

Appendix 1

Baseline macroeconomic and inflation forecast 2013/4

Table 1 Macroeconomic forecast¹

| | B.kr. | Volume change on previous year (%) unless otherwise stated | | | | |
|--|---------|--|---------------|---------------|---------------|-------|
| | | 2012 | 2013 | 2014 | 2015 | 2016 |
| <i>GDP and its main components</i> | | | | | | |
| Private consumption | 912.9 | 2.4 (2.7) | 1.9 (2.0) | 2.3 (2.6) | 2.5 (2.8) | 2.5 |
| Public consumption | 430.4 | -1.4 (-0.2) | 1.2 (1.2) | 0.7 (0.6) | 0.4 (0.5) | 0.6 |
| Gross fixed capital formation | 246.9 | 5.0 (4.4) | -4.1 (-9.4) | 8.9 (13.0) | 22.8 (21.6) | -1.3 |
| Business investment | 168.6 | 7.8 (8.6) | -13.0 (-21.6) | 4.8 (9.8) | 31.2 (30.9) | -5.8 |
| Residential investment | 44.9 | 6.9 (6.9) | 20.1 (29.2) | 24.5 (26.3) | 14.1 (10.0) | 14.5 |
| Public investment | 33.5 | -9.1 (-17.0) | 12.1 (8.5) | 3.9 (5.4) | 0.1 (1.4) | -4.3 |
| National expenditure | 1,594.6 | 1.6 (1.9) | 0.7 (0.0) | 2.8 (3.5) | 5.1 (5.0) | 1.3 |
| Exports of goods and services | 1,009.5 | 3.8 (3.9) | 3.4 (4.4) | 2.2 (1.8) | 1.6 (1.4) | 2.5 |
| Imports of goods and services | 905.5 | 4.7 (4.8) | 0.8 (1.2) | 2.6 (3.0) | 5.8 (5.1) | 1.3 |
| Contribution of net trade to growth | - | -0.1 (-0.1) | 1.6 (2.0) | 0.0 (-0.5) | -2.0 (-1.8) | 0.7 |
| Gross domestic product | 1,698.5 | 1.4 (1.6) | 2.3 (1.9) | 2.6 (2.8) | 2.8 (2.9) | 2.0 |
| <i>Other key aggregates</i> | | | | | | |
| GDP at current prices (in b.kr.) | | 1,698 (1,708) | 1,771 (1,763) | 1,865 (1,855) | 1,963 (1,952) | 2,052 |
| Trade account balance (% of GDP) | | 6.1 (6.3) | 6.1 (6.2) | 5.4 (4.8) | 2.9 (2.3) | 3.1 |
| Current account balance (% of GDP) | | -5.5 (-4.9) | 0.5 (0.3) | -2.3 (-3.0) | -4.7 (-5.3) | -4.7 |
| Underlying current account balance (% of GDP) ² | | 2.4 (3.0) | 3.1 (2.6) | 0.5 (-0.3) | -2.1 (-2.8) | -2.2 |
| Terms of trade (change in average year-on-year) | | -3.5 (-3.3) | -2.0 (-3.0) | -0.7 (-1.4) | -0.8 (-1.1) | -0.7 |
| Total gross fixed capital formation (% of GDP) | | 14.5 (14.4) | 13.8 (12.9) | 14.8 (14.2) | 17.5 (16.9) | 17.0 |
| Business investment (% of GDP) | | 9.9 (9.9) | 8.5 (7.5) | 8.7 (7.9) | 11.1 (10.3) | 10.2 |
| Output gap (% of potential output) | | -1.9 (-1.5) | -1.2 (-0.9) | -0.5 (-0.2) | 0.2 (0.6) | 0.2 |
| Unit labour costs (change in average year-on-year) ³ | | 6.3 (6.3) | 4.4 (4.6) | 4.0 (4.0) | 3.5 (3.9) | 3.5 |
| Real disposable income (change in average year-on-year) | | -0.6 (3.0) | 3.5 (2.4) | 1.8 (2.8) | 3.5 (3.2) | 3.2 |
| Unemployment (% of labour force) | | 5.8 (5.8) | 4.5 (4.8) | 4.1 (4.4) | 4.1 (4.3) | 3.8 |
| ISK exchange rate against narrow trade-weighted index (31/12 1991 = 100) | | 222.0 (222.0) | 218.4 (218.1) | 215.4 (215.0) | 215.6 (215.3) | 215.6 |
| Inflation (annual average, %) | | 5.2 (5.2) | 3.9 (3.9) | 3.2 (3.1) | 2.8 (2.9) | 2.6 |
| Inflation excluding tax effects (annual average, %) | | 5.0 (5.0) | 3.7 (3.8) | 2.9 (3.1) | 2.8 (2.9) | 2.6 |

1. Figures in parentheses are from the forecast in *Monetary Bulletin* 2013/3. 2. Adjusted for calculated income and expenses of DMBs in winding-up proceedings and the effects of the settlement of their estates. In 2012 an adjustment is also made for the pharmaceuticals company Actavis. 3. Based on underlying productivity.

Table 2 Quarterly inflation forecast (%)¹

| Quarter | Inflation (change year-on-year) | Inflation excluding tax effects (change year-on-year) | Inflation (annualised quarter-on-quarter change) | | |
|---------|------------------------------------|--|---|----------------|--|
| | | | | Measured value | |
| 2012:3 | 4.3 (4.3) | 4.2 (4.2) | -1.0 (-1.0) | | |
| 2012:4 | 4.3 (4.3) | 4.1 (4.1) | 3.9 (3.9) | | |
| 2013:1 | 4.3 (4.3) | 4.2 (4.2) | 6.5 (6.5) | | |
| 2013:2 | 3.3 (3.3) | 3.2 (3.2) | 4.1 (4.1) | | |
| 2013:3 | 4.0 (4.0) | 3.9 (3.8) | 1.7 (1.5) | | |
| | | | Forecasted value | | |
| 2013:4 | 3.8 (4.1) | 3.7 (3.9) | 3.0 (4.2) | | |
| 2014:1 | 3.3 (3.4) | 3.0 (3.4) | 4.5 (3.7) | | |
| 2014:2 | 3.2 (3.1) | 2.9 (3.1) | 3.6 (3.2) | | |
| 2014:3 | 3.2 (3.0) | 2.9 (3.0) | 1.7 (1.0) | | |
| 2014:4 | 3.2 (3.0) | 2.9 (3.0) | 3.1 (4.0) | | |
| 2015:1 | 2.9 (2.9) | 2.9 (2.9) | 3.1 (3.6) | | |
| 2015:2 | 2.8 (2.9) | 2.8 (2.9) | 3.3 (3.0) | | |
| 2015:3 | 2.8 (2.8) | 2.8 (2.8) | 1.7 (0.7) | | |
| 2015:4 | 2.7 (2.8) | 2.7 (2.8) | 2.7 (3.7) | | |
| 2016:1 | 2.7 (2.6) | 2.7 (2.6) | 3.2 (3.1) | | |
| 2016:2 | 2.6 (2.5) | 2.6 (2.5) | 2.6 (2.4) | | |
| 2016:3 | 2.6 (2.5) | 2.6 (2.5) | 1.9 (0.7) | | |
| 2016:4 | 2.5 | 2.5 | 2.3 | | |

1. Figures in parentheses are from the forecast in *Monetary Bulletin* 2013/3.