

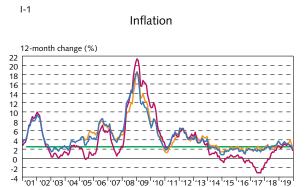
ECONOMIC INDICATORS

CENTRAL BANK OF ICELAND

Contents

- 2 I Inflation and inflation expectations
- 5 II Output and demand
- 9 III Foreign trade and external economic conditions
- 13 IV Labour market and wages
- 16 V Public finances
- 18 VI Asset markets
- 21 VII Financial markets

I Inflation and inflation expectations

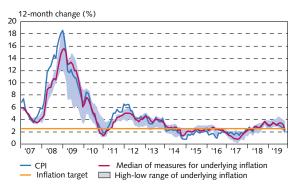


Core index 3 excludes the effects of agricultural products, petrol, and public services, as well as real mortgage interest expense. Monthly data Sources: Statistics Iceland, Central Bank of Iceland,

Inflation target

CPI excluding housing

1-2 Inflation and underlying inflation



Underlying inflation is measured using core inflation (inflation excluding the effects of indirect taxes, certain groceries, petrol, public services, and the effect of changes in real interest rates on the housing component of the CPI) and various statistical measures (weighted median, trimmed mean, a dynamic factor model, and the common component of the CPI).

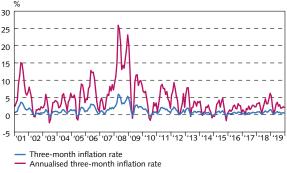
Sources: Statistics Iceland, Central Bank of Iceland.

1-4

I-3 Seasonally adjusted inflation

CPI

Core index 3

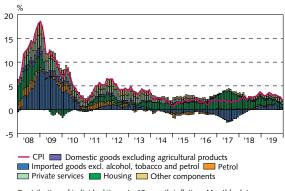


This inflation measurement is very volatile but indicates how inflation pressures are developing. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

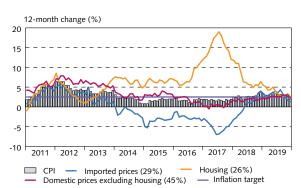
I-5

Components of CPI inflation



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

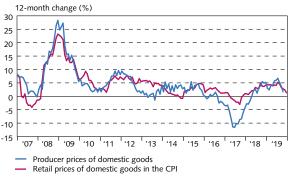
Imported and domestic inflation



Imported inflation is estimated using imported food and beverages and the price of new motor vehicles and spare parts, petrol, and other imported goods. Domestic inflation is estimated using the price of domestic goods and the price of private and public services. The figures in parentheses show the current weight of these items in the CPI. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

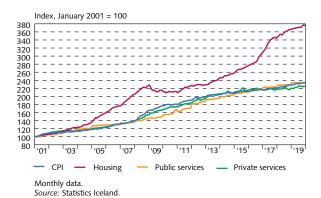
I-6 Production and retail prices of domestic goods



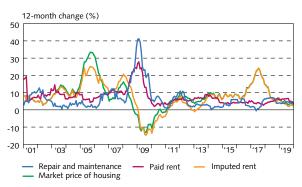
Sources: Statistics Iceland, Central Bank of Iceland.

I Inflation and inflation expectations

I-7 Price developments: housing and services

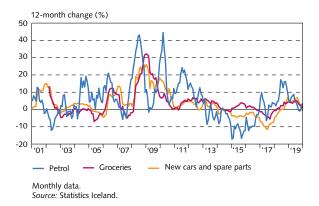


I-8 Price developments: housing

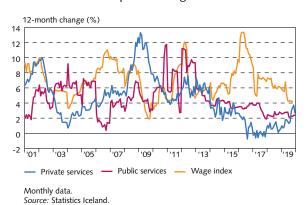


Paid rent shows developments in residential rent prices. Imputed rent estimates the cost of living in owner-occupied housing and changes with housing market values and real mortgage interest rates. Monthly data. Source: Statistics Iceland.

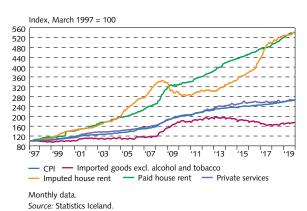
I-9 Price developments: various components



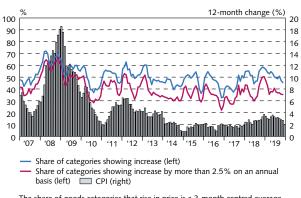
I-10 Price developments: wages and services



Price developments: goods, housing and services



Distribution of price increases in the CPI

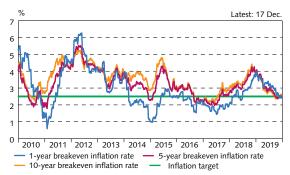


The share of goods categories that rise in price is a 3-month centred average. Monthly data.

Source: Statistics Iceland

I-12

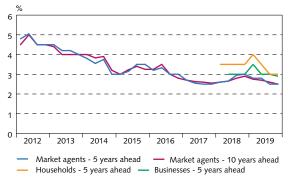
I-13 Breakeven inflation rates



Breakeven inflation rates are calculated from yield spreads between nominal and index-linked Government and Government-backed bonds (5-day moving averages). Daily data.

Source: Central Bank of Iceland

Long-term inflation expectations of businesses, households, and market agents

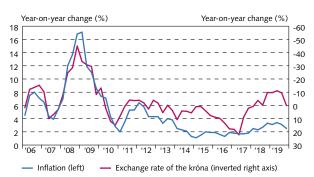


Inflation expectations according to surveys carried out by Gallup and the Central Bank. Respondents are asked about average inflation 5/10 years ahead and median figures are used. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

Inflation and exchange rate of the króna

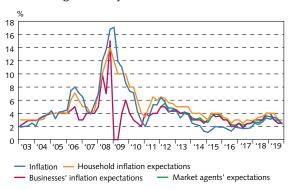
I-17



Based on the narrow trade-weighted exchange rate of the króna. Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.

I-14

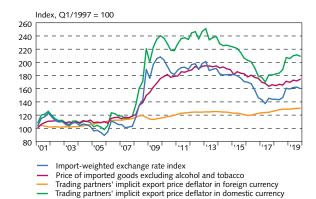
Inflation expectations of businesses, households, and market agents one year ahead and current inflation



Inflation expectations according to surveys carried out by Gallup and the Central Bank. 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 so until then measurements are interpolated. Quarterly data.

Sources: Gallup, Statistics Iceland, Central Bank of Iceland

I-16
Import price levels and exchange rate developments



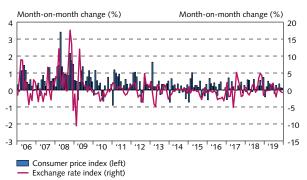
Import-weighted exchange rate index and price of imported goods excluding alcohol and tobacco in the CPI. Trading partners' implicit export price deflator is weighted using the import weights from the narrow trade-weighted basket and its latest value is based on the Bank's most recent baseline forecast.

Outstreft data

Sources: Statistics Iceland, Central Bank of Iceland

I-18

Price level and exchange rate developments

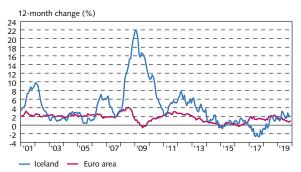


Based on the narrow trade-weighted exchange rate of the króna. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

I Inflation and inflation expectations

I-19

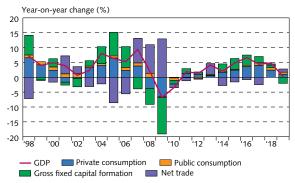
Inflation in Iceland and Europe



Harmonised indices of consumer prices. Monthly data. Source: Statistics Iceland.

II Output and demand

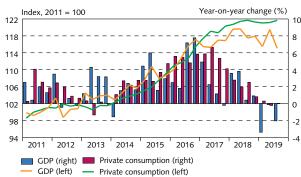
Contribution of individual components to output growth



Contribution of individual components to output growth. For 2019 the year-on-year change is between the first three quarters of 2018 and 2019. Annual data. Sources: Statistics Iceland, Central Bank of Iceland.

II-2

GDP and private consumption per capita

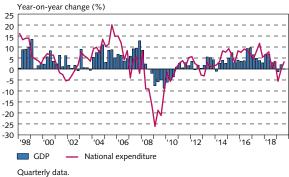


National accounts figures are seasonally adjusted. GDP seasonally adjusted by the Central Bank. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

II-3

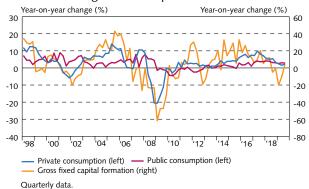
Output growth and national expenditure



Source: Statistics Iceland

II-4

Private consumption, public consumption, and gross fixed capital formation

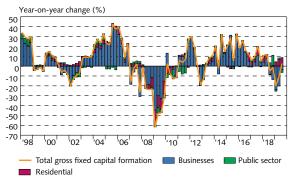


Source: Statistics Iceland

II Output and demand

II-5

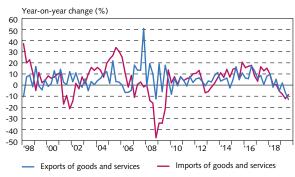
Gross fixed capital formation



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

II-6

Foreign trade

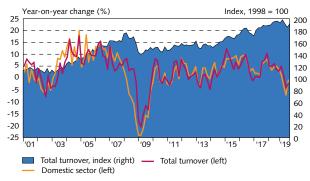


Quarterly data.

Source: Statistics Iceland.

II-7

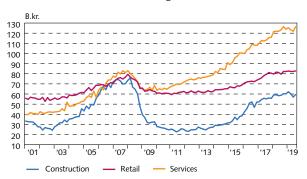
Turnover according to VAT returns



Deflated by the CPI. Seasonally adjusted data for two-month periods. Sources: Statistics Iceland, Central Bank of Iceland.

II-8

Turnover according to VAT returns

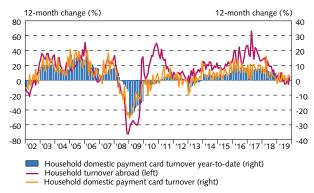


Deflated by the CPI. Retail sector is deflated by the CPI excluding housing and petrol, and construction sector is deflated by the CPI. Seasonally adjusted data for two-month periods.

Sources: Statistics Iceland, Central Bank of Iceland

II-9

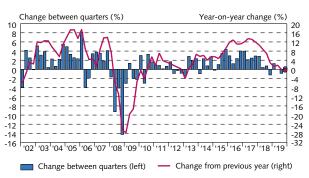
Payment card turnover



Debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

II-10

Total household payment card turnover



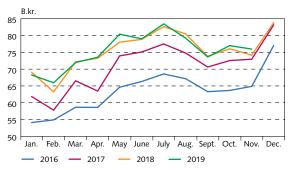
Seasonally adjusted debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Points show value in November. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

II Output and demand

II-11

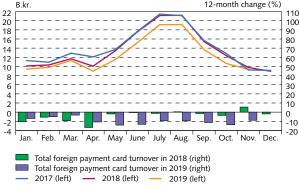
Household payment card turnover



Debit and credit card turnover deflated by the CPI excluding the housing component. Foreign turnover deflated by the import-weighted exchange rate index. Based on latest monthly prices and exchange rates. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

II-12

Foreign payment card turnover in Iceland

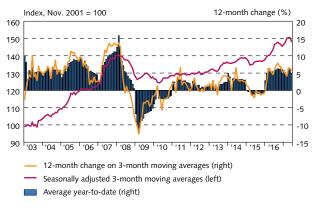


Foreign payment card turnover deflated by the CPI less housing costs. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

II-13

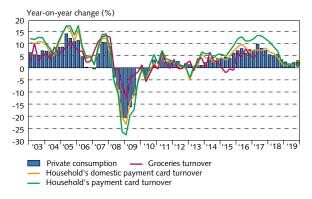
Groceries turnover



Deflated by price of groceries in CPI. Monthly data. Sources: Icelandic Centre for Retail Studies, Central Bank of Iceland.

II-14

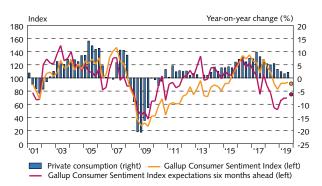
Private consumption, groceries, and payment card turnover



Points show 2-month average of values in October and November. Quarterly data. Sources: Icelandic Centre for Retail Studies, Statistics Iceland, Central Bank of Iceland.

II-15

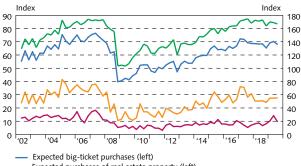
Private consumption and Gallup Consumer Sentiment Index



The Gallup Consumer Sentiment Index is a measure of general consumers' sentiment towards the economy and the labour market. Points show 2-month average of values in October and November. Quarterly data. Sources: Gallup, Statistics Iceland.

II-16

Indices of expected big-ticket purchases



Expected purchases of real estate property (left)

Expected purchases of cars (left) Expected purchases of travel (right)

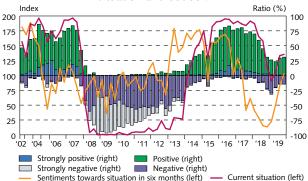
Indices of expected big-ticket purchases are based on Gallup consumer sentiment survey. The index for expected big-ticket purchases is an average of the other three indices. Quarterly data.

Source: Gallup.

II Output and demand

II-17

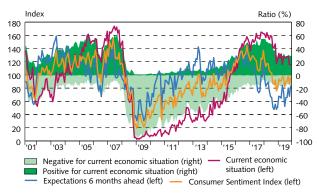
Corporation expectations towards the economic situation and outlook



The Business sentiment indices are based upon Gallup's survey of the largest companies in Iceland, conducted 4 times a year. The columns show the sentiments towards the current situation of the economy. Source: Gallup

II-18

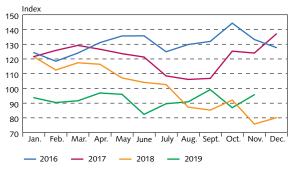
Consumer sentiment (Gallup)



The Gallup Consumer Sentiment Index is a measure of general consumers' sentiment towards the economy and the labour market. Monthly data. Source: Gallup.

II-19

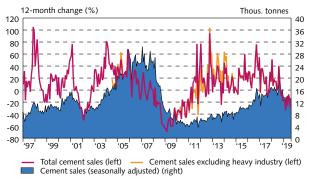
Consumer sentiment (Gallup)



The Gallup Consumer Sentiment Index is a measure of general consumers' sentiment towards the economy and the labour market. Monthly data. Source: Gallup

II-20

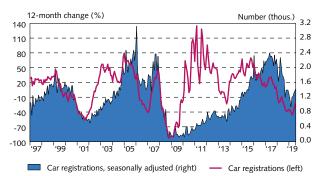
Cement sales



Monthly data. Sources: Aalborg Portland hf., Sementsverksmiðjan hf., Central Bank

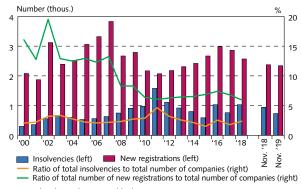
II-21

New registration of motor vehicles



New motor vehicle registrations include new and used vehicles in all categories (passenger cars, motor coaches, and delivery and transport vehicles). 3-month average. Monthly data. Sources: The Icelandic Transport Authority, Statistics Iceland, Central Bank of Iceland

Corporate insolvencies and new company registrations

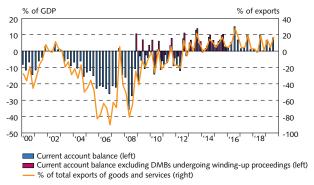


Annual and cumulative monthly data.

Source: Statistics Iceland.

III-1

Current account balance

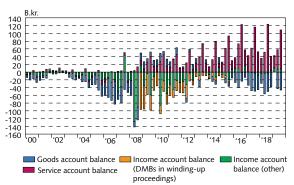


Current account balance excluding DMBs undergoing winding-up proceedings is also adjusted for the failed DMBs' financial intermediation services indirectly measured (FISIM). From 2016 there is no difference between these figures and official figures for current account balance. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-2

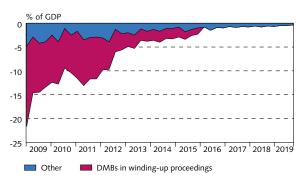
Components of current account



DMBs in WuP were wound up year-end 2015. Their share is therefore zero from 2016. Net current transfers are included in primary income. Quarterly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

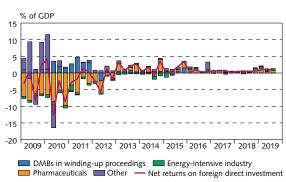
III-3

Net foreign interest payments



Net current transfers are included in primary income. DMBs in WuP were wound up year-end 2015. Their share is therefore zero from 2016. Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland. III-4

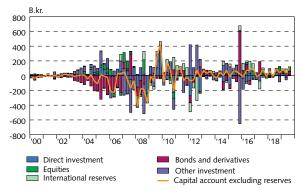
Net returns on foreign direct investment



DMBs in WuP were wound up year-end 2015. Their share is therefore zero from 2016. Holding companies that were established to hold the assets and liabilities of the former estates are now categorized as "Other". Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.

III-5

Net capital flows

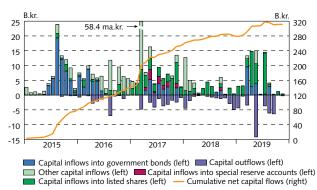


Capital account balance (net capital outflows) and net capital flows to foreign direct investment, portfolio investment (bonds, derivatives, and equities), and other investment. Positive (negative) numbers represent an increase (decrease) in resident entities' foreign assets or a decrease (increase) in their foreign debt. Large movements in Q4/2015 reflect the settlement of the failed banks' estates Quarterly data.

Source: Central Bank of Iceland.

III-6

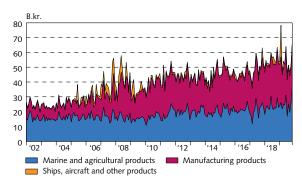
Capital flows due to registered new investment



Other inflows in March 2017 derived almost entirely from non-residents' acquisition of a holding in a domestic commercial bank. Monthly data.

Source: Central Bank of Iceland.

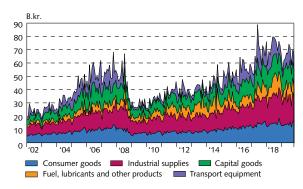
III-7 Components of merchandise exports



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

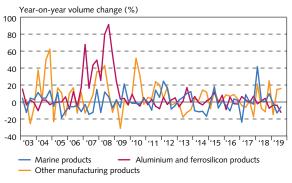
III-8 Components of merchandise imports



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.

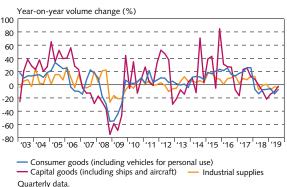
III-9

Main export products



Quarterly data. Source: Statistics Iceland III-10

Main import products

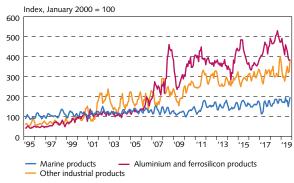


Quarterly data.

Source: Statistics Iceland

III-11

Merchandise exports by category

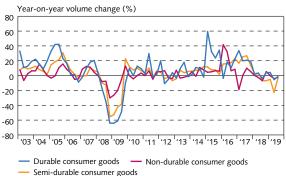


Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-12

Imported consumer goods

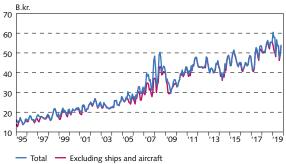


Semi-durable consumer goods

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.

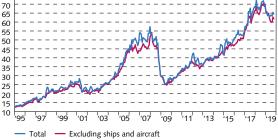
III-13 Merchandise exports



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

Seasonally adjusted merchandise imports

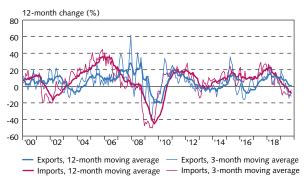


Imported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). The index of foreign price levels is calculated by weighting together the consumer price indices in main trading partner countries using a currency basket. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-15

Merchandise imports and exports



Exchange rate used consists of monthly averages of the broad trade-weighted index. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland

III-16

III-14

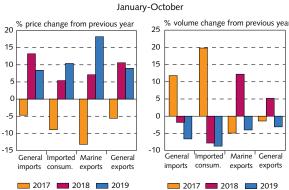
Aluminium production



Annual alumnium production for 2019 is production in January-October. Monthly data.

III-17

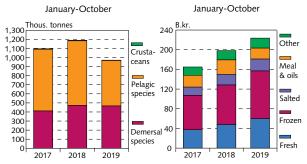
Merchandise trade



Cumulative price and volume indices from beginning of year. 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.

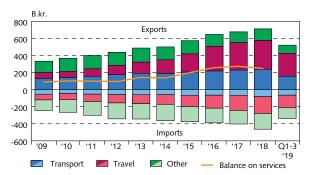
Source: Statistics Iceland.

Catch volume and export value of marine products



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.

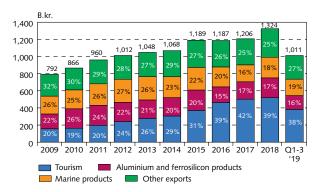
III-19 Services imports and exports



Annual and cumulative quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

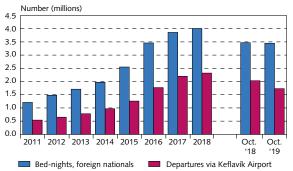
III-20 Goods and services exports



Tourism is the sum of "Travel", i.e. income from foreign tourists in Iceland, and "Passenger transport by air", i.e. that income of Icelandic airlines that is attributable to transporting foreign passengers. Annual and cumulative quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland

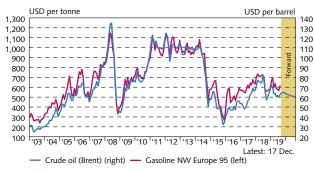
III-21 Foreign tourists and hotel bed-nights



Cumulative monthly figures are for January-October. Annual and cumulative monthly figures.

Sources: Icelandic Tourist Board, Isavia, Statistics Iceland.

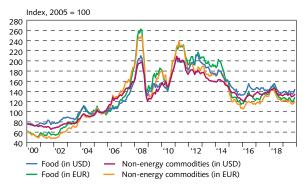
III-22 Global crude oil and gasoline prices



Monthly averages, most recent daily prices, and forward prices 12 months ahead. Sources: Bloomberg, Nymex, Thomson Reuters.

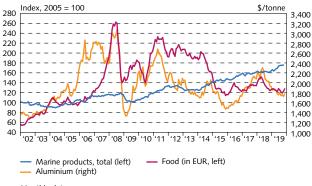
III-23

Commodity prices in international markets



Non-energy commodity prices. Monthly data. Sources: Thomson Reuters, World Bank. III-24

Global food prices and Icelandic export prices



Monthly data

Sources: Statistics Iceland, World Bank.

III-25





Broken lines show 25-year averages. Quarterly data. *Source:* Central Bank of Iceland.

III-26

Real exchange rate

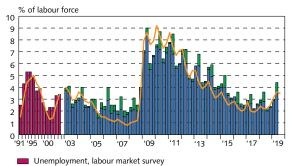


In terms of relative prices. Broken line shows 25-year average. Monthly data. *Source:* Central Bank of Iceland.

IV Labour market and wages

IV-1

Unemployment rate



 Unemployment, labour market survey, excl. those who have been hired and will begin work whithin 3 months

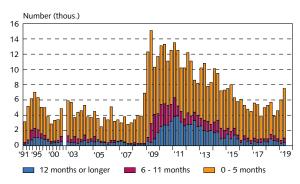
Unemployment, labour market survey, those who have already got a job
 Unemployment, Directorate of Labour

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.

Sources: Directorate of Labour, Statistics Iceland

IV-2

Unemployment by duration

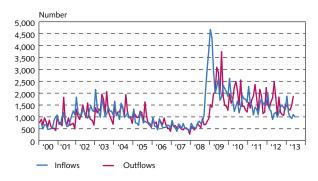


Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly data

Source: Statistics Iceland

IV-3

Unemployment register: Inflows and outflows

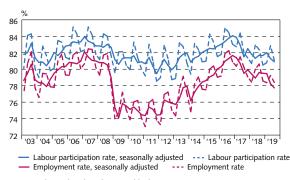


Monthly data.

Source: Directorate of Labour.

IV-4

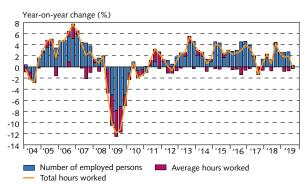
Labour participation rate and employment rate



Quarterly numbers based on monthly data averages.

Source: Statistics Iceland

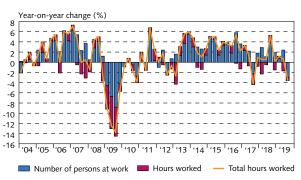
IV-5 Employment and hours worked for employed persons



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. Quarterly numbers based on monthly data averages.

Source: Statistics Iceland.

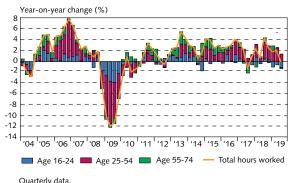
IV-6 Employment and hours worked for persons at work



Persons at work are those who worked one hour or more during the reference week. Quarterly data. Source: Statistics Iceland.

IV-7

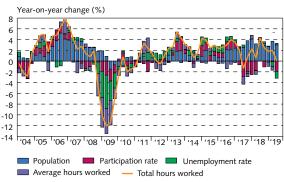
Total working hours



Source: Statistics Iceland

IV-8

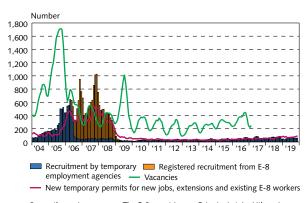
Total working hours



Increase in unemployment shows as a negative contribution to an increase in total working hours. Quarterly numbers based on monthly data averages. Sources: Statistics Iceland, Central Bank of Iceland,

IV-9

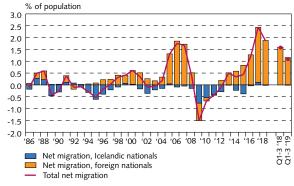
Vacancies and foreign labour



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.

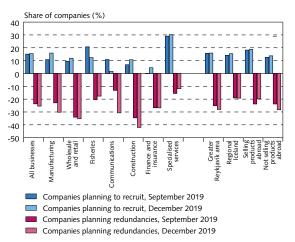
IV-10

Migration



Annual and cumulative quarterly data. Source: Statistics Iceland.

IV-11
Companies planning to change staffing levels during the next 6 months

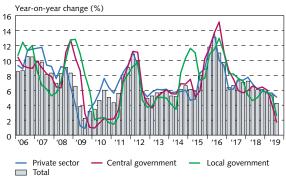


Seasonally adjusted data based on Gallup's survey of the 400 largest companies in Iceland.

Sources: Gallup, Central Bank of Iceland.

IV-13

Wage changes by sector

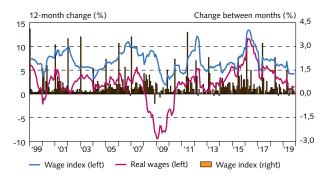


Until 2016 the quarterly wage index for the private sector is based on NACE Rev. 1.1. From 2016 and onwards the quarterly wage index for the private sector is based on NACE Rev. 2.0. Also, additional economic activities have been added. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

IV-15

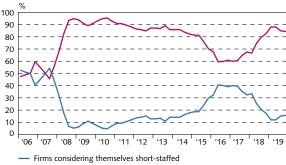
Nominal and real wages



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

IV-12

Labour supply

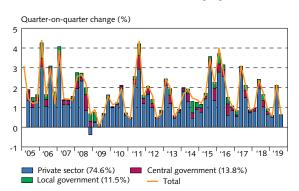


Firms considering themselves short-staffed
 Firms considering the labour supply adequate

Seasonally adjusted quarterly figures. Sources: Gallup, Central Bank of Iceland.

IV-14

Sectoral contribution to wage growth

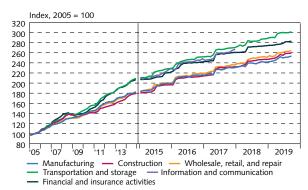


Until 2016 the quarterly wage index for the private sector is based on NACE Rev. 1.1. From 2016 and onwards the quarterly wage index for the private sector is based on NACE Rev. 2.0. Also, additional economic activities have been added. The figures in parentheses show the weight of these items in the wage index. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

IV-16

Private sector wage index by selected sectors

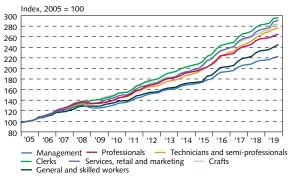


Quarterly data for 2005-2014 based on ISAT95 classification system, but monthly data from beginning of 2015 onwards based on ISAT2008 classification system. Due to changes in classification and sampling the data are not fully comparable between these periods.

Source: Statistics Iceland.

IV-17

Private sector wage index by occupational group

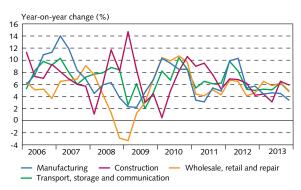


Occupational groups are defined according to $\mbox{\rm ISTARF}$ 95 classification system. Quarterly data.

Source: Statistics Iceland.

IV-18

Private sector labour cost index by sector

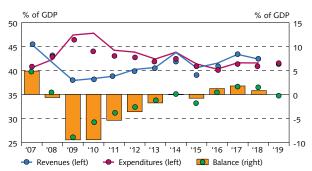


Total labour cost excluding irregular bonuses per hour. Sectors are defined according to ÍSAT 95 classification system. Quarterly data. Source: Statistics Iceland.

V Public finances

V-1

General government revenues, expenditures and balance

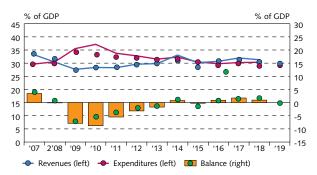


Lines and columns show annual data. Dots show first three quarters of the year. Revenues are adjusted for stability contributions to the Treasury. Expenditures are adjusted for Treasury transfers due to the Central Bank and LSR A-division as well as special payment by the local government to the pension fund Brú. Annual and quarterly data.

Source: Statistics Iceland.

V-2

Treasury revenues, expenditures and balance

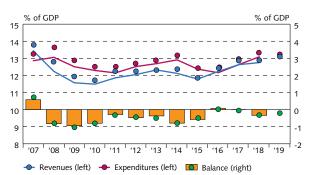


Lines and columns show annual data. Dots show first three quarters of the year. Revenues are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Expenditures are adjusted for a 192.2 b.kr. transfer to the Central Bank on Q4/2008 and a 105.1 b.kr. special payment to LSR A-division in Q4/2016. Annual and quarterly data...

Source: Statistics Iceland.

V-3

Local government revenues, expenditures and balance



Lines and columns show annual data. Dots show first three quarters of the year. Expenditures are adjusted for a 32 b.kr. special payment to the pension fund Brú in Q2/2017. Annual and quarterly data.

Source: Statistics Iceland.

V-4

Income balance as share of income

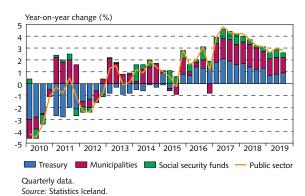


Treasury revenues are adjusted for stability contributions. Treasury expenditures are adjusted for transfers due to the Central Bank and LSR A-division and local government expenditures are adjusted for special payment to the pension fund Brú. Four quarter moving average. Quarterly data.

Source: Statistics Iceland

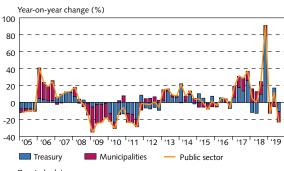
V-5

Public consumption



V-6

Investment

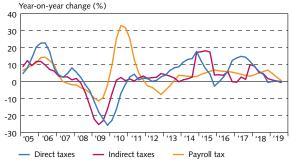


Quarterly data.

Source: Statistics Iceland

V-7

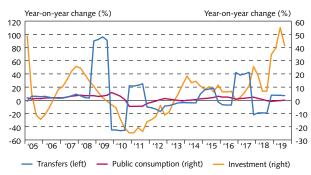
Tax revenues



Direct taxes are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Four quarter moving averages, deflated by the CPI. Quarterly data. *Source:* Statistics Iceland.

V-8

Treasury expenditures by type



Four quarter moving averages, deflated by the CPI. Quarterly data. Source: Statistics Iceland.

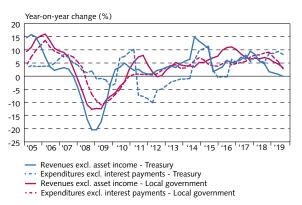
V-9

Local government revenues and expenditures



V-10

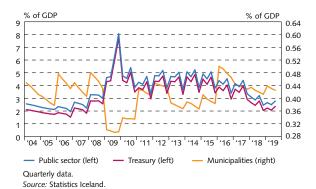
Treasury and local government revenues and expenditures



Treasury revenues are adjusted for stability contributions. Treasury expenditures are adjusted for transfers due to the Central Bank and LSR A-division and local government expenditures are adjusted for special payment to the pension fund Brú. Four quarter moving averages, deflated by the CPI. Quarterly data. *Source:* Statistics Iceland.

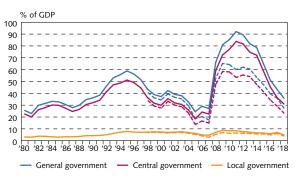
V Public finances

V-11
Interest expense of general, central, and local government



V-12

Debt of general, central, and local government

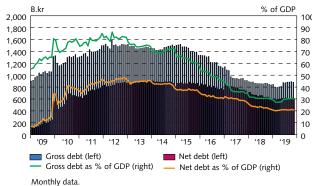


Solid lines show gross debt and broken lines show net debt. Net debt is gross debt less currency and deposits. Annual data.

Sources: Ministry of Finance and Economic Affairs, Statistics Iceland, Central Bank of Iceland.

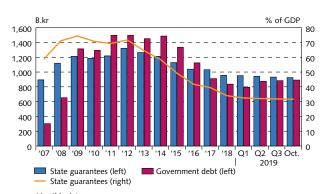
V-13

Central government debt



Sources: Government Debt Management, Statistics Iceland, Central Bank of Iceland.

V-14 State guarantees and gross debt

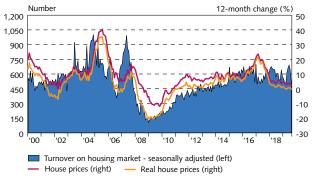


Monthly data.

Sources: Government Debt Management, Statistics Iceland, Central Bank of Iceland.

VI Asset markets

VI-1 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, Statistics Iceland, Central Bank of Iceland.

VI-2 Housing market prices in greater Reykjavík

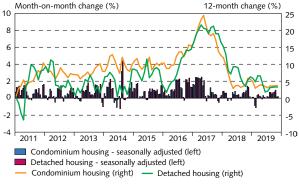


Housing market price per sq.m. (immediate payment). 3-month average.

Sources: Registers Iceland, Statistics Iceland.

VI-3

House prices in greater Reykjavík

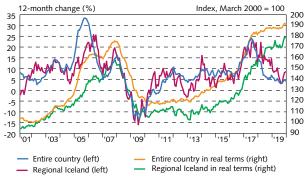


Monthly data.

Sources: Registers Iceland, Central Bank of Iceland.

VI-4

Market price of residential housing



Monthly data.

Source: Statistics Iceland.

VI-5

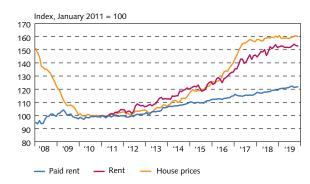
Rent price in greater Reykjavík



Source: Registers Iceland.

VI-6

Rent, house prices, and paid rent in real terms

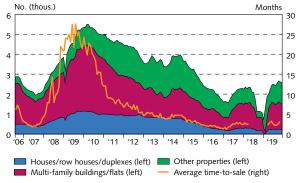


Rent and house prices are for greater Reykjavík, paid rent is for the whole country. Monthly data.

Sources: Registers Iceland, Statistics Iceland

VI-7

Advertised capital area property and average time to sale

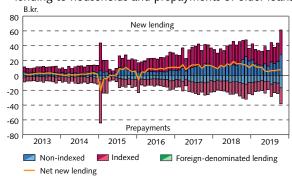


Monthly average of advertisements on Morgunbladid real estate website. The count is carried out by property code so as to avoid a repeat count of the same property. Monthly seasonally adjusted turnover is according to the number of officially registered purchase agreements. The average time to sale is 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.

VI-8

New DMB, pension funds, and HFF mortgage lending to households and prepayments of older loans



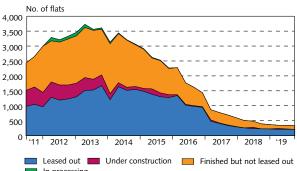
Net new lending consist of new lending net of prepayments of older loans. Figures new mortgage lending of pension funds are from September 2015. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland

VI Asset markets

VI-9

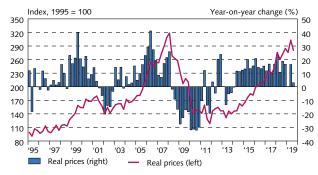
Residential housing owned by financial institutions nationwide



Classified by status. The financial institutions are: Arion Bank, Hilda, Hömlur, Íslandsbanki, Housing Financing Fund, Klettur, Landey, and Kvika Bank.
Ouarterly data.

Source: Central Bank of Iceland.

VI-10 Commercial property real prices in greater Reykjavík

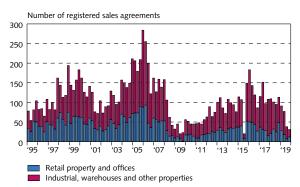


Weighted average of industrial, retail, and office housing. Data are subject to uncertainty due to sparsity and divergence of measurements. Latest data is preliminary. Quarterly data.

Sources: Registers Iceland, Central Bank of Iceland.

VI-11

Turnover of commercial properties

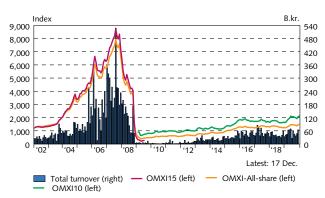


Before June 2006 turnover is based on purchase day, otherwise on day of registered sales agreement. Quarterly data.

Sources: Registers Iceland, Central Bank of Iceland.

VI-12

Equity market



Total monthly volume of listed shares and monthly average of main stock indices

Source: Nasdaq Iceland.

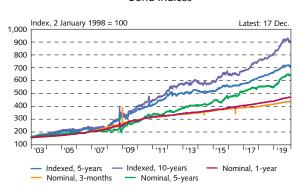
VI-13

Share prices by sector



Average change in share price of listed companies in selected sectors, adjusted for dividend payments and share capital reductions. Daily data. Source: Nasdaq Iceland. VI-14

Bond indices

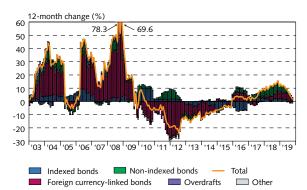


Indices are Nasdaq Iceland's calculations of yields on fixed-maturity bonds. Daily data.

Source: Nasdaq Iceland.

VII-1

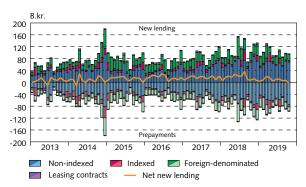
Credit system lending to businesses



Stock of loans from DMBs, the HFF and other credit institutions, pension funds, insurance companies, and State credit funds. Contribution of individual components to lending growth. Loans are assessed at claim value. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-3

Net new lending from DMBs and HFF to firms

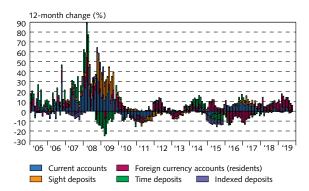


Net new lending consists of new lending net of prepayments of older loans Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-5

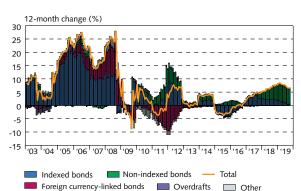
Companies' deposits



Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-2

Credit system lending to households

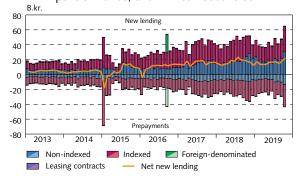


Stock of loans from DMBs, the HFF and other credit institutions, pension funds, insurance companies, and State credit funds. Contribution of individual components to lending growth. Loans are assessed at claim value. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-4

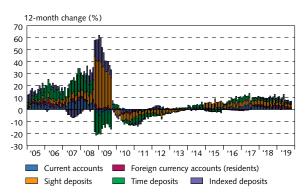
Net new lending from DMBs, pension funds, and HFF to households



Net new lending consist of new lending net of prepayments of older loans. Figures new lending of pension funds are from September 2015. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-6

Household deposits

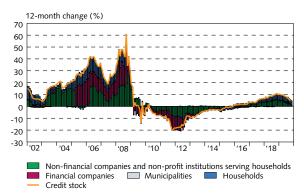


Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-7

Credit system lending to resident borrowers

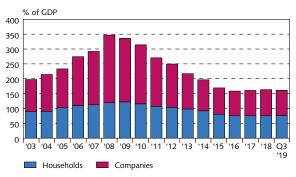


Only loans to pension fund members are included with pension funds. Financial companies excluding loans to deposit institutions and failed financial institutions. Monthly data.

Source: Central Bank of Iceland.

VII-8

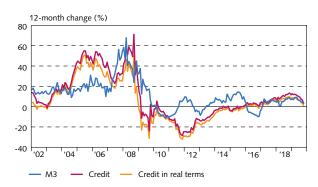
Household and non-financial corporate debt



Debt owed to financial undertakings and market bonds issued. Companies excluding financial institutions (which includes holding companies). GDP for 2019 is based on the Central Banks' latest baseline forecast. Yearly data. Sources: Statistics Iceland, Central Bank of Iceland.

VII-9

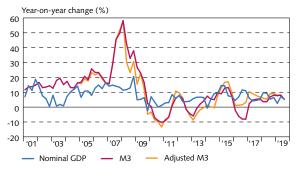
M3 and domestic bank credit



Loans are assessed at claim value. The series "credit in real terms" represents loans deflated by the CPI. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

VII-10

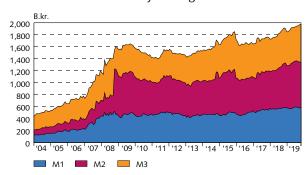
Nominal GDP and M3



Adjusted M3 excludes deposits of failed financial institutions. Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.

VII-11

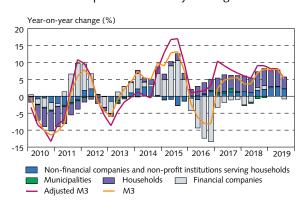
Money holdings



Most recent figures are preliminary. Monthly data. *Source:* Central Bank of Iceland.

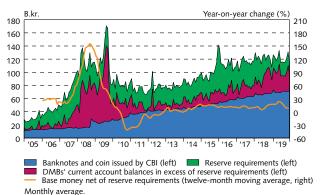
VII-12

Components of money holdings



Adjusted M3 excludes deposits of failed financial institutions. Quarterly data *Source*: Central Bank of Iceland.

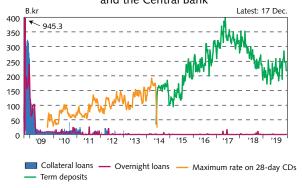
VII-13 Components of Central Bank base money (MO)



Source: Central Bank of Iceland.

VII-15

Transactions between financial institutions and the Central Bank



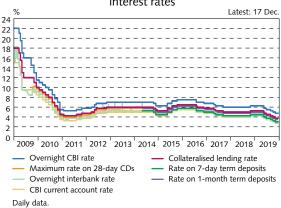
Weekly data.

Source: Central Bank of Iceland.

Source: Central Bank of Iceland.

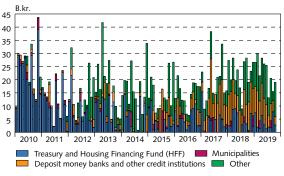
VII-17

Central Bank of Iceland and short-term market interest rates



VII-14

Bond auctions

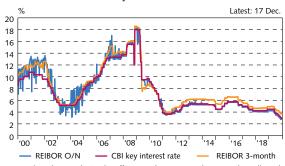


Information on auctions of other issuers' marketable bonds does not necessarily include all of their issued bonds. Monthly data.

Sources: Icelandic Securities Depository, Central Bank of Iceland.

VII-16

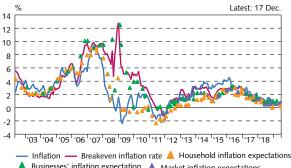
Central Bank key interest rate and money market interest rates



Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the effective rate is the Bank's seven day term deposit rate. Weekly data. Source: Central Bank of Iceland.

VII-18

Central Bank of Iceland real interest rates



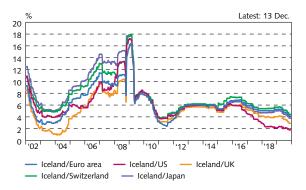
— Inflation — Breakeven inflation rate ▲ Household inflation expectation
 ▲ Businesses' inflation expectation
 ▲ Market inflation expectations

According to 12-month inflation and 1-year inflation expectations. Real interest

According to 12-month inflation and 1-year inflation expectations. Real interest rates according to breakeven inflation rate on Treasury notes are calculated based on Treasury note (RIKB 13 0517) and Treasury bond (RIKS 15 1001) yields until June 2004, and on the difference between the nominal and indexed yield curves onwards (monthly average). Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the effective rate is the Bank's seven day term deposit rate. Monthly data.

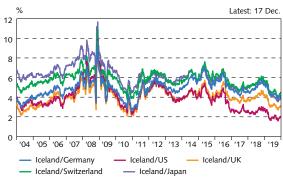
Sources: Gallup, Statistics Iceland, Central Bank of Iceland.

VII-19 Short-term interest rate differential



3-month interbank rates. Weekly data. *Source:* Thomson Reuters.

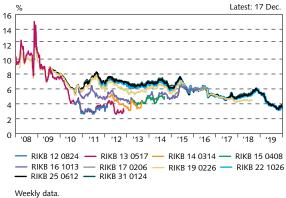
VII-20 Long-term interest rate differential



Yields on non-indexed 10-year Treasury bonds are used. Weekly data. *Source:* Thomson Reuters.

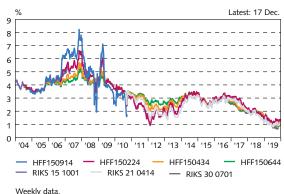
VII-21

Yields on nominal Treasury bonds



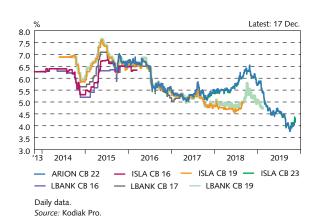
Source: Central Bank of Iceland.

VII-22
Yields on indexed Treasury and HFF bonds

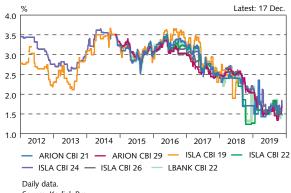


Source: Central Bank of Iceland.

VII-23
Yields on DMB nominal covered bonds



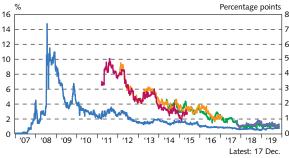
VII-24 Yields on DMB indexed covered bonds



Source: Kodiak Pro.

VII-25

Risk premia on the Icelandic Treasury



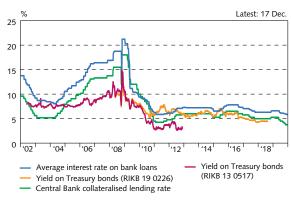
- 5-year USD credit spread on the Republic of Iceland (left)
- Difference between Icelandic and US government bonds issued in USD maturing in 2016 (right)
- Difference between Icelandic and US government bonds issued in USD maturing in 2022 (right)
- Difference between Icelandic and German government bonds issued
- in EUR, maturing in 2020 (right)
 Difference between Icelandic and German government bonds issued in EUR, maturing in 2022 (right)

Daily data

Sources: Bloomberg, Thomson Reuters.

VII-27

Nominal interest rates

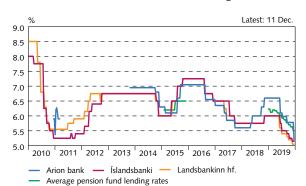


Average of lowest bond interest rates: Arion Bank, Íslandsbanki, Landsbankinn.

Source: Central Bank of Iceland.

VII-29

Interest rates on nominal housing loans



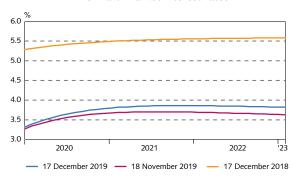
Lowest floating rates for non-indexed housing loans. No data for Arion bank for the time periods 11 March 2010 - 11 February 2011 and

11 May - 1 December 2013. Average pension fund lending rates is the average of the lending rates charged by Gildi, Lifsverk and LSR. 10-day data except for pension fund data, which are monthly.

Source: Central Bank of Iceland.

VII-26

Forward market interest rates

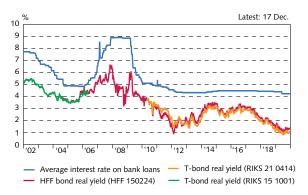


The Central Bank's key interest rate and Treasury bond yields were used to estimate the yield curve, using the Nelson-Siegel method. The valuation is subject to some uncertainty because of the small number of Treasury notes underlying the calculations.

Source: Central Bank of Iceland

VII-28

Indexed interest rates

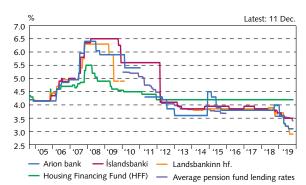


Average of lowest bond interest rates: Arion Bank, Íslandsbanki, Landsbankinn. Weekly data.

Source: Central Bank of Iceland.

VII-30

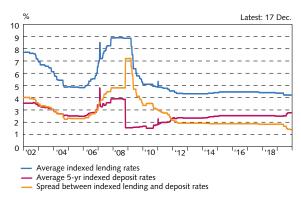
Interest rates on indexed housing loans



Lowest fixed rates for indexed housing loans. Housing Financing Fund interest rates are indexed housing loan rates with prepayment penalty for December 2005 onwards, and without prepayment before that time. Average pension fund lending rates is the average of the lending rates charged by Almenni, Festa, Frjálsi, Gildi, Lifsverk, LSR, The pension fund of commerce, Stapi, and Söfnunarsjóður lifeyrisréttinda. 10-day data except for pension fund data,

Sources: Housing Financing Fund, Central Bank of Iceland.

VII-31 Banks' indexed lending and deposit rates



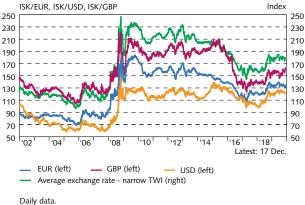
Average interest rates: Arion Bank, Íslandsbanki, Landsbankinn. Weekly data. Source: Central Bank of Iceland.

Nominal and real effective exchange rate of the króna



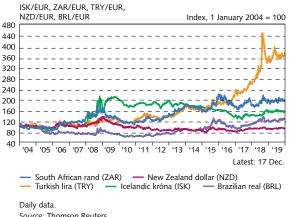
Monthly data. Source: Central Bank of Iceland.

VII-33 Exchange rate of foreign currencies against the króna



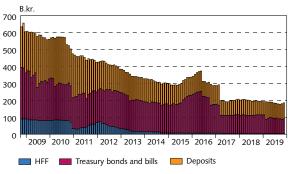
Source: Central Bank of Iceland.

VII-34 Exchange rate of the euro against high-yielding currencies



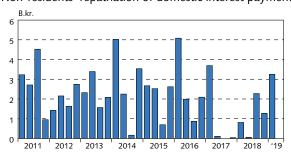
Source: Thomson Reuters.

VII-35 Non-residents' króna assets



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

VII-36 Non-residents' repatriation of domestic interest payments

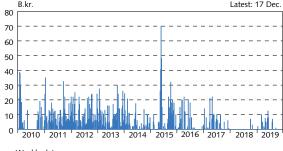


The figures above are based on information provided to the Central Bank by domestic financial institutions, on non-residents' foreign exchange transactions involving payments of interest and indexation on deposits with domestic financial institutions and ISK-denominated bonds issued by domestic parties. In comparing the amounts, it should be borne in mind that regulatory provisions on foreign exchange transactions involving interest payments have changed between periods. The Central Bank considers data from the years 2009 and 2010 not reliable enough for official publication. The data imply, however, that foreign exchange transactions resulting from non-residents' interest payments have been on the decline between these periods. Quarterly data. Source: Central Bank of Iceland.

VII Financial markets

VII-37

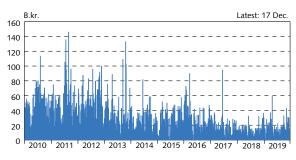
Turnover on the interbank market for krónur



Weekly data. Source: Central Bank of Iceland.

VII-38

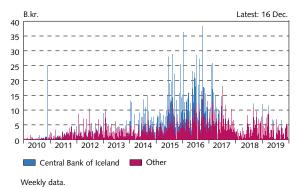
Bond market turnover



Weekly data Source: Nasdaq Iceland.

VII-39

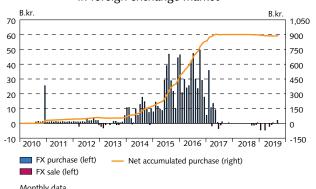
Foreign exchange market turnover



Source: Central Bank of Iceland.

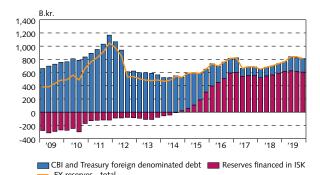
VII-40

Central Bank intervention in foreign exchange market



Monthly data. Source: Central Bank of Iceland.

VII-41 Central Bank of Iceland foreign exchange reserves



Reserves financed in ISK are foreign exchange reserves net of Central Bank and Treasury foreign-denominated debt. Q4/2019 is end of November figures. Quarterly data.

Source: Central Bank of Iceland.