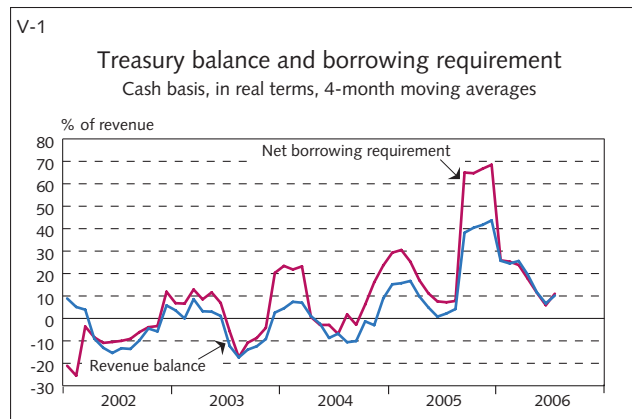




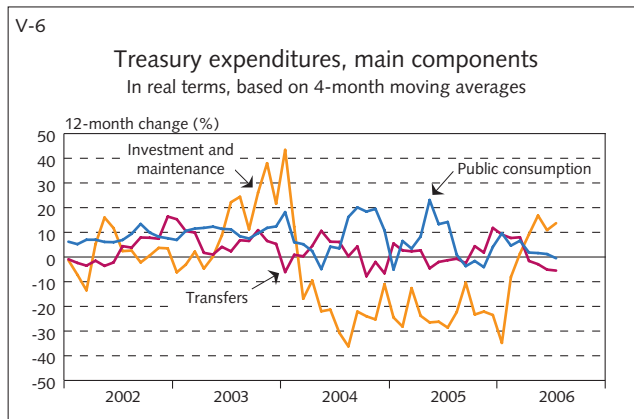
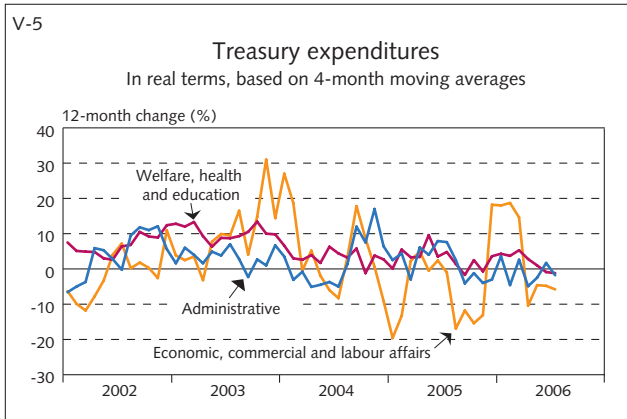
## IV Labour market and wages



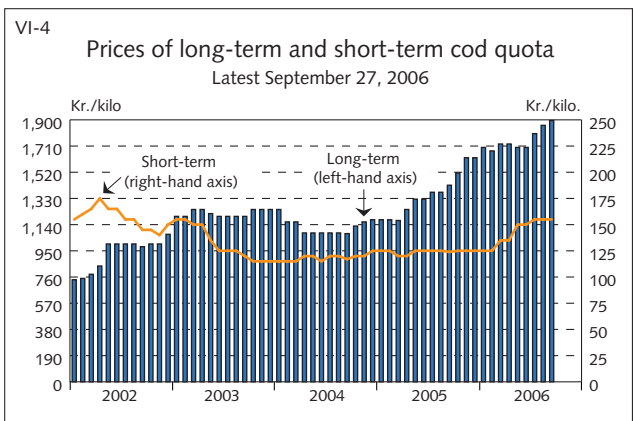
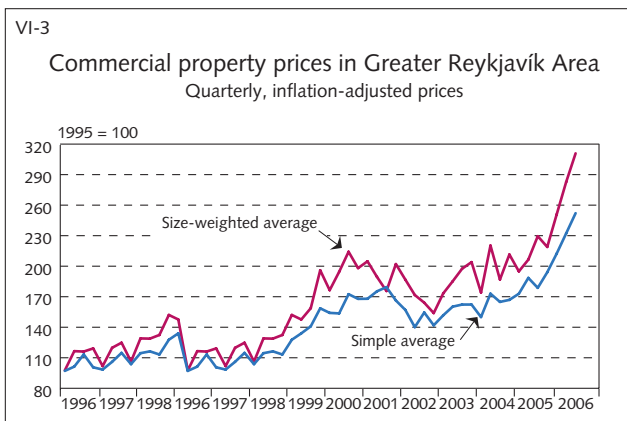
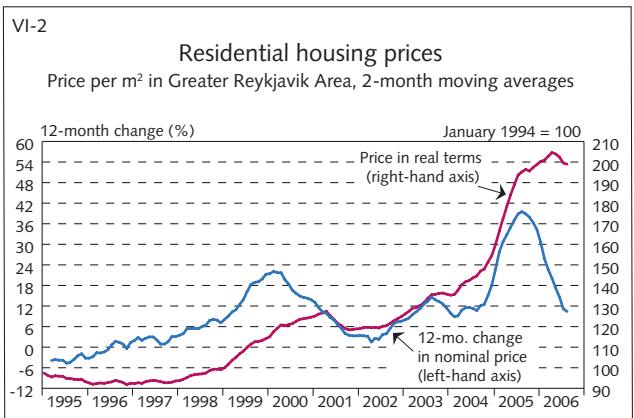
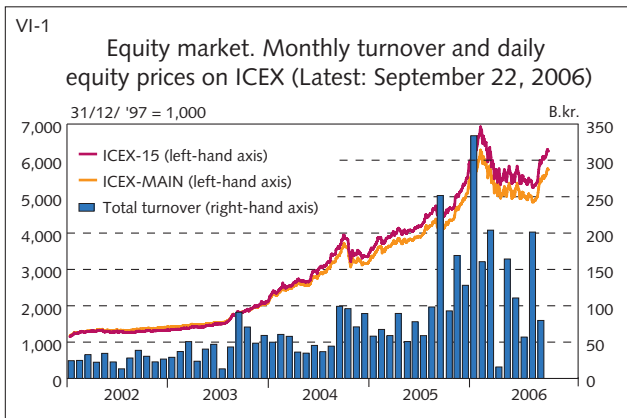
## V Public finances



## V Public finances



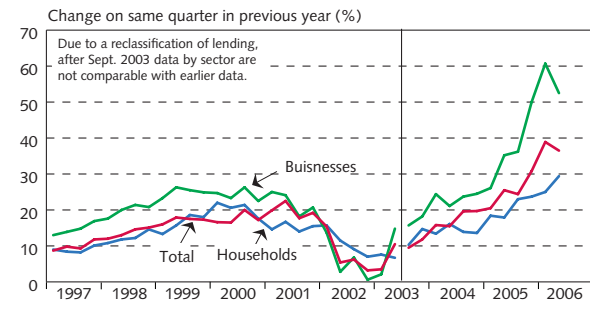
## VI Asset markets



## VII Financial markets

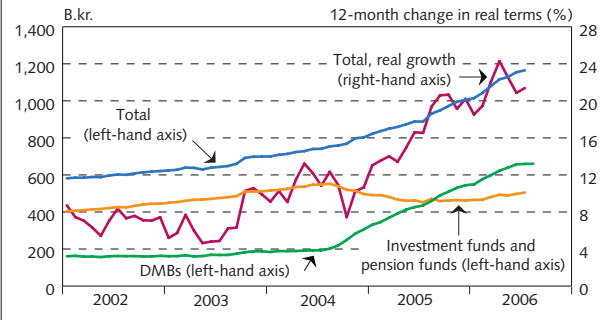
VII-1

### Quarterly credit system lending growth



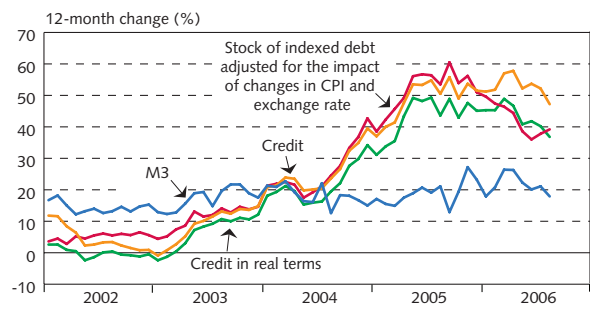
VII-2

### Household debt with main credit institutions



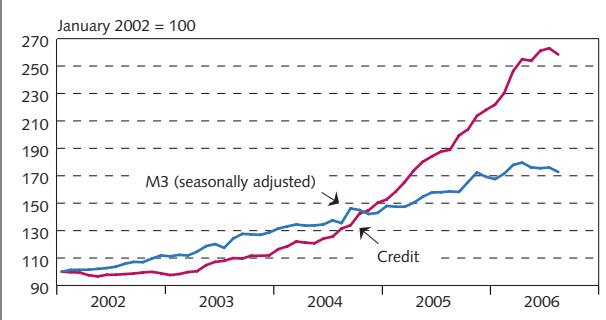
VII-3

### Growth of M3 and bank credit



VII-4

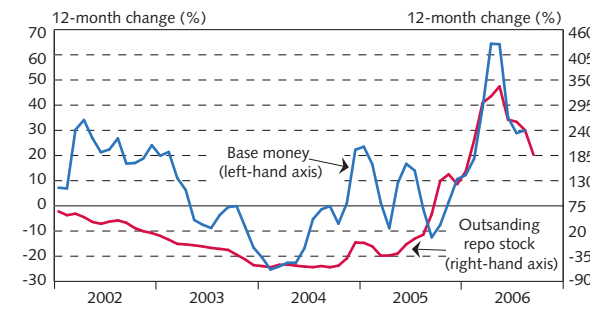
### Growth of M3 and DMB's credit to domestic sector



VII-5

### Base money and repurchase agreements with the Central Bank

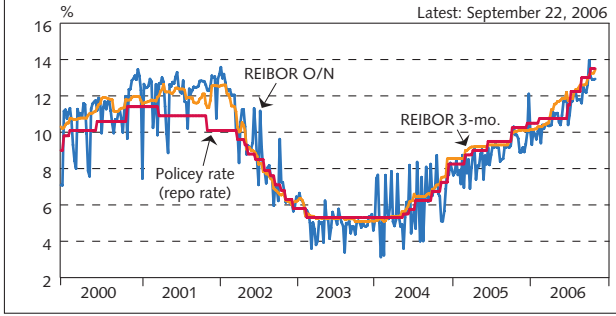
Based on 3-month moving averages



VII-6

### The Central Bank repo rate and interbank interest rates

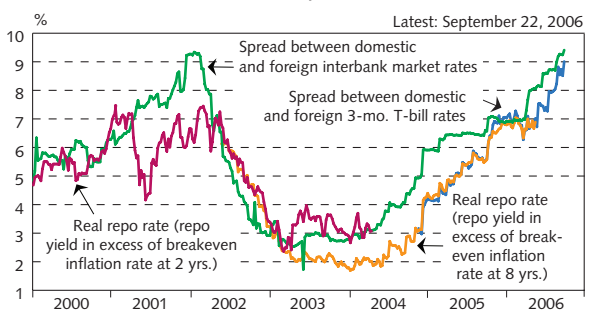
Weekly data



VII-7

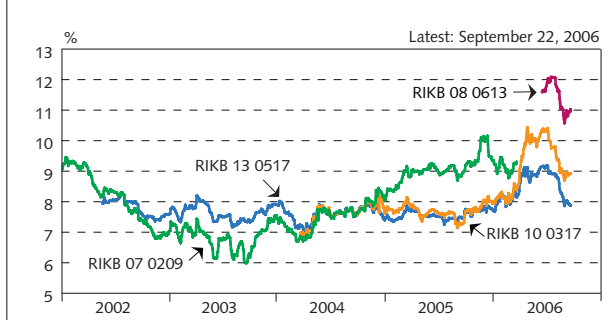
### Short-term interest rates and differential with abroad

Weekly data



VII-8

### Long-term nominal Treasury bond yields



## VII Financial markets

