

Tables and charts

Based on statistical information available on February 28, 2005, except for Tables 2, 6, 9, 10, 11, 13, 19, 21 and 22, which use data published in March.

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Table 1 Main monthly indicators (continued on next page)

	Consumer prices		Exchange rate		Interest rates (end of period, %)						Money and credit ⁵			
	% ch. in CPI ¹ over the previous		% ch. in effective exchange rate ^{1,2}		Short-term rates			Long-term rates			12-month % change			
	1 month	12 months	1 month	12 months	Central Bank repo yield	3-month REIBOR ³	3-month Treasury bills	5-y. non-indexed T-notes	10-year Treasury bonds ⁴	25-year housing bonds ⁴	Base money	M3	DMB lending ⁶	Foreign liabilities
1999	.	3.4	.	0.2	9.0	11.7	9.8	9.6	4.7	4.8	75.9	16.9	22.8	15.2
2000	.	5.0	.	-0.1	11.4	12.0	11.5	11.7	5.5	6.3	-10.4	11.2	26.2	33.0
2001	.	6.7	.	-16.7	10.1	12.5	10.0	9.1	5.1	5.9	-14.2	14.9	13.4	-0.2
2002	.	4.8	.	3.0	5.8	6.2	5.8	6.9	4.9	5.2	17.2	15.3	0.9	-5.5
2003	.	2.1	.	6.4	5.3	5.1	4.8	7.5	4.3	4.6	-33.5	22.3	14.8	-5.6
2004	.	3.2	.	2.1	8.25	8.6	7.4	8.1	3.6	4.6	77.7	13.1	38.0	3.2
2003														
April	0.1	2.3	1.2	11.3	5.3	5.3	4.5	7.0	4.6	4.9	2.1	15.6	5.0	5.8
May	-0.2	2.2	1.2	8.9	5.3	5.3	4.8	6.6	4.4	4.8	-10.1	18.9	9.2	10.9
June	0.1	1.8	-1.9	6.5	5.3	5.3	5.1	6.8	4.3	4.6	-13.8	19.3	10.1	17.0
July	-0.1	1.6	-2.2	2.7	5.3	5.3	5.1	6.8	4.2	4.6	-2.5	14.8	11.5	12.0
August	-0.1	2.0	-1.9	0.3	5.3	5.2	4.9	6.5	4.0	4.4	5.6	19.6	13.1	1.9
September	0.7	2.2	0.0	2.3	5.3	5.2	4.5	6.3	4.3	4.6	-5.4	23.0	12.4	-9.0
October	0.5	2.2	0.6	3.2	5.3	5.1	4.6	6.9	4.2	4.6	-1.2	25.5	13.9	-16.9
November	0.1	2.5	0.5	3.1	5.3	5.1	4.8	7.1	4.3	4.6	-17.2	23.7	13.6	-7.1
December	0.3	2.7	0.5	1.7	5.3	5.1	4.8	7.5	4.3	4.6	-33.5	22.3	14.8	-5.6
2004														
January	0.0	2.4	3.3	2.7	5.3	5.3	5.1	7.3	4.4	4.7	-12.5	26.4	20.8	-19.1
February	-0.3	2.3	1.1	2.0	5.3	5.3	5.4	7.0	4.1	4.6	-30.0	22.5	21.4	-27.2
March	0.6	1.8	-1.7	0.5	5.3	5.4	5.0	6.8	3.9	4.4	-28.7	24.5	23.9	-25.8
April	0.6	2.2	-1.5	-2.2	5.3	5.4	5.3	6.8	3.7	4.1	-7.7	21.1	23.5	-7.9
May	0.8	3.2	-0.3	-3.7	5.50	5.8	5.6	7.6	4.0	4.3	-32.4	18.4	19.8	-19.1
June	0.8	3.9	0.7	-1.1	5.75	6.1	6.0	7.6	3.9	4.2	-11.7	19.0	20.1	-17.1
July	-0.5	3.6	0.3	1.4	6.25	6.5	6.0	7.7	3.9	4.7	23.8	24.7	20.5	-22.4
August	0.0	3.7	0.5	3.9	6.25	6.6	6.5	7.7	3.7	4.7	-15.8	15.4	23.6	-6.5
September	0.4	3.4	-0.3	3.6	6.75	6.9	6.8	7.6	3.7	4.7	-8.3	20.0	26.6	7.2
October	0.8	3.7	0.6	3.6	6.75	7.2	7.0	7.7	3.7	4.6	3.5	17.4	32.4	7.3
November	0.2	3.8	1.4	4.6	7.25	7.7	7.5	8.0	3.6	4.6	7.4	14.9	34.9	3.3
December	0.5	3.9	4.5	8.7	8.25	8.6	7.4	8.1	3.6	4.6	77.7	13.1	38.0	3.2
2005														
January	0.1	4.0	1.9	7.2	8.25	8.6	7.1	8.3	3.5	4.7	3.9	15.5	37.0	22.2
February	0.2	4.5	1.6	7.8	8.75	8.6	7.8	8.6	3.4	4.7	...	...	...	...

1. Percentage changes between period averages. 2. Based on the official effective exchange rate basket (trade-weighted). Positive sign indicates appreciation of the Icelandic króna. 3. Average yield on the interbank market in Icelandic króna. 4. Yield in excess of changes in the CPI. 5. Annual figures are changes over year. Latest figures are preliminary. 6. DMBs = deposit money banks = commercial and savings banks and other institutions permitted to accept deposits from the public. Foreign lending excluded from January 2002.

Table 1 (continued) Main monthly indicators

	Foreign exchange market and reserves				Foreign trade and external conditions				Labour market		Treasury financial balance, %		Asset prices, 12-mo. % changes		
	Gross foreign currency reserves:		CB net purchases (b.kr.)	Trade balance (b.kr.)	Merchandise exports (b.kr.)	Merchandise imports (b.kr.)	Marine product prices 12-mo. % ch. ⁹	Real exchange rate of króna ¹⁰	Unemployment	Wages, 12-mo. % change	of rev., from beg. of year ¹¹	Equity prices ¹²	Housing prices ¹³		
	in b.kr.	as ratio of:												Merch. imports ⁷	For short-term liabil. ⁸	balance	exchange rate of	employment	of rev., from	Equity prices^{12}	Housing prices^{13}
1999	35.8	2.6	0.9	12.0	-22.9	144.9	167.8	-4.8	93.6	1.9	6.8	8.7	47.4	22.2	
2000	34.2	2.1	0.6	-13.9	-38.0	149.3	187.3	-3.0	96.3	1.3	6.6	5.9	-19.3	13.3	
2001	36.6	2.1	0.4	-29.5	-6.7	196.4	203.1	1.6	83.7	1.4	8.8	-0.2	-11.2	3.1	
2002	37.2	2.5	0.2	4.5	13.1	204.3	191.2	3.3	88.5	2.5	7.2	-5.6	16.7	7.5	
2003	58.1	3.5	0.3	43.2	-16.9	182.6	199.5	0.4	94.2	3.4	5.6	-3.4	56.4	9.1	
2004	65.6	3.6	0.2	27.2	-37.8	202.4	240.2	0.6	97.2	3.1	4.7	0.1	58.9	23.3	
2003															
April	38.5	2.7	0.2	2.1	-2.4	14.1	16.5	4.2	95.9	3.9	5.6	-4.0	7.5	11.6	
May	36.9	2.6	0.2	2.8	-1.7	15.1	16.8	0.5	97.1	3.6	5.6	-10.0	14.1	11.4	
June	36.9	2.4	0.2	3.5	-3.2	14.3	17.5	-1.6	95.2	3.2	5.6	-7.7	14.6	14.8	
July	36.5	2.3	0.2	4.4	-5.0	15.0	20.0	-4.7	93.1	3.0	5.7	-11.4	19.4	13.9	
August	41.0	2.5	0.2	4.0	-0.9	14.9	15.8	-1.2	91.4	2.9	5.7	-11.5	38.0	14.9	
September	46.4	2.8	0.2	4.4	-4.7	14.6	19.2	0.0	91.5	2.7	5.6	-11.7	39.5	12.6	
October	51.7	3.1	0.3	4.4	-2.8	15.8	18.6	0.3	92.4	2.8	5.5	-9.6	48.7	12.4	
November	57.8	3.5	0.3	3.8	-0.3	16.0	16.2	1.1	93.1	3.0	5.5	-10.2	52.7	12.7	
December	58.1	3.5	0.3	3.7	-2.5	13.7	16.2	-1.4	93.6	3.1	5.4	-7.7	56.4	9.1	
2004															
January	56.7	3.4	0.3	7.0	0.3	16.7	16.4	-2.9	96.5	3.7	3.3	20.1	76.8	8.3	
February	57.3	3.5	0.3	1.4	0.1	14.3	14.1	-2.3	97.3	3.6	3.3	18.4	89.3	9.2	
March	66.7	3.8	0.3	1.8	-1.0	20.3	21.2	-2.7	95.8	3.5	3.8	7.2	79.8	9.7	
April	65.6	3.7	0.3	1.5	-3.2	16.8	20.0	-5.2	94.8	3.5	4.0	6.4	91.1	13.4	
May	65.8	3.8	0.3	1.5	-3.6	15.0	18.6	-3.0	94.9	3.3	4.6	2.4	82.7	11.4	
June	68.5	3.8	0.3	1.8	-7.2	16.0	23.1	-1.7	95.6	3.1	5.1	1.2	96.9	9.9	
July	68.1	3.8	0.3	1.4	-6.2	16.8	23.1	-0.1	95.8	3.0	5.1	-5.8	105.6	12.6	
August	70.8	3.8	0.3	1.6	-6.5	14.1	20.6	3.3	96.4	2.9	5.2	-2.0	92.6	9.5	
September	71.1	3.8	0.3	1.6	0.3	19.4	19.2	4.2	96.4	2.6	5.3	-3.4	109.3	14.3	
October	66.1	3.5	0.3	1.4	-4.5	17.1	21.6	4.7	97.1	2.7	5.3	0.1	75.1	13.8	
November	67.1	3.6	0.2	4.9	-2.3	18.9	21.2	4.7	98.8	2.6	5.4	-1.8	74.4	17.3	
December	65.6	3.6	0.2	1.4	-4.0	16.9	20.9	9.2	103.4	2.7	6.0	1.8	58.9	23.3	
2005															
January	65.0	3.5	0.3	0.8	-3.3	14.0	17.3	9.7	105.8	3.0	6.6	...	54.6	27.9	
February	60.0	3.5	...	0.6	...	...	...	...	107.4	2.8	...	...	43.3	...	

7. Gross foreign exchange reserves at end of period as a ratio of the average monthly value of merchandise imports. Calculated at fixed exchange rates. 8. The denominator is foreign short-term liabilities of credit institutions (deposit money banks and investment banks). 9. Prices in SDR. Annual figures are % changes between annual averages. 10. Real effective exchange rate of the Icelandic króna based on relative consumer prices (a trade-weighted average of trading partners' consumer prices is used). 1980 = 100. 11. Cash basis. Without privatisation revenues. Adjusted for changed timing of expenditure changes in 2004. 12. The ICEX-15 index from January 1 1998. Earlier the ICEX stock price index. Annual figures are % changes over year. 13. Residential housing in the Greater Reykjavik Area. Annual figures are % changes over year.

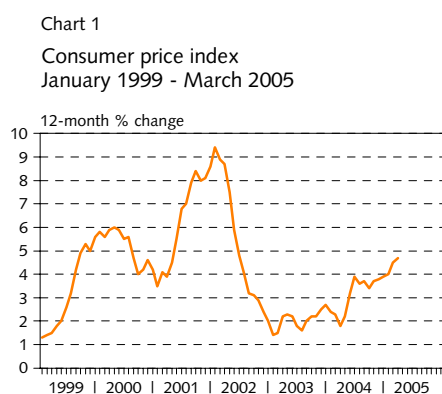
Sources: Statistics Iceland, Directorate of Labour, State Accounting Office, Iceland Stock Exchange (ICEX), The Land Registry of Iceland, Central Bank of Iceland.

Table 2 Prices

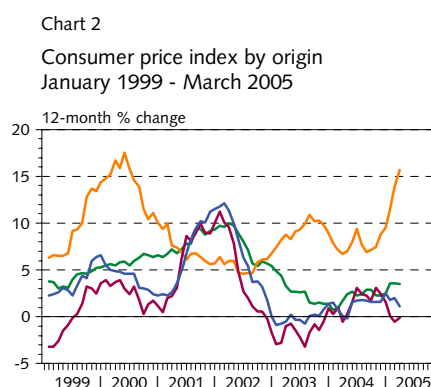
	2004						2005		
	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Consumer price index, May 1988 = 100	234.6	234.6	235.6	237.4	237.9	239.0	239.2	239.7	241.5
<i>1-month % changes</i>									
Consumer price index	-0.5	-	0.4	0.8	0.2	0.5	0.1	0.2	0.8
Domestic goods excl. agric. products and vegetables	0.1	-0.4	0.6	0.2	0.1	0.6	-0.2	-0.1	-1.4
Agricultural products and vegetables	0.9	1.3	-0.1	0.7	-0.7	1.3	1.1	-0.8	-2.0
Imported goods excl. alcohol and tobacco	-1.8	-0.8	0.9	1.8	-0.2	-0.2	-3.1	-1.1	1.6
Petrol	-2.3	3.3	-0.4	2.0	-2.2	-1.1	-5.7	0.1	2.7
Housing	-0.4	0.6	0.7	0.9	1.1	1.1	1.9	2.4	2.2
Public services	0.6	0.4	-0.6	0.3	0.1	-	4.4	1.0	-0.2
Other services	0.4	0.1	-0.1	-0.1	0.1	0.4	0.9	0.4	0.6
Harmonised index of consumer prices (HICP) ¹	-0.3	-0.2	0.5	0.5	0.1	0.3	-0.4	...	...
<i>12-month % changes</i>									
Consumer price index	3.6	3.7	3.4	3.7	3.8	3.9	4.0	4.5	4.7
Domestic goods excl. agric. products and vegetables	1.8	1.7	1.6	1.6	1.6	2.5	1.8	2.0	1.1
Agricultural products and vegetables	3.6	4.5	4.2	3.7	3.0	5.1	5.2	4.9	3.0
Imported goods excl. alcohol and tobacco	2.4	2.3	1.7	3.1	2.5	1.6	0.1	-0.5	-0.1
Petrol	12.7	16.4	13.0	19.2	16.6	12.6	4.3	4.9	9.9
Housing	7.7	6.9	7.1	7.5	8.8	9.5	11.5	13.9	15.7
Public services	6.5	6.9	5.0	5.1	5.1	5.1	3.6	7.2	6.9
Other services	2.4	2.9	2.9	2.3	2.3	2.5	3.6	3.6	3.5
Harmonised index of consumer prices (HICP) ¹	2.8	3.1	2.8	2.9	2.9	2.9	2.7	...	...
Building cost index for residential buildings ²	5.2	5.7	5.2	5.6	6.1	5.9	8.6	8.1	...
Housing prices ³	12.6	9.5	14.3	13.8	17.3	23.3	27.9	...	...
<i>Foreign CPI and commodity prices, 12-mo. % changes</i>									
Consumer price index in USA	3.0	2.7	2.5	3.2	3.5	3.3	3.0	...	...
Consumer price index in euro area ⁴	2.3	2.3	2.1	2.4	2.2	2.4	1.9	2.0	...
Commodity prices excl. oil	24.9	19.8	17.3	12.8	10.8	10.4	6.5	...	...
Petrol prices ⁵	34.1	42.8	59.8	68.5	49.3	32.2	42.0	46.3	...

1. Deviates from the CPI calculated by Statistics Iceland in that the latter includes own housing, education and health care. 2. Present value of price per m² in the Greater Reykjavik Area. Data for 2004 are preliminary. 3. Harmonised index of consumer prices (HICP). 1996=100. 4. Crude oil (Brent).

Sources: Statistics Iceland, The Land Registry of Iceland, EcoWin.



Source: Statistics Iceland.



— Domestic goods
— Imported goods excluding alcohol & tobacco
— Housing
— Other services

Source: Statistics Iceland.

Table 3 Exchange rate of the Icelandic króna

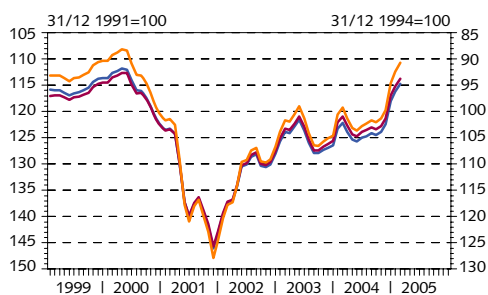
Monthly averages	2004							2005		3 mo. % change to Feb. 28
	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
<i>Effective exchange rate indices¹</i>										
Official index (31/12 '91 = 100)	122.7	122.3	121.7	122.1	121.4	119.7	114.5	112.5	110.7	7.6
Import-weighted index (31/12 '94)	103.9	103.5	103.0	103.4	102.8	101.3	97.0	95.2	93.7	7.6
Export-weighted index (31/12 '94)	105.0	104.7	104.2	104.5	103.8	102.4	98.0	96.2	94.7	7.5
<i>Central Bank quotations²</i>										
U.S. dollar	72.1	71.5	71.5	71.7	70.2	67.1	62.7	62.7	62.0	7.4
Euro	87.6	87.7	87.1	87.6	87.6	87.1	84.1	82.1	80.7	7.5
Japanese yen	0.659	0.654	0.647	0.652	0.644	0.640	0.604	0.606	0.591	8.8
Pound sterling	131.8	131.7	130.1	128.6	126.7	124.7	121.0	117.6	117.0	6.2
Danish krone	11.78	11.80	11.72	11.78	11.78	11.72	11.31	11.04	10.85	7.7
Norwegian krone	10.57	10.36	10.46	10.48	10.64	10.70	10.23	10.00	9.70	9.2
Swedish krona	9.58	9.54	9.48	9.64	9.67	9.68	9.36	9.07	8.88	9.2

% changes ³	Between annual averages				From beginning of year			Previous 12 months%		
	2001	2002	2003	2004	Feb.'03	Feb.'04	Feb.'05	Feb.'03	Feb.'04	Feb.'05
<i>Central Bank quotations²</i>										
U.S. dollar	-19.3	6.8	19.2	9.5	3.8	1.9	1.1	29.2	11.4	15.4
Euro (Deutschemark before 1999)	-17.0	1.5	-0.6	-0.5	1.2	3.7	4.1	3.9	-3.3	7.9
Japanese yen	-9.1	10.2	10.1	2.3	3.2	3.9	2.9	14.0	2.9	10.5
Pound sterling	-15.3	2.6	9.4	-2.4	5.9	-1.9	1.5	15.9	-4.9	11.0
Danish krone	-17.0	1.2	-0.6	-0.4	1.2	3.8	4.1	3.9	-3.0	7.7
Norwegian krone	-17.7	-5.2	5.9	4.1	7.4	8.2	4.0	4.1	9.6	1.3
Swedish krona	-9.0	0.4	-1.0	-0.4	0.8	5.2	4.4	4.7	-2.5	6.0

1. Based on a trade-weighted (goods and services) basket of trading partners' currencies. 2. Exchange rate of respective currency against the Icelandic króna. 3. Positive sign indicates an appreciation of the Icelandic króna.

Source: Central Bank of Iceland.

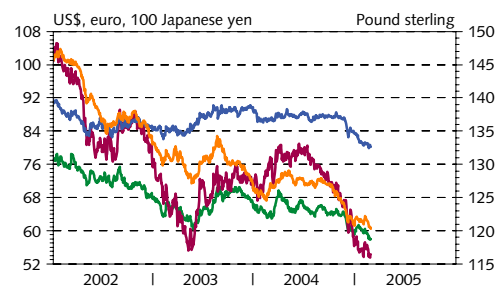
Chart 3
Effective exchange rate indices
January 1999 - February 2005



— Official index (left-hand axis)
— Import-weighted (right-hand axis)
— Export-weighted (right-hand axis)

Source: Central Bank of Iceland.

Chart 4
Daily exchange rates of US dollar, euro, pound sterling and Japanese yen against the Icelandic króna January 2002 - February 2005



— US dollar
— Euro
— Pound sterling
— Yen

Source: Central Bank of Iceland.

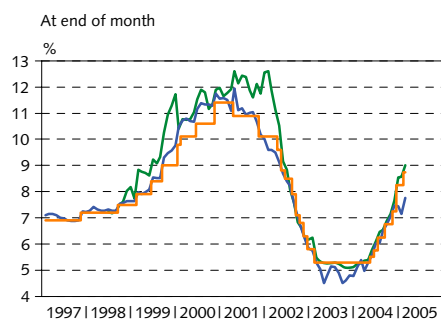
Table 4 Interest rates

All figures are in %	Annual averages ¹			At end of month 2004-2005						
	2002	2003	2004	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
<i>Central Bank rates</i>										
Credit institutions' current accounts	5.5	2.9	3.7	3.8	4.25	4.25	5.00	6.25	6.25	6.75
Required deposits	7.1	4.2	4.9	5.0	5.50	5.50	6.00	7.25	7.25	7.75
Overnight loans (discount rates)	10.7	7.8	8.3	8.3	8.75	8.75	9.25	10.25	10.25	10.75
Repurchase agreements	8.4	5.4	6.1	6.3	6.75	6.75	7.25	8.25	8.25	8.75
<i>Yields in the money market²</i>										
REIBOR, O/N	9.3	5.1	6.1	6.3	6.9	6.5	7.1	8.0	8.0	8.6
REIBOR, 1-month	9.0	5.3	6.1	6.4	6.7	6.8	7.5	8.2	8.2	8.6
REIBOR, 3-month	8.9	5.3	6.3	6.6	6.9	7.2	7.7	8.6	8.6	9.0
REIBOR, 6-month	8.8	5.5	6.5	6.8	7.0	7.4	8.0	8.8	8.8	9.3
Treasury bills, 3-month	8.1	5.0	6.1	6.5	6.8	7.0	7.5	7.4	7.1	7.8
Treasury bills, 6-month ³	7.9	5.0	...	...	...	...	...	...	...	...
<i>Yields in the capital market⁴</i>										
Treasury notes, up to 5 years	8.1	6.8	7.6	7.7	7.6	7.7	8.0	8.1	8.3	8.6
Treasury bonds, 10 years	5.2	4.4	3.9	3.7	3.7	3.7	3.6	3.6	3.5	3.4
Housing bonds, 25 years ⁵	5.7	4.7	4.5	4.7	4.7	4.6	4.6	4.6	4.7	4.7
Housing Financing Fund bonds, 20 yrs. ⁵	.	.	3.8	3.8	3.8	3.8	3.7	3.6	3.5	3.4
Housing Financing Fund bonds, 30 yrs. ⁵	.	.	3.8	3.7	3.7	3.8	3.6	3.6	3.5	3.5
Housing Financing Fund bonds, 40 yrs. ⁵	.	.	3.7	3.7	3.7	3.7	3.6	3.5	3.5	3.5
<i>Commercial banks' lending rates⁶</i>										
Average rates on non-indexed securities	15.4	12.0	11.9	12.1	12.3	12.4	12.8	13.8	13.8	13.8
Average rates on indexed securities	10.1	9.1	7.9	8.0	7.5	7.5	7.5	7.5	7.5	7.5
<i>Rates acc. to Interest Rate Act 38/2001⁷</i>										
Penalty rates	21.3	17.3	17.3	17.5	17.5	17.5	17.5	17.5	20.0	20.0

1. Arithmetic averages of end-of-month figures. Central Bank rates are time-weighted averages. 2. REIBOR are interest rates on the interbank market in Icelandic króna. For Treasury and bank bills, yields in trading on ICEX (Iceland Stock Exchange). 3. Treasury bills with the closest maturity to 6 months. 4. All bond yields are in real terms. 5. Housing bonds and Housing authority bonds were discontinued as of June 1, 2004. New bonds, Housing Financing Fund bonds (HFF), were issued instead and a majority of older issues were swapped into the new bonds. 6. From July 1, 2001, the Bank issues information on banks' average interest rates only as statistical information. 7. Interest rates that have legal status in the month shown. From July 1, 2001, penalty rates are revised at 6-month intervals.

Source: Central Bank of Iceland.

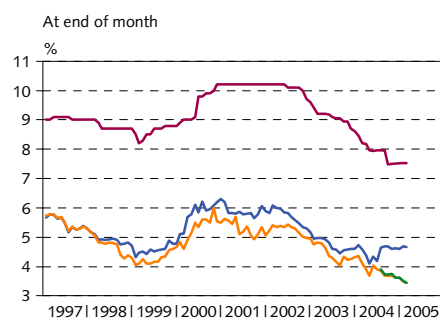
Chart 5
Short-term interest rates
January 1997 - February 2005



— Central Bank repo rate
— 3-month Treasury bills
— 3-month REIBOR on the interbank market

Source: Central Bank of Iceland.

Chart 6
Long-term interest rates
January 1997 - February 2005



— 30-year HFF bonds
— 15-year Treasury bonds
— Housing bonds
— Secured bank loans

Source: Central Bank of Iceland.

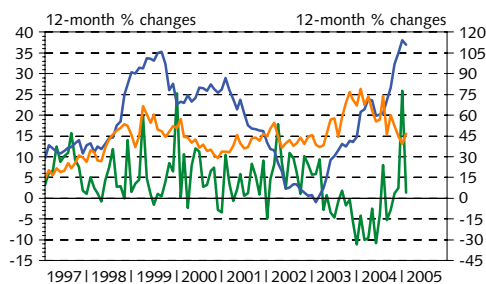
Table 5 Money and credit

Selected items from the balance sheets of the Central Bank, deposit money banks and the banking system	In b.kr. Jan.'05	% change over year			1-mo. change in b.kr.			12-mo. % change		
		2002	2003	2004	Nov.'04	Dec.'04	Jan.'05	Jan.'03	Jan.'04	Jan.'05
Net foreign exchange reserves	64.8	.	.	.	1.0	-1.2	-0.8	.	.	.
Claims on Treasury and gov. inst., net	-18.6	.	.	.	7.3	-8.0	-0.8	.	.	.
Claims on deposit money banks	14.1	27.9	-65.2	32.2	12.3	-1.1	-17.6	-8.6	-42.9	-66.3
Base money	33.7	17.2	-33.5	77.7	-2.9	2.9	-4.9	17.7	-12.5	3.9
Notes and coins in circulation	8.3	3.4	9.4	9.1	0.0	0.9	-0.8	8.2	9.4	8.4
Reserves of deposit money banks	25.3	22.3	-46.7	121.0	-3.0	2.0	-4.1	20.1	-17.7	2.5
<i>Deposit money banks¹</i>										
Central Bank items	11.1	.	.	.	-15.2	3.0	13.5	.	.	.
Short-term position, net	-1.6	.	.	.	-12.3	4.2	5.2	.	.	.
Credit and listed securities ²	1,713.7	3.1	28.2	40.9	38.8	43.2	42.3	-0.2	33.4	39.3
Credit ³	1,340.1	2.6	22.8	41.7	29.6	44.5	38.5	-0.3	27.5	41.7
Treasury and government institutions	14.1	8.1	1.6	-15.7	-0.4	1.4	-1.6	-8.2	12.2	-28.2
Non-bank financial institutions	11.2	-45.2	.	.	-10.7	-4.3	-3.2	.	.	-35.2
Industries	783.6	15.5	2.1	25.0	3.0	11.8	14.0	1.5	34.7	29.9
Households	324.9	9.9	8.1	13.2	34.1	23.6	23.4	0.5	11.7	80.1
Foreign sector	195.8	.	63.1	118.2	7.6	15.3	5.3	10.4	96.1	76.9
Listed securities	203.9	-3.4	38.3	20.6	14.7	-11.2	10.0	9.0	40.9	22.8
Domestic credit and listed securities	1,474.7	0.9	22.6	36.2	26.5	23.3	40.7	-0.8	27.9	34.1
Domestic credit	1,144.2	0.9	14.8	38.0	21.9	29.2	33.2	-1.0	20.8	37.0
Deposits	561.0	15.5	22.5	13.1	-3.8	-14.1	23.6	13.0	26.7	15.6
Bonds	1,024.8	6.7	106.1	79.1	60.2	88.4	30.4	1.7	113.5	73.4
Foreign liabilities for on-lending	229.5	-5.5	-5.6	3.2	-1.0	-5.4	3.8	3.9	-19.1	22.2
<i>Banking system¹</i>										
Foreign assets, net	328.3	-18.6	-223.4	183.9	46.8	72.3	-19.7	-26.3	-265.0	130.6
Domestic credit and marketable securities	1,465.5	-1.0	22.3	37.7	32.3	14.5	40.2	0.9	28.3	36.4
Money supply, M1 ⁴	144.6	23.8	30.8	20.8	-2.6	-2.6	6.0	12.0	58.3	12.9
M2 (M1 + demand savings deposits) ⁵	255.1	9.3	28.1	17.4	-5.8	-6.1	14.9	9.4	37.7	19.6
M3 (M2 + time savings deposits) ⁶	569.3	15.3	22.3	13.1	-3.8	-13.2	22.8	12.9	26.4	15.5
M4 (M3 + securities issues) ⁷	1,594.1	11.6	56.3	48.4	56.4	75.2	53.3	8.0	62.6	47.1

1. Since March 1998, all percentage changes have been calculated using figures including FBA. This applies to the following items: credit (and subcategories of credit), listed securities, bonds, foreign liabilities and M4. 2. Treasury bills, equities and leasing contracts also included. 3. Lending series have been adjusted retroactively following reclassification under the ISAT standard. Data on lending to foreign entities available since January 2001. 4. Sum of notes and coins in circulation and DMBs' demand deposits.

Source: Central Bank of Iceland.

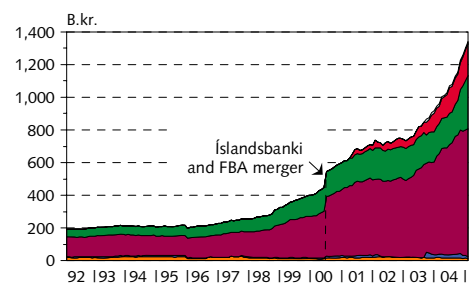
Chart 7
M3, DMB lending and base money
January 1997 - January 2005



— M3 (left-hand axis)
— DMB lending (left-hand axis)
— Base money (right-hand axis)

Latest figures are preliminary.
Source: Central Bank of Iceland.

Chart 8
Deposit money bank lending
by sector 1992-2005¹



— Treasury and government institutions
— Credit institutions
— Industries
— Households
— Foreign sector
— Other

1. Reclassification of lending in September 2003 based on the ISAT-95 standard led to a reduction in household debt figures and an increase in business and municipalities' debt figures. Latest figures are preliminary.
Source: Central Bank of Iceland.

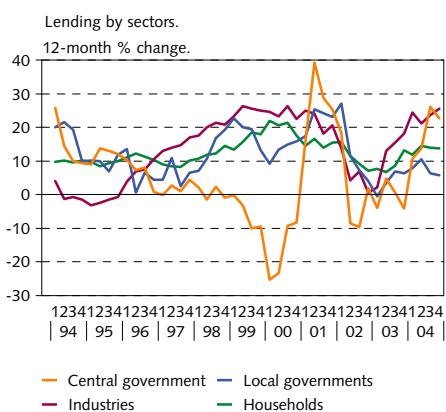
Table 6 The credit system¹

Assets	Dec.'04	% change over year						3-mo. % change		
		1999	2000	2001	2002	2003	2004	June'04	Sep.'04	Dec.'04
Domestic lending and securities	2,654.1	17.3	17.3	19.2	3.2	11.4	20.2	4.5	5.9	2.9
Banking system ²	1,425.3	23.7	44.4	13.8	8.0	22.4	37.7	6.1	8.9	10.6
Miscellaneous credit undertakings	634.1	17.4	-3.8	20.8	-2.0	8.0	15.1	6.3	7.0	-4.5
Housing Financing Fund	447.0	13.9	12.0	18.1	11.5	14.1	0.3	4.2	0.9	-8.2
Credit undertakings subject to minimum reserve requirements ³	145.2	.	.	30.3	-41.4	-19.0	133.6	21.0	41.2	9.0
Other credit undertakings ⁴	42.0	9.2	17.2	16.1	9.0	0.8	-2.4	2.3	0.6	-4.3
Pension funds	720.7	17.9	4.6	16.4	12.2	13.4	14.6	4.7	6.4	-1.5
Insurance companies	66.9	10.1	24.1	12.2	6.3	14.8	4.1	0.6	2.9	-5.0
Mutual and investment funds ⁵	256.5	24.1	-14.0	22.3	39.2	47.0	38.9	7.1	9.3	6.1
Foreign credit	1,612.0	24.0	39.6	30.0	-4.9	29.7	42.4	10.6	9.0	9.5
State lending funds	313.5	2.2	0.0	31.9	-3.0	-3.2	-4.4	-1.5	-0.8	-5.7
Total of above	5,029.0	18.3	18.4	21.7	3.0	18.8	28.2	6.5	7.5	4.8
Less inter-institutional transactions	-2,374.9	19.9	20.4	25.8	2.6	29.8	38.5	9.1	9.5	6.9
Assets = liabilities	2,654.1	17.3	17.3	19.2	3.2	11.4	20.2	4.5	5.9	2.9
Liabilities										
Domestic liabilities	1,891.4	21.0	7.2	14.2	7.1	18.9	15.3	2.9	2.8	3.5
Notes and deposits	469.0	16.6	11.1	14.9	13.4	21.9	9.8	0.9	10.3	-5.7
Securities	268.1	23.0	9.9	6.6	0.1	45.4	14.3	8.0	-3.6	5.8
Insurance companies' indemnity fund	50.7	9.1	11.5	15.6	4.4	4.7	2.3	-1.4	-2.2	-5.5
Pension funds	950.7	27.4	9.9	13.7	4.9	21.1	18.1	4.9	5.9	0.6
Capital of financial institutions	378.9	-1.9	14.3	26.0	19.4	19.7	71.0	7.7	25.9	20.4
Other items, net	-226.0	.	.	.	.	.	.	.	.	.
Foreign liabilities, net	762.7	6.6	50.3	30.6	-4.5	-5.8	34.2	9.0	14.2	1.3
Credit by sector⁶										
Central government	186.7	-9.5	-8.4	25.4	1.9	-4.2	0.0	2.0	15.4	-4.5
Municipalities ⁷	119.7	13.1	15.9	23.0	4.1	6.3	6.3	4.0	-0.4	1.0
Industries ⁷	1,469.0	24.9	22.5	20.7	0.6	18.2	18.2	5.4	7.2	2.6
Households ⁷	878.7	18.0	17.6	15.5	7.0	13.2	14.7	3.6	2.5	5.3

1. Partly preliminary or estimated. 2. In May 2003, Glitnir leasing company merged into Íslandsbanki og was thereby reclassified to "Banking system". 3. Credit undertakings subject to minimum reserve requirements comprise: Frjálsí fjárfestingarbankinn hf., Framtak fjárfestingarbanki hf., Lýsing, SP-fjármögnun, Europay, Greiðslumiðlun hf., MP fjárfestingarbanki (since November 2003) and Straumur fjárfestingarbanki (since January 2004). 4. Other credit undertakings comprise: The Agricultural Loan Fund, the Agricultural Productivity Fund, the Municipal Loan Fund and the Regional Development Fund. 5. Since December 2003 investment funds are included. 6. Partly estimated. 7. Since September 2003, lending by sector has been reclassified according to the ISAT standard. This produces a lower figure than otherwise for lending to households, and a higher figure for lending to municipalities and industries.

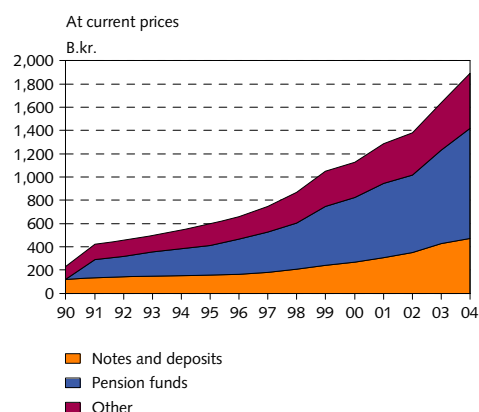
Source: Central Bank of Iceland.

Chart 9
Growth of credit system lending 1994-2004



1. Reclassification of lending in September 2003 based on the ISAT-95 standard led to a reduction in household debt figures and an increase in business and municipalities' debt figures. Latest figures are preliminary.
Source: Central Bank of Iceland.

Chart 10
Credit system liabilities 1990-2004



Latest figures are preliminary.
Source: Central Bank of Iceland.

Table 7 Financial markets

At end of period	Outstanding in b.kr.			1-month % change			12-month % change		
	2003	2004	Jan.'05	Nov.'04	Dec.'04	Jan.'05	Nov.'04	Dec.'04	Jan.'05
Money market ¹	36.9	39.4	32.5	15.1	-0.9	-17.6	-12.9	6.9	-19.7
Securities market ²	1,187.6	1,736.0	1,758.6	5.5	5.8	1.3	47.1	46.2	44.4
thereof Treasury bonds	53.1	45.1	42.2	-3.6	0.1	-6.3	-14.1	-15.1	-14.5
thereof housing bonds	307.7	98.2	89.5	0.4	-5.3	-8.8	-66.0	-68.1	-71.2
hereof HFF bonds	.	340.3	341.8	3.5	-0.9	0.4	.	.	.
Market capitalisation of listed equities	658.8	1,083.7	1,089.1	1.9	-2.4	0.5	76.2	64.5	47.6
Mutual funds' units (open-end)	198.1	272.7	284.7	4.9	-4.1	4.4	49.1	37.7	39.3

1. Bills issued by Treasury, commercial banks, savings banks and investment credit funds. 2. Government bonds, government notes, housing bonds, housing authority bonds, HFF bonds and listed bond issues of banks, savings banks, investment credit funds, leasing companies, firms, municipalities and non-residents. Open-end mutual funds' units not included.

Source: Central Bank of Iceland

Table 8 Labour market

Changes in indices are in percent. Other changes indicate increase/decrease in jobs or permits	Averages			1-month change			12-month change		
	2003	2004	Jan.'05	Nov.'04	Dec.'04	Jan.'05	Jan.'03	Jan.'04	Jan.'05
Wage index (1990=100)	205.9	215.6	224.9	0.2	0.7	2.2	5.5	3.3	6.6
Real wages (1990=100) ¹	131.8	133.7	136.3	0.0	0.2	2.1	4.0	0.9	2.6
Number of issued work permits	3,299	3,750	284	26	15	-110	-128	90	-19
Job vacancies, total	459	668	1,052	-9	65	325	-48	260	658
thereof Greater Reykjavik Area	104	204	261	-9	-157	158	4	18	170

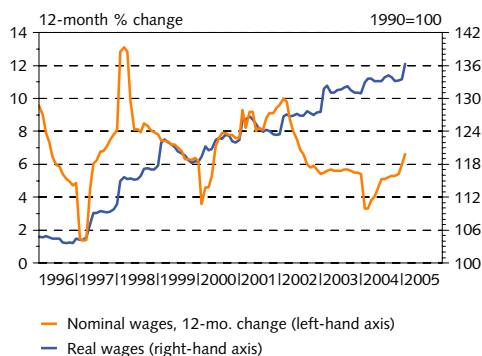
Period averages	2002	2003	2004	Nov.'04	Dec.'04	Jan.'05	Jan.'03	Jan.'04	Jan.'05
Number of unemployed	3,631	4,893	4,564	3,885	4,088	4,352	5,208	5,088	4,352
Measured unemployment rate (% of labour force)	2.5	3.4	3.1	2.6	2.7	3.0	3.8	3.7	3.0
Seasonally adjusted unemployment rate)	.	.	.	2.8	2.7	2.5	3.1	3.1	2.5

Quarterly measurements	Averages			3-month change			12-month change		
	2003	2004	Q4'04	Q2'04	Q3'04	Q4'04	Q4'02	Q4'03	Q4'04
Wage index (1990 = 100)	205.8	215.5	218.8	1.5	1.0	0.9	5.7	5.5	5.6
Wages in the private sector	188.5	196.9	200.6	2.2	1.5	0.8	4.7	5.7	5.7
Wages in the public sector and banks	234.5	246.3	248.8	0.4	0.4	1.0	7.3	5.0	5.3

1. Deflated by consumer prices.

Sources: Statistics Iceland, Directorate of Labour, Central Bank of Iceland.

Chart 11
Nominal and real wages
January 1996 - January 2005



Sources: Statistics Iceland, Central Bank of Iceland.

Chart 12
Unemployment and labour participation¹
January 1996 - January 2005



1. Central Bank estimate for labour force participation in 2003-2004.
Sources: National Economic Institute, Directorate of Labour, Central Bank of Iceland.

Table 9 National accounts – annual data (continued on next page)

In b.kr.	1998	1999	2000	2001	2002	Prel.	Estimate	Forecast ¹	
						2003	2004	2005	2006
Gross domestic product (GDP), current prices	567.3	608.4	661.0	740.6	766.2	797.5	858.9	948.2	1,045.0
Current account balance, current prices	-39.5	-42.6	-69.3	-33.7	8.7	-42.4	-69.9	-143.7	-119.6
GDP at 1990 fixed prices	427.2	446.0	471.4	483.6	473.5	493.5	519.1	552.2	586.0
GNP at 1990 fixed prices	420.0	437.8	458.3	469.0	470.9	491.8	517.6	548.2	578.2

Volume changes between years, percent

Private consumption	10.4	8.1	4.4	-3.5	-1.4	6.6	7.5	8.0	6.6
Public consumption	3.4	4.9	4.3	3.2	3.2	3.5	3.6	2.5	2.5
Gross fixed capital formation	32.6	-3.9	15.3	-6.4	-20.9	17.1	12.8	33.5	-7.9
Industries	46.7	-5.7	16.1	-14.8	-28.0	23.6	12.9	52.3	-13.0
Housing	1.0	0.7	12.8	15.3	5.0	13.4	3.0	19.5	9.6
Public works and buildings	18.6	-0.5	14.5	7.6	-23.8	1.8	27.3	-11.0	-8.1
National expenditure	13.6	4.5	7.2	-3.7	-4.5	7.8	7.7	12.5	2.2
Exports of goods and services	2.1	4.0	4.0	7.4	3.9	1.5	8.3	4.9	9.4
Exports of goods	-2.6	7.1	-1.3	7.3	6.6	-1.2	9.2	...	...
Exports of services	13.9	-2.5	16.3	7.7	-1.4	6.8	6.5	...	...
Imports of goods and services	23.5	4.2	8.0	-9.1	-2.7	10.4	14.3	19.6	0.0
Imports of goods	24.3	3.2	2.7	-10.0	-3.4	7.3	15.8	...	...
Imports of services	21.2	6.9	21.5	-7.2	-1.2	16.9	11.6	...	...
Gross domestic product (GDP)	5.6	4.4	5.7	2.6	-2.1	4.2	5.2	6.4	6.1
Gross national product (GNP)	5.6	4.2	4.7	2.3	0.4	4.4	5.2	...	...
Gross national income (GNI)	8.0	4.3	3.7	2.2	0.8	1.2	4.6	...	...
Terms of trade (goods and services)	5.6	-0.8	-2.7	0.2	0.6	-4.3	-1.2	-5.8	0.8

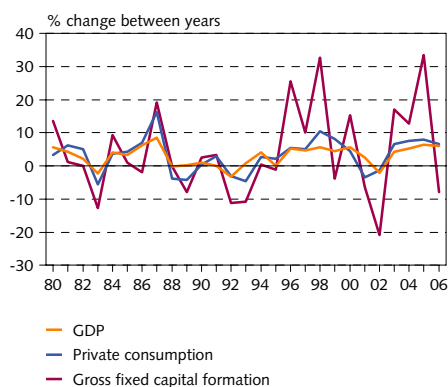
Percent of GDP

Private consumption	57.3	59.1	59.3	55.1	54.8	56.6	57.8	58.6	58.2
Gross fixed capital formation	24.5	22.2	23.9	22.4	17.7	20.1	22.0	28.5	25.3
Current account balance	-7.0	-7.0	-10.5	-4.6	1.1	-5.3	-8.1	-12.2	-9.3
Gross national saving	17.7	15.3	13.8	17.5	18.8	14.6	13.4	...	...

1. Central Bank of Iceland forecast in March 2005.

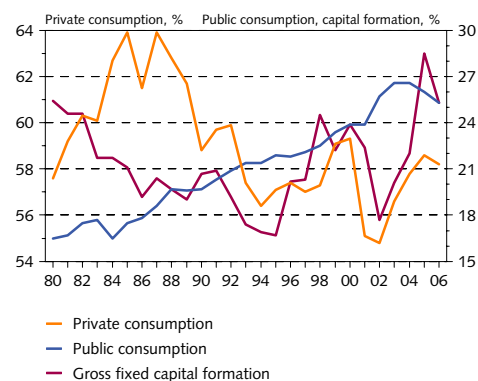
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 13
Growth of GDP, private consumption and gross fixed capital formation 1980-2006



Preliminary and forecast 2003-2006.
Sources: Statistics Iceland, Central Bank of Iceland.

Chart 14
Private consumption, public consumption and gross fixed capital formation as % of GDP 1980-2006



Preliminary and forecast 2003-2006.
Sources: Statistics Iceland, Central Bank of Iceland.

Table 9 (continued) National accounts – quarterly data

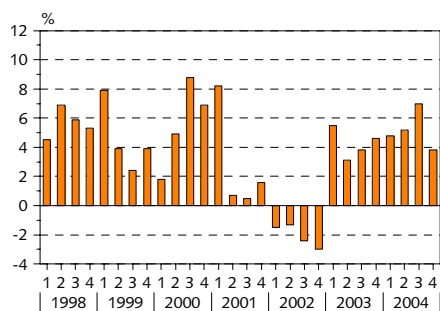
In b.kr.	Private consumption	Public consumption	Gross fixed cap. format.	Changes in stocks	National expenditure	Exports	Imports	GDP
2001: Q1	97,071	41,146	42,571	-2,739	178,049	63,867	-74,648	167,268
2001: Q2	102,091	43,990	38,107	53	184,241	70,824	-74,772	180,293
2001: Q3	101,193	44,372	44,980	622	191,166	83,189	-83,995	190,360
2001: Q4	107,631	47,148	39,906	-20	194,665	81,532	-73,482	202,715
2002: Q1	99,767	47,308	34,002	-339	180,737	75,691	-71,036	185,392
2002: Q2	105,605	48,869	33,608	-896	187,187	78,514	-75,162	190,539
2002: Q3	104,197	48,939	33,161	825	187,122	80,092	-75,079	192,135
2002: Q4	110,644	51,862	34,704	229	197,439	71,567	-70,833	198,173
2003: Q1	106,838	51,033	30,678	2,235	190,784	70,818	-67,353	194,249
2003: Q2	112,844	52,879	39,537	-369	204,892	67,827	-78,240	194,479
2003: Q3	111,866	52,522	43,911	27	208,327	80,223	-87,137	201,413
2003: Q4	119,688	55,363	46,552	-3,396	218,208	69,446	-80,307	207,347
2004: Q1	116,559	54,937	36,285	3,274	211,055	72,590	-78,108	205,537
2004: Q2	124,067	57,374	49,751	-1,936	229,257	75,017	-94,169	210,105
2004: Q3	121,792	57,049	50,706	-527	229,021	89,485	-96,307	222,199
2004: Q4	133,873	58,883	52,000	-4,194	240,562	79,047	-98,529	221,080

Volume change from same quarter in previous year (%)

2001: Q1	2.2	6.7	31.2	-1.8	7.3	15.0	11.5	8.2
2001: Q2	-3.8	5.0	-22.2	-0.3	-7.1	2.4	-16.5	0.7
2001: Q3	-4.9	-1.5	-4.0	0.8	-3.3	0.8	-8.3	0.5
2001: Q4	-6.8	2.5	-20.1	-2.2	-10.0	13.5	-19.8	1.6
2002: Q1	-5.7	2.0	-28.4	1.7	-8.4	3.3	-14.2	-1.5
2002: Q2	-1.8	1.9	-15.7	-0.7	-4.7	12.1	2.3	-1.3
2002: Q3	0.4	3.9	-25.8	0.3	-4.9	2.7	-3.4	-2.4
2002: Q4	1.5	5.0	-11.2	0.2	-0.2	-1.8	6.4	-3.0
2003: Q1	6.5	3.5	-9.9	0.9	3.6	5.8	0.6	5.5
2003: Q2	6.8	4.1	18.9	0.6	9.1	-3.9	10.6	3.1
2003: Q3	6.5	3.4	27.3	-0.7	9.0	3.5	16.1	3.8
2003: Q4	6.6	3.0	31.6	-1.1	9.2	0.6	13.5	4.6
2004: Q1	8.0	4.0	16.0	0.3	8.8	4.8	15.7	4.8
2004: Q2	6.8	4.6	19.1	-0.4	8.5	5.9	13.7	5.2
2004: Q3	5.9	4.5	9.9	-0.2	6.3	9.1	7.4	7.0
2004: Q4	9.2	1.3	7.8	-0.1	7.2	13.2	21.3	3.8

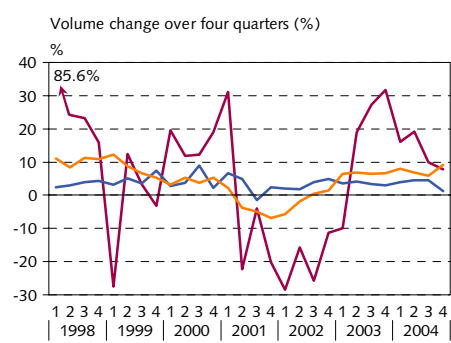
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 15
Quarterly economic growth 1998-2004
Volume change in GDP over four quarters (%)



Preliminary 2003. Estimate 2004.
Source: Statistics Iceland.

Chart 16
Components of economic growth 1998-2004
Volume change over four quarters (%)



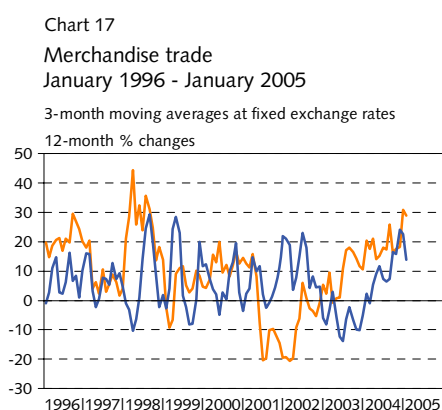
— Private consumption — Public consumption
— Gross fixed capital formation

Preliminary 2003. Estimate 2004.
Source: Statistics Iceland.

Table 10 Current account balance¹ (continued on next page)

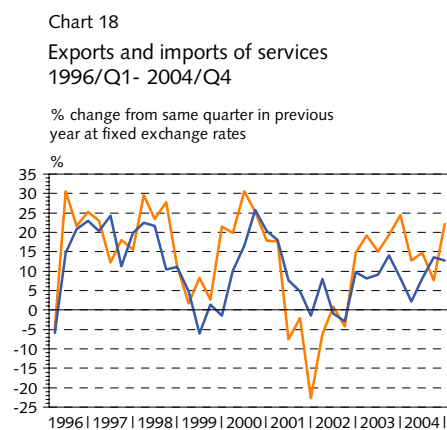
Trade in goods and services	In b.kr.					% change from previous year ²		
	2001	2002	2003	2004	Jan. '05	3-mo.	6-mo.	12-mo.
Trade balance	-6.7	13.1	-16.9	-37.8	-3.3	.	.	.
Merchandise exports fob	196.4	204.3	182.6	202.4	14.0	13.8	14.3	10.5
Excluding ships and aircraft	193.1	202.0	181.2	201.6	14.0	13.1	14.2	10.6
Marine products	121.8	128.6	113.7	121.7	7.5	15.4	10.6	7.1
Aluminium and ferro-silicon	44.4	43.5	40.3	42.6	3.5	5.8	10.8	8.5
Other industrial products	19.0	14.5	21.6	28.4	2.2	12.8	27.7	20.7
Merchandise imports fob	203.1	191.2	199.5	240.2	17.3	29.4	23.7	20.2
Excluding ships and aircraft	190.1	180.0	195.7	231.7	17.3	25.8	21.4	18.2
Consumption goods	60.8	59.5	66.3	77.2	.	.	.	.
Investment goods	44.4	38.6	46.1	52.8	3.6	7.5	10.5	13.9

Services and income balance	In b.kr.					% change from previous year ²		
	2001	2002	2003	2004	2004/Q4	3-mo.	6-mo.	12-mo.
Services balance	-1.5	-0.3	-8.8	-14.4	-8.6	.	.	.
Services exports	102.8	101.6	105.7	113.8	25.6	12.5	13.3	9.4
Transportation	47.0	48.5	50.2	63.2	15.5	38.4	39.0	28.1
Travel	22.9	22.8	24.5	26.1	4.6	1.0	7.9	8.1
Other receipts	33.0	30.2	31.0	24.5	5.6	-21.2	-25.0	-19.8
Services imports	-104.4	-101.9	-114.6	-128.2	-34.2	22.4	14.8	14.4
Transportation	-36.7	-38.6	-39.7	-48.8	-13.0	38.3	26.8	25.7
Travel	-36.4	-33.4	-39.8	-48.5	-13.3	32.8	23.9	24.5
Other expenditure	-31.3	-29.9	-35.1	-30.9	-7.9	-7.3	-10.8	-9.9
Balance on income	-25.3	-6.2	-16.5	-17.7	-9.8	.	.	.
Receipts	16.9	27.9	28.9	39.9	10.1	13.9	41.8	40.5
Compensation of employees	5.8	5.4	6.2	5.6	1.4	-4.9	-7.9	-8.3
Interest payments	3.4	4.9	4.4	8.8	2.6	134.7	135.7	106.6
Dividends and reinvested earnings ³	7.8	17.6	18.3	25.5	6.1	-2.6	36.6	41.4
Expenditures	-42.2	-34.1	-45.4	-57.6	-19.9	30.9	30.5	29.8
Compensation of employees	-0.5	-0.7	-0.5	-0.8	-0.2	150.8	135.7	79.6
Interest payments	-41.3	-34.3	-31.3	-35.2	-9.6	41.2	29.6	14.9
Dividends and reinvested earnings ³	-0.3	0.8	-13.6	-21.6	-10.1	21.1	29.8	62.4
Current transfer, net	-1.0	1.2	-1.2	-1.2	-0.3	-50.8	13.8	5.0
Current account balance	-33.7	8.7	-42.4	-69.9	-29.6	.	.	.



— Merchandise exports
— Merchandise imports

Latest data are preliminary.
Sources: Statistics Iceland, Central Bank of Iceland.



— Services exports
— Services imports

Latest data are preliminary.
Sources: Statistics Iceland, Central Bank of Iceland.

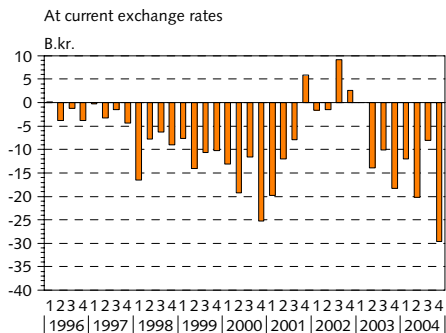
Table 10 (continued) Current account balance¹

	In b.kr.					Change from prev. year (in b.kr.) ²		
	2000	2001	2002	2003	Q2'04	3-mo.	6-mo.	12-mo.
Capital and financial account	19.3	-0.7	20.3	147.7	70.1	.	.	.
Capital transfer, net	0.4	-0.1	-0.4	-0.2	-0.0	0.1	0.3	0.2
Financial account ⁴	18.9	-0.5	20.7	148.0	70.1	67.0	79.9	127.7
Financial account excl. reserves	14.1	5.1	44.1	162.2	70.8	54.7	61.6	119.0
Direct investment, net	-16.4	-21.2	-0.7	-146.7	-27.8	-36.9	-121.4	-146.0
Abroad	-33.7	-29.6	-26.9	-177.3	-42.0	-27.9	-116.6	-150.9
In Iceland	17.3	8.3	26.1	30.6	14.2	-9.0	-4.8	4.9
Portfolio investment, net	61.5	22.0	228.0	506.3	191.6	118.1	194.9	282.7
Assets	-5.6	-30.0	-45.3	-75.7	-26.8	-9.8	-11.6	-31.2
Equities	-5.8	-25.7	-40.6	-71.2	-25.3	-9.1	-11.8	-31.4
Debt securities	0.2	-4.3	-4.7	-4.4	-1.5	-0.7	0.2	0.2
Liabilities	67.2	52.0	273.3	582.0	218.3	127.9	206.5	313.9
Equities	9.8	4.5	-5.6	20.2	5.5	4.3	20.0	25.7
Debt securities	57.3	47.5	278.9	561.8	212.8	123.6	186.5	288.2
Other investment, net ⁴	-30.9	4.4	-183.2	-197.4	-93.1	-26.5	-11.9	-17.7
Assets	-47.1	-30.4	-155.5	-237.5	-119.7	-29.6	-52.8	-84.9
Liabilities	16.2	34.8	-27.7	40.1	26.6	3.1	40.9	67.2
Reserve assets	4.8	-5.7	-23.4	-14.2	-0.6	12.3	18.4	8.7
Net errors and omissions	14.4	-8.0	22.1	-77.8	-40.5	.	.	.
<i>Memorandum items</i>								
Long-term borrowing, net	31.4	41.9	67.6	345.7	117.6	108.6	193.2	279.4
Assets	-42.1	-40.4	-183.7	-256.1	-121.8	-18.1	-34.2	-76.0
Monetary authorities	4.8	-5.7	-23.3	-14.2	-0.6	12.3	18.3	8.7
General government	-	-	-	-	-	-	-	-
Deposit money banks	-18.5	-33.3	-162.1	-220.8	-115.7	-19.0	-38.0	-61.8
Other sectors	-28.4	-1.4	1.7	-21.2	-5.5	-11.4	-14.5	-22.8
Liabilities	73.5	82.3	251.3	601.9	239.5	126.7	227.3	355.4
Monetary authorities	-5.8	4.8	-15.9	0.0	-0.3	-0.3	4.0	15.6
General government	42.3	17.5	-10.4	10.5	6.0	5.8	13.5	20.7
Deposit money banks	9.1	51.4	264.3	582.3	229.0	121.7	220.7	323.1
Other sectors	27.9	8.6	13.2	9.0	4.9	-0.6	-10.9	-3.9

1. Latest figures are preliminary. 2. At constant exchange rates, based on the latest period indicated. 3. Dividend payments and reinvestment of earnings on direct investment. 4. Positive value represents inflow of capital due to foreign borrowing or decrease in assets. Negative value accounts for outflow of capital, debt repayments or increase in assets.

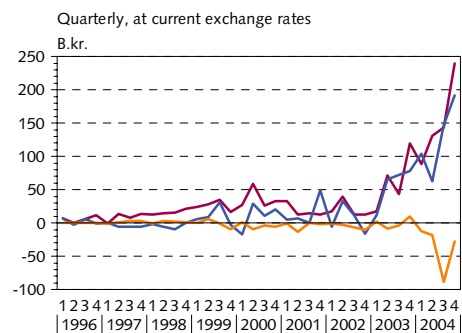
Source: Central Bank of Iceland.

Chart 19
Quarterly current account balance
1996/Q1- 2004/Q4



Latest data are preliminary.
Source: Central Bank of Iceland.

Chart 20
Selected financial account items
1996/Q1- 2004/Q4



— Net foreign direct investment
— Portfolio investment abroad
— Net liabilities (loans, securities issues, etc.)

Latest data are preliminary.
Source: Central Bank of Iceland.

Table 11 International investment position

In b.kr.	Position at end of period								
	2000	2001	2002	2003	2004	March'04	June'04	Sept.'04	Dec.'04
International investment position	-451.0	-590.8	-593.6	-553.4	-694.0	-577.6	-628.0	-680.4	-694.0
Total assets	314.4	421.5	395.6	707.0	1,116.8	776.2	867.0	984.0	1,116.8
Direct investment abroad	56.2	86.8	87.5	121.3	237.8	127.2	146.7	223.1	237.8
Equity capital	41.0	66.8	67.6	109.9	210.4	106.4	122.9	195.8	210.4
Other capital	15.2	19.9	19.9	11.5	27.4	20.8	23.8	27.2	27.4
Portfolio assets	185.0	202.9	159.7	262.3	345.5	289.6	303.4	311.8	345.5
Equity capital	178.4	188.4	149.3	239.2	317.6	265.9	278.1	285.7	317.6
Debt securities	6.6	14.6	10.4	23.1	27.9	23.7	25.3	26.2	27.9
Other investment assets	39.1	95.2	111.2	265.2	468.0	292.7	348.5	378.0	468.0
Reserves	34.2	36.6	37.2	58.1	65.6	66.7	68.5	71.1	65.6
Total liabilities	765.4	1,012.3	989.2	1,260.4	1,810.8	1,353.9	1,495.1	1,664.5	1,810.8
Direct investment in Iceland	41.5	70.8	64.3	86.0	112.1	80.7	85.9	99.9	112.1
Equity capital	33.1	63.4	56.1	61.8	88.1	56.2	61.0	75.6	88.1
Other capital	8.5	7.4	8.2	24.3	24.1	24.5	24.8	24.3	24.1
Portfolio liabilities	347.7	471.3	490.3	776.2	1,300.8	914.2	992.9	1,159.2	1,300.8
Equity capital	2.3	12.1	35.9	42.6	86.5	51.6	58.7	91.9	86.5
Debt securities	345.4	459.2	454.4	733.6	1,214.3	862.6	934.2	1,067.3	1,214.3
Other investment liabilities	376.2	470.2	434.6	398.3	397.8	358.9	416.3	405.4	397.8
Long-term debt	289.0	377.0	296.2	252.0	207.3	234.8	264.6	246.8	207.3
Short-term debt	87.2	93.2	138.4	146.3	190.5	124.2	151.7	158.7	190.5
<i>Memorandum items</i>									
Equity capital, net	190.7	192.2	136.6	231.9	356.8	260.7	280.2	317.0	356.8
Net external debt position	-641.7	-783.0	-730.2	-785.3	-1,050.8	-838.4	-908.3	-997.5	-1,050.8
Monetary authorities	18.6	21.7	20.8	58.1	65.5	66.5	68.3	70.7	65.5
General government	-167.2	-239.8	-227.2	-213.7	-206.3	-220.3	-211.7	-215.2	-206.3
Deposit money banks	-329.4	-373.7	-361.8	-471.1	-772.8	-528.2	-605.3	-709.0	-776.9
Other sectors	-163.7	-191.2	-162.0	-158.6	-137.1	-156.3	-159.5	-143.9	-133.0
<i>Percent of gross domestic product¹</i>									
International investment position	-64.1	-76.2	-82.1	-69.6	-86.6	-65.1	-69.4	-77.4	-86.6
Net external debt ²	91.2	101.0	101.0	98.8	131.1	94.4	100.4	113.4	131.1
External debt position ²	102.5	119.8	123.0	142.4	201.1	137.6	149.3	167.4	201.1
Long-term debt	83.6	97.6	94.9	108.6	158.1	109.6	117.0	132.6	158.1
Short-term debt	18.9	22.2	28.1	33.8	43.0	28.0	32.3	34.8	43.0

1. Foreign debt at year-end at annual average exchange rates (based on SDR). Quarterly ratios as percent of estimated annual GDP. 2. Direct investment capital and portfolio equities excluded.

Source: Central Bank of Iceland.

Chart 21
Reserve assets and Central Bank net foreign position, 1996/Q1- 2004/Q4

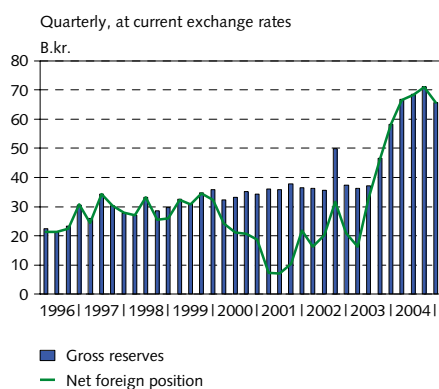


Chart 22
International investment position
1980-2004¹

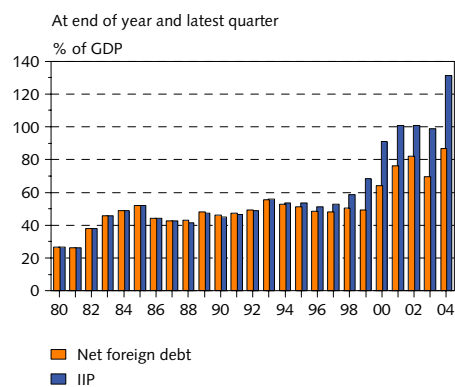


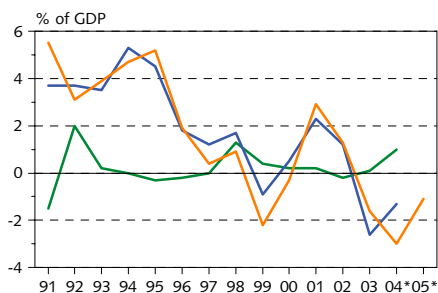
Table 12 Summary of Treasury finances¹

In b.kr.	Accruals basis			Jan.-Dec.			Oct.-Jan.		
	2001	2002	2003	2003	2004	% ch. from prev. year	2003-2004	2004-2005	% ch. from prev. year
Revenues	237.4	237.4	237.4	259.8	280.7	8.1	96.0	109.4	13.9
Expenditures	228.7	228.7	228.7	268.7	280.4	4.3	96.7	92.8	-4.0
Financial balance	8.6	8.6	8.6	-8.9	0.3	.	-0.6	16.6	.
Miscell. short-term accounts	-6.5	-24.8	-6.1	9.8	-0.6	.	15.3	-3.8	.
Net lending	-12.6	-12.6	-12.6	6.5	26.4	.	2.2	18.5	.
Equity transactions	-11.3	-11.5	-11.5	4.5	-0.4	.	0.7	-0.2	.
Balance before financing	-21.8	-40.3	-21.5	11.8	25.7	.	17.6	31.2	.
Pension funds	-16.1	0.0	-18.8	-7.5	-10.8	.	-2.5	-2.3	.
Net borrowing	39.0	41.6	41.6	-6.0	-6.6	.	-10.7	-22.0	.
Short-term domestic	6.0	6.0	6.0	8.5	-6.0	.	0.5	-15.1	.
Long-term domestic	-0.8	1.8	1.8	1.6	8.5	.	-6.0	0.2	.
From abroad	33.9	33.9	33.9	-16.0	-9.1	.	-5.1	-7.1	.
Cash balance	1.2	1.4	1.4	-1.6	8.3	.	4.4	6.8	.
<i>Revenues and expenditures</i>									
Total revenue	237.4	259.2	274.6	259.8	280.7	8.1	96.0	109.4	13.9
Personal income taxes, gross	52.5	55.1	58.0	55.8	62.6	12.0	22.6	25.3	12.0
Other income and property taxes	27.0	27.5	30.8	28.1	32.8	16.8	17.7	19.5	9.7
Value-added tax	72.1	76.3	80.9	80.3	91.1	13.5	28.3	31.9	12.7
Taxes on commodities & imports	15.9	15.4	17.6	17.5	20.8	18.7	5.9	7.0	17.4
Payroll taxes	21.9	23.4	26.3	25.2	27.8	10.3	8.5	10.1	18.1
Other taxes	22.3	22.9	25.2	23.7	25.7	8.7	7.1	8.1	13.0
Interest, dividends and rent	16.6	18.7	14.4	11.0	12.0	9.3	3.4	3.9	14.7
Profits from asset sales	1.1	11.7	12.0	11.6	0.2	-98.5	-0.9	0.1	-114.7
Other revenues	7.9	8.3	9.3	6.7	7.8	17.3	3.2	3.5	7.9
Total expenditures ²	228.7	267.3	280.7	268.7	280.4	4.3	96.7	92.8	-4.0
Expenditure on goods and services	91.7	116.8	110.1	120.6	136.1	12.8	50.5	44.8	-11.2
Current transfers	96.1	112.6	129.5	108.7	111.5	2.6	34.3	37.6	9.6
Interest payments	17.9	16.0	15.3	14.9	13.1	-12.5	3.4	3.7	9.6
Maintenance	5.7	6.1	6.3	5.0	3.7	-26.9	2.0	0.6	-68.4
Capital expenditures	17.3	15.8	19.6	19.4	16.1	-17.4	6.4	5.9	-7.3

1. First three columns on accruals basis as in the Treasury accounts but latest figures on cash basis. 2. The most recent expenditure figures are not comparable with earlier data due to changes in the presentation of the accounts.

Source: State Accounting Office.

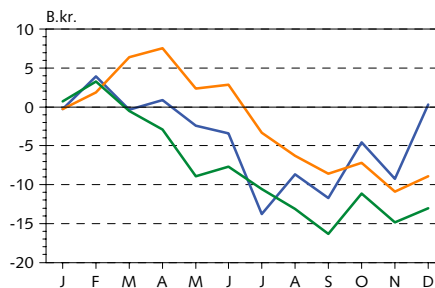
Chart 23
Treasury borrowing 1991-2005



— Net borrowing requirement¹
— Net domestic borrowing
— Net foreign borrowing

1. Including reduction in pension fund commitments and outstanding long-term interest. *Preliminary/forecast.
Sources: Treasury accounts, Ministry of Finance, Central Bank projections.

Chart 24
Monthly Treasury balance 2002-2004
Cumulative from beginning of year



— 2002
— 2003
— 2004

Source: State Accounting Office.

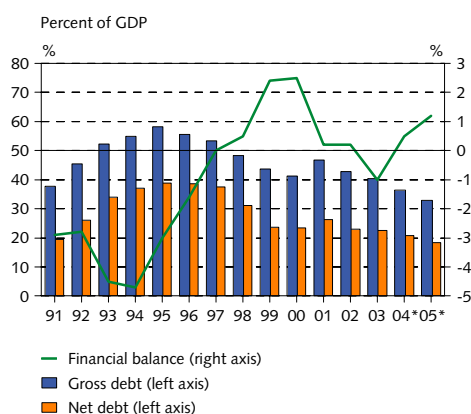
Table 13 Public sector finances¹

In b.kr.	1996	1997	1998	1999	2000	2001	2002	2003	Estimate	
									2004	2005
<i>General government</i>										
Revenues	197.2	213.2	242.9	278.6	301.1	328.5	351.2	372.4	411.4	440
Expenditures	205.0	213.3	240.0	264.0	284.6	327.2	349.7	380.7	406.8	428
Financial balance	-7.7	-0.1	2.8	14.6	16.6	1.3	1.5	-8.3	4.6	11
Net debt	191.5	196.5	180.7	147.0	158.7	199.3	182.2	187.0	182.0	176
Gross debt	274.4	279.4	280.5	271.5	278.0	354.6	340.7	334.0	319.0	315
<i>Central government</i>										
Revenues	155.7	162.4	183.9	213.8	228.7	245.4	257.3	274.4	306.1	321
Expenditures	163.0	159.6	177.8	198.2	211.7	240.9	260.7	288.2	297.4	311
Financial balance	-7.3	2.7	6.2	15.6	16.9	4.6	-3.4	-13.8	8.6	10
Net debt	168.2	172.3	151.3	118.8	127.4	168.8	149.5	158.0	149.0	143
Gross debt	239.2	241.6	237.8	226.0	228.5	298.3	281.1	277.0	255.0	250
<i>Local government</i>										
Revenues	46.9	55.5	62.9	69.9	77.7	89.5	100.4	107.2	113.5	127
Expenditures	47.4	58.5	67.2	72.8	80.3	94.8	97.1	102.8	118.3	126
Financial balance	-0.4	-3.0	-4.3	-2.9	-2.6	-5.3	3.4	4.5	-4.8	1
Net debt	24.2	25.0	30.1	28.7	31.7	30.7	32.8	28.6	33.8	33
Gross debt	35.7	38.4	43.3	46.1	49.8	56.6	60.2	57.5	64.2	65
<i>General government, % of GDP</i>										
Revenues	40.6	41.5	42.7	45.7	45.4	44.1	45.1	45.9	47.9	45
Expenditures	42.2	41.5	42.2	43.3	42.9	44.0	44.9	46.9	47.4	44
Financial balance	-1.6	0.0	0.5	2.4	2.5	0.2	0.2	-1.0	0.5	1
Net debt	38.7	37.5	31.2	23.7	23.5	26.3	22.9	23	21	18
Gross debt	55.5	53.3	48.4	43.7	41.2	46.8	42.9	40	36	32

1. The public sector includes the central and local governments and the social security system. Revenues and expenditures are as itemised by Statistics Iceland, according to the UN system of national accounts. The main differences from the Treasury accounts are that a) in each year only pension liability increases due to activities during that year are shown; b) instead of showing depreciation of tax claims as expenditures, a precautionary deduction is made on the revenue side; c) profits from the sale of government assets are not shown as revenues. Instead, they are shown as a part of lending and borrowing transactions. Figures for 2004 and 2005 are Central Bank projections of estimates in the budget and medium-term fiscal programme, based on the Central Bank macroeconomic forecast.

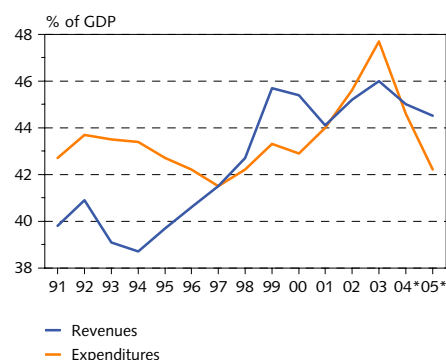
Sources: Ministry of Finance, Statistics Iceland, Central Bank of Iceland.

Chart 25
General government balance
and debt 1991-2005



*Preliminary/forecast.
Sources: Ministry of Finance, Statistics Iceland, Central Bank projections.

Chart 26
General government revenues and
expenditures 1991-2005¹



1. A change in the presentation of accounts in March 2004 caused both ratios to rise by 3-5%.
Sources: Ministry of Finance, Statistics Iceland, Central Bank projections.

Table 14 Turnover¹

M.kr.	January-October			% ch. on previous year, January-October ²		
	2002	2003	2004	2002	2003	2004
Industries, total	268,151	258,086	280,749	-0.8	-5.6	5.6
Industries, excluding fish processing	166,629	170,837	183,008	-2.6	0.6	4.0
Industries, excl. fish processing and power-intensive	128,371	138,679	148,500	-4.3	6.0	4.0
Retail trade	145,654	150,423	161,948	-1.7	3.7	6.4
Wholesale trade	233,755	254,978	293,246	-3.1	8.5	12.8
Wholesale trade, excluding fuels	198,651	219,045	251,919	-2.5	10.7	13.7
Construction	61,219	74,669	90,415	-19.0	19.6	17.5
Total	1.068,524	1.094,767	1.238,036	-2.1	0.5	9.8
Total, excluding fuels	1.033,419	1.058,834	1.196,709	-1.9	2.9	11.7

1. Based on VAT reports. Figures are not comparable with the period before 1998 due to new methodology. 2. Based on price-adjusted turnover, deflated by the consumer price index.

Sources: Statistics Iceland, Central Bank of Iceland.

Table 15 Real effective exchange rate of the Icelandic króna¹

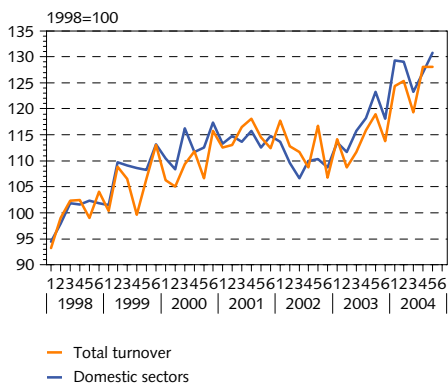
	Annual averages					Q4 2004	% change on previous year		
	2000	2001	2002	2003	2004		Q2 '04	Q3 '04	Q4 '04
Real effective exchange rate (1980 = 100)									
based on relative consumer prices (CPI)	96.3	83.7	88.5	94.2	97.2	100.0	-1.2	5.2	7.2
based on relative unit labour costs (ULC)	91.6	80.4	85.3	89.4	90.8	90.2	-2.8	2.7	7.8
								<i>Prel.</i>	<i>Forecast</i>
% change on previous year	1997	1998	1999	2000	2001	2002	2003	2004	2005
Nominal effective exchange rate	1.2	1.5	0.0	0.2	-16.6	2.5	6.2	1.8	10.5
Foreign consumer prices	2.1	1.6	1.6	2.3	2.1	1.7	2.0	1.8	0.8
Domestic consumer prices	1.8	1.7	3.4	5.1	6.6	4.8	2.1	3.2	3.4
Real exchange rate based on relative CPI	0.9	1.6	1.8	2.9	-13.0	5.7	6.3	3.2	13.3
Foreign productivity	1.5	1.2	1.2	1.8	1.3	1.2	1.3	1.4	1.5
Domestic productivity	2.0	1.8	1.4	3.4	0.6	0.0	5.5	4.0	2.0
Foreign wages	3.2	3.0	3.3	3.2	3.3	3.1	2.9	2.0	1.8
Domestic wages	5.8	7.1	5.5	5.7	8.0	5.8	5.5	4.5	6.0
Real exchange rate based on relative ULC	3.3	5.3	1.7	1.2	-12.2	6.1	4.7	1.6	14.5

1. Latest values are preliminary.

Source: Central Bank of Iceland.

Chart 27
Turnover volume 1998/1 - 2004/5

At constant prices, seasonally adjusted



Sources: Statistics Iceland, Central Bank of Iceland.

Chart 28

Quarterly real effective exchange rate of the Icelandic króna 1980/Q1 - 2004/Q4

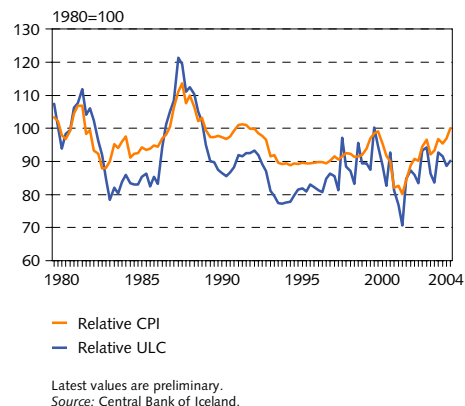


Table 16 Real estate market and asset prices

Real estate market ¹	2002	2003	2004	Jan.'05	1-mo. % change		12-mo. % change		
					Dec.'04	Jan.'05	Jan.'03	Jan.'04	Jan.'05
Residential housing price index ²	158.9	177.7	200.5	234.1	2.5	3.8	8.0	10.0	22.8
Apartment housing price index ²	160.7	179.9	201.3	232.1	2.2	3.7	8.8	9.4	20.4
New housing loans at market prices (b.kr.) ³	28.6	32.2	49.6	...	...	...	3.7	22.4	...
Number of Housing Fin. Fund loan applications ⁴	2,846	2,535	3,271	...	...	...	-23.6	38.1	...
<i>Fish quota prices (period averages. kr./kilo)</i>									
Price of long-term cod quota (kr./kilo)	709	930	1,223	1,175	1.3	-	62.2	4.2	-6.0
Price of short-term cod quota (kr./kilo)	117	156	132	125	4.2	-	-	-25.8	8.7
<i>Equity market</i>									
	At end of year				Feb. 28,	% change to Feb. 28, 2005			
Equity prices, Dec. 31, 1997 = 1,000	2001	2002	2003	2004	2005	1 mo.	3 mo.	6 mo.	12 mo.
ICEX-15	1,305.9	1,159.0	1,352.0	2,114.3	3,768.1	1.9	9.5	11.1	43.3
ICEX-MAIN (The Main List index)	1,303.3	1,180.8	1,436.2	2,075.2	3,535.1	1.6	9.3	11.2	39.3
<i>ICEX industry indices, Dec. 31, 1997 = 100</i>									
Fisheries	74.5	86.7	107.3	100.0	123.5	2.7	0.8	11.2	17.7
Finance and insurance	163.4	157.9	164.3	252.4	538.7	1.6	11.4	17.8	65.9
Transport	117.6	80.5	118.8	139.4	279.4	4.5	20.8	20.1	50.6
Industry and manufacturing	156.3	120.3	142.8	172.8	274.3	6.4	4.3	3.9	37.7

1. Changes are based on 3-month moving averages. 2. Greater Reykjavik Area (GRA). January 1994=100. 3. Percentage changes are price-adjusted using the price index for residential housing in the GRA. 4. Housing Financing Fund applications for new and renovated housing.

Sources: The Land Registry of Iceland, Federation of Icelandic Fishing Vessel Owners, Housing Financing Fund, The Icelandic Quota Exchange, Iceland Stock Exchange (ICEX), Central Bank of Iceland.

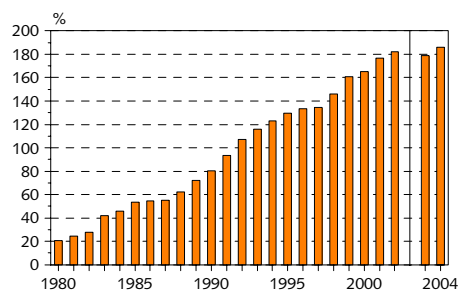
Tafla 17 Households and firms: assets and debt

B.kr. unless otherwise stated	1997	1998	1999	2000	2001	2002	Preliminary		% change
							2003	2004	'03-'04
Household assets in residential housing and cars ¹	676.0	724.1	842.6	953.2	1,043.9	1,108.3	1,235.8	1,342.4	8.6
Assets in pension funds	345.6	398.2	507.3	557.3	640.1	664.6	786.0	874.8	11.3
Household debt with the credit system ²	386.2	442.6	522.0	613.8	710.4	758.6	776.2	850.4	9.6
Household debt as % of disposable income ²	134.7	146.1	160.9	165.4	176.8	182.4	178.6	185.8	.
Firms' debt with the credit system ²	420.7	509.4	668.8	801.1	962.3	973.1	1,161.2	1,429.0	23.1
Debt of firms in fisheries sector	123.5	139.7	160.3	165.2	195.5	191.9	185.5	203.5	9.7

1. National Economic Institute national wealth estimates. 2. Due to reclassification of lending within the credit system, household debt is 50.3 b.kr lower than would otherwise have been the case at the end of 2003 and corporate debt 27.9 b.kr. lower, compared with the former classification. Year-on-year changes are based on the former classification.

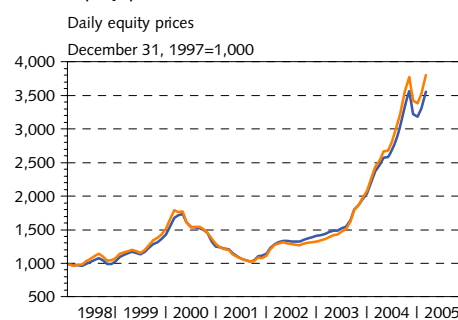
Sources: National Economic Institute and Central Bank of Iceland.

Chart 29
Household debt as percentage of disposable income 1980-2004



1. New classification from 2003. See footnote 2 to table 17. Latest values are preliminary. Source: Central Bank of Iceland.

Chart 30
Equity prices 1998-2005



— ICEX-15
— ICEX Main List Index
Source: Iceland Stock Exchange (ICEX).

Table 18 Icelandic firms' financial accounts

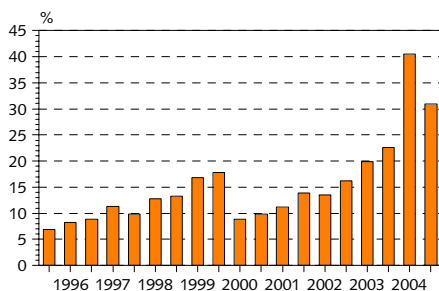
<i>Accounts of publicly listed firms</i> ¹	Jan.-Dec.		Jan.-Dec.		Change '03-'04	% of turnover	
	2002	2003	2003	2004		2003	2004
<i>All amounts in b.kr.</i>							
Profit before financial exp. & depreciation	33.4	34.8	32.5	40.0	7.5	12.2	11.7
Fisheries	10.8	8.4	7.4	7.9	0.5	20.8	17.7
Transport	2.6	3.2	1.6	2.6	1.0	7.0	10.7
IT industry	8.1	9.8	8.2	10.2	2.0	19.2	19.6
Industry and manufacturing	8.7	9.9	11.8	16.4	4.6	16.7	18.7
Profit after taxes	16.7	16.1	12.2	20.7	8.5	4.6	6.1
Fisheries	8.7	3.5	3.1	5.4	2.3	8.5	12.1
Transport	2.3	4.4	0.5	1.0	0.5	2.3	4.1
IT industry	1.2	1.6	1.9	4.2	2.3	4.5	8.2
Industry and manufacturing	5.3	5.8	5.8	9.2	3.4	8.2	10.4
Equity ratio	37.0	35.5	36.4	34.9	.	.	.
Return on equity	13.0	15.5	11.0	14.3	.	.	.
Sample size at end of period	24	24	24	24	.	.	.

<i>Accounts of commercial banks and savings banks</i> ²	1999	2000	2001	2002	2003	2004	% -change	
							'02-'03	'03-'04
<i>All amounts in b.kr.</i>								
Net interest income	18.0	21.1	29.4	29.6	36.0	54.2	21.8	50.6
Other operating income	13.4	13.4	10.3	27.9	45.6	78.7	63.4	72.6
Net operating income	31.4	34.6	39.6	57.5	81.6	132.9	42.0	62.9
Operating expenses	19.6	22.7	25.4	34.1	44.9	60.2	31.6	34.1
Provisions for bad and doubtful debts	3.6	4.0	7.4	9.3	13.2	13.2	41.9	-
Value adjustments	-	1.7	-	-	-	-	.	.
Taxes	1.5	1.9	-0.1	1.2	2.9	8.9	145.8	206.9
Profit	6.7	4.4	6.9	12.5	18.6	43.1	48.4	131.7
Total assets at end of period	627.0	789.7	941.0	1,161.1	1,597.3	3,128.8	37.6	95.9
Stockholders' equity at end of period	44.2	49.1	60.8	84.5	113.5	256.6	34.4	126.1
<i>% at end of period</i>								
Return on equity	17.8	9.8	13.9	18.5	22.5	30.9	.	.
Cost ratio ³	62.3	65.6	64.0	59.4	55.0	45.3	.	.
Capital ratio	10.3	9.7	11.3	12.2	12.3	12.8	.	.
Capital ratio excluding subordinated loans	7.9	6.6	8.0	9.1	9.2	9.5	.	.

1. Companies listed on Iceland Stock Exchange (ICEX), excluding the finance and insurance sector. Paired comparison. 2. The sample includes the commercial banks (excluding Sparisjóðabanki Íslands) and the six largest savings banks. 3. Operating expenses as a percentage of net operating income.

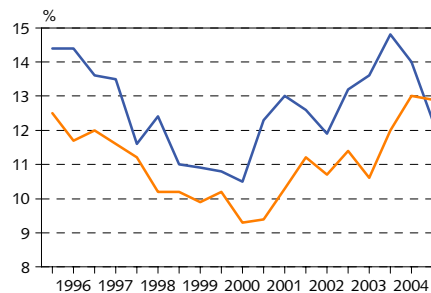
Sources: Financial Supervisory Authority (FME), Central Bank of Iceland.

Chart 31
Commercial banks and savings banks:
return on equity,¹ 1995/2 - 2004/2



1. The commercial banks and six largest savings banks. From 1998 FBA is included and before that the Fisheries Investment Fund and Industrial Loan Fund.
Sources: Financial Supervisory Authority (FME) and banks' and savings banks' annual/interim reports.

Mynd 32
Commercial banks and savings banks:
capital ratio,¹ 1995/2 - 2004/2



1. The commercial banks and six largest savings banks.
Sources: Financial Supervisory Authority (FME) and banks' and savings banks' annual/interim reports.

Table 19 International comparison

Based on latest monthly data for each region:	EU-25	EMU-12	USA	UK	Japan	Sweden	Norway	Finland	Denmark	Iceland
Inflation in previous 12 months	2.0	1.9	3.0	3.2	-0.1	0.7	1.0	0.2	1.3	4.7
Unemployment ¹	8.8	8.8	5.4	4.7	4.5	5.5	4.4	8.9	6.1	2.8
Economic growth ²	1.9	1.6	3.9	2.8	0.8	2.6	2.9	3.6	2.1	3.8
Long-term interest rates (nominal yield) ³	.	3.0	4.2	4.8	0.6	3.2	3.4	3.3	3.1	7.9
Long-term interest rates (real yield) ^{3,4}	.	.	1.3	1.9	.	1.6	.	.	.	3.4
Short-term interest rates ⁵	.	2.1	2.8	4.9	0.0	2.0	1.9	2.1	2.1	9.1
<i>In 2004 (unless otherwise stated):</i>										
GDP per capita based on PPP, in thous. US\$ ⁶	.	25.6	36.1	27.9	26.9	27.3	35.5	26.5	29.2	28.4
Gross saving, % of GDP ⁷	.	.	14.6	14.7	25.7	21.6	30.8	24.2	22.7	13.4
Gen. government fin. balance, % of GDP	.	-2.9	-4.4	-3.2	-6.5	0.5	8.2	2.3	0.9	0.5
Gen. government gross debt, % of GDP	.	78.3	63.5	43.4	163.5	61.2	34.9	51.8	48.4	3.6
Gen. government expenditure, % of GDP	.	48.6	35.6	44.4	36.7	57.5	46.7	50.5	55.6	47.4
Current account balance, % of GDP	0.1	0.7	-5.7	-2.2	3.5	7.4	14.2	4.9	3.1	-8.1

1. Seasonally adjusted. 2. Annual GDP growth based on latest quarterly figures. Seasonally adjusted except for Iceland. 3. Five-year Treasury bonds. 4. Figures are omitted where price indexation is not applied. 5. Three-month money market rates. 6. 2002. Converted to US dollars at an exchange rate that eliminates the difference in price levels between the countries. 7. 2002 for Japan and USA.

Sources: EcoWin, Eurostat, OECD.

Table 20 International economic developments

	1998	1999	2000	2001	2002	2003	Preliminary 2004	Forecast 2005	Forecast 2006
<i>Annual economic growth (%)¹</i>									
World	2.8	3.7	4.7	2.4	3.0	3.9	5.0	4.3	...
Euro area	2.9	2.8	3.5	1.6	0.8	0.5	2.0	1.7	2.0
United Kingdom	3.1	2.9	3.9	2.3	1.8	2.2	3.1	2.5	2.4
United States	4.2	4.4	3.7	0.8	1.9	3.0	4.4	3.5	3.4
Japan	-1.2	0.2	2.8	0.4	-0.3	2.5	2.9	1.1	1.8
Other emerging market and developing countries ²	3.0	4.0	5.9	4.0	4.8	6.1	6.6	5.9	...
<i>Annual growth in world trade (%)</i>	4.4	5.9	12.5	0.2	3.3	5.1	8.8	7.2	...
<i>Consumer price inflation (%)</i>									
Euro area	1.1	1.1	2.0	2.4	2.3	2.1	2.1	1.8	1.7
United Kingdom	1.6	1.4	0.8	1.2	1.3	1.4	1.4	1.7	1.8
United States	1.5	2.2	3.4	2.8	1.6	2.3	2.7	2.4	2.2
Japan	0.6	-0.3	-0.9	-0.8	-0.9	-0.2	0.0	0.0	0.3
<i>Unemployment, % of labour force</i>									
Euro area	10.2	9.4	8.5	8.0	8.5	8.9	8.9	8.9	8.6
United Kingdom	6.3	6.0	5.5	5.1	5.2	5.0	2.8	2.7	2.8
United States	4.5	4.2	4.0	4.8	5.8	6.0	5.5	5.2	5.2
Japan	4.1	4.7	4.7	5.0	5.4	5.3	4.7	4.6	4.4
<i>General government financial balance, % of GDP³</i>									
Euro area	-2.3	-1.3	0.1	-1.7	-2.4	-2.8	-2.9	-2.6	-2.4
United Kingdom	0.1	1.1	3.8	0.7	-1.7	-3.5	-3.2	-3.2	-3.3
United States	0.4	0.9	1.6	-0.4	-3.8	-4.6	-4.4	-4.1	-4.2
Japan	-5.5	-7.2	-7.5	-6.1	-7.9	-7.7	-6.5	-6.4	-6.3
<i>Long-term interest rates⁴</i>									
Euro area	4.7	4.6	5.4	5.0	4.9	4.1	4.1	4.1	4.3
United Kingdom	5.5	5.1	5.3	4.9	4.9	4.5	5.0	5.2	5.2
United States	5.3	5.6	6.0	5.0	4.6	4.0	4.3	4.7	5.3
Japan	1.5	1.7	1.7	1.3	1.3	1.1	1.5	1.8	2.5

1. Real GDP percent change between years. 2. In May 2004, the IMF revised its world economic classifications into two categories of countries. The category 'Other emerging market and developing countries' comprises 146 countries. 3. General government, e.g. central government, local governments and social security transactions. 4. Yields on ten-year Treasury bonds.

Sources: Consensus Forecasts, International Monetary Fund, OECD.

Table 21 Historical economic indicators (continued on next page)

	Consumer prices ¹		Krona effective exchange rate ²		Interest rates (%)		Money and credit		Ratio of gr. reserves to merch. imports ⁶	External debt, % of GDP ⁷	Growth of real GDP (%)		
	Consumer price index	CPI inflation (%)	Nominal exchange rate ³	Real exchange rate ⁴ Relative CPI	Gov. bonds average yield ⁵	Non-indexed lending	Banks' secured lending (real yield) Indexed	% change over year DMBs' lending				Credit system lending	
1976	1.8	32.4	8.5	103.3	106.4	5.8	-7.4	32.5	26.8	32.2	2.2	40.7	6.0
1977	2.4	30.3	9.7	113.1	114.2	3.5	-9.5	43.9	40.5	41.8	2.0	37.6	8.8
1978	3.5	44.0	13.9	105.3	106.6	3.3	-13.4	48.7	47.3	62.8	2.6	39.2	5.9
1979	5.0	44.5	18.7	100.0	100.7	3.5	-15.4	55.9	58.1	46.4	2.5	39.7	4.9
1980	8.1	61.8	25.9	100.0	100.0	3.5	-8.3	65.4	66.4	71.1	2.4	35.9	5.7
1981	12.2	50.8	34.7	104.4	106.3	3.2	-1.7	70.5	72.2	54.1	3.0	36.5	4.3
1982	18.4	51.0	54.5	95.8	102.2	3.5	-9.4	58.0	92.0	100.2	2.1	46.4	2.1
1983	33.9	84.2	100.0	90.3	84.3	3.8	-14.2	78.7	85.6	82.9	2.5	57.2	-2.2
1984	43.7	29.2	116.3	94.7	83.4	7.0	3.4	33.4	43.0	40.2	2.1	60.2	4.1
1985	57.9	32.4	148.7	93.2	84.5	6.9	-2.3	47.6	29.7	35.2	2.8	63.6	3.3
1986	70.2	21.3	171.0	95.0	86.4	8.5	4.3	35.0	19.1	20.1	3.6	56.5	6.2
1987	83.4	18.8	177.3	104.1	109.0	8.7	4.7	35.2	42.1	31.4	2.4	49.4	8.6
1988	104.6	25.4	202.6	109.4	113.4	8.7	11.8	24.0	37.2	34.0	2.4	51.3	-0.1
1989	126.7	21.1	254.7	100.6	98.1	7.4	6.5	27.2	25.2	33.8	3.0	56.8	0.3
1990	145.5	14.8	283.7	97.3	87.4	7.0	9.3	14.9	11.0	12.5	3.3	55.2	1.1
1991	155.4	6.8	283.6	99.9	89.6	8.1	10.0	14.4	11.6	15.4	3.2	56.0	0.1
1992	161.2	3.7	285.0	99.8	92.5	7.4	11.8	3.8	5.3	11.8	4.0	58.8	-3.3
1993	167.8	4.1	308.8	94.4	84.3	6.7	11.5	6.5	5.0	11.1	4.3	66.7	0.8
1994	170.3	1.5	324.8	89.3	77.6	5.0	9.5	2.3	-1.3	4.5	2.6	63.4	4.0
1995	173.2	1.7	322.3	89.4	81.0	5.6	10.1	2.2	0.0	5.9	2.4	63.4	0.1
1996	177.1	2.3	322.9	89.7	81.9	5.5	10.5	6.8	11.8	9.3	3.0	62.9	5.2
1997	180.3	1.8	318.7	90.5	84.5	5.3	11.1	8.7	16.8	11.8	2.6	64.8	4.7
1998	183.3	1.7	313.6	91.9	89.0	4.7	11.8	15.2	25.6	15.1	2.2	70.0	5.6
1999	189.6	3.4	313.1	93.6	90.5	4.4	8.0	16.9	22.8	17.3	2.6	82.5	4.4
2000	199.1	5.0	313.3	96.3	91.6	5.1	12.7	11.2	26.2	17.3	2.1	102.5	5.7
2001	212.4	6.7	376.3	83.7	80.1	5.1	9.4	14.9	13.4	19.2	2.1	119.8	2.6
2002	222.6	4.8	365.2	88.5	86.4	5.2	13.7	15.3	0.9	3.2	2.5	123.0	-2.1
2003	227.3	2.1	343.3	94.2	90.4	4.4	9.3	22.3	14.8	11.4	3.5	142.4	4.2
2004	234.6	3.2	336.3	97.2	92.5	3.9	8.1	13.1	38.0	20.2	3.6	198.3	5.2

1. Annual averages (May 1988=100) and changes between years. 2. Annual averages. Exchange rate of the krona against a trade-weighted average of foreign currencies. 3. 1983=100. 4. 1980=100. ULC=unit labour cost. 5. Annual average yield of indexed Treasury bonds of all maturities. Yields on Iceland Stock Exchange from 1987. Before that primary market yields. 6. Gross foreign exchange reserves at end of period as a ratio of the average monthly value of merchandise imports. Calculated at fixed exchange rates. 7. Gross debt. Direct investment capital excluded.

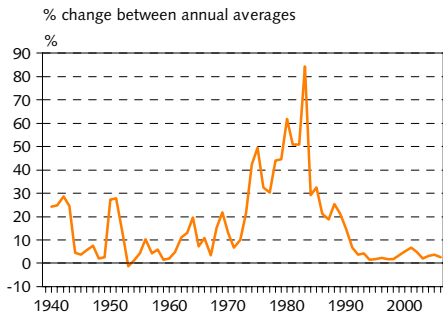
Table 21 (continued) Historical economic indicators

	Components of GDP				External trade (% change from previous year)				General government (% of GDP) ⁸			Labour market		Wages (% change from previous year)	
	(% change from previous year)		National expenditure	Terms of trade	Goods & services (volume changes)		Curr. acc. balance (% of GDP)	Financial balance	Revenues	Expenditures	(% of labour force)		Real wages ⁹	Real disposable income	
	Private consumption	Gross fixed cap. formation			Exports	Imports					Unemployment	Labour particip.			
1976	5.4	-2.7	-3.5	7.8	-3.6	13.1	-1.5	1.1	32.1	31.1	0.5	73.4	.	2.3	
1977	12.9	11.5	15.0	7.0	20.6	8.9	-2.3	-0.2	30.5	30.7	0.3	72.5	.	15.5	
1978	9.0	-5.8	2.1	0.3	3.7	15.2	1.2	0.1	31.0	30.9	0.3	73.6	.	8.5	
1979	2.8	-1.5	3.5	-8.6	2.5	6.3	-0.7	0.9	32.4	31.4	0.4	73.0	.	2.0	
1980	3.4	13.5	5.7	-2.8	3.0	2.7	-1.9	1.3	33.8	32.5	0.3	74.1	.	1.1	
1981	6.2	1.2	5.6	-0.5	7.1	3.2	-4.0	1.3	34.9	33.6	0.4	76.8	0.7	5.5	
1982	5.0	0.1	5.0	-0.8	-0.6	-8.9	-7.9	1.7	36.0	34.3	0.8	77.6	1.7	2.2	
1983	-5.6	-12.7	-8.6	-1.3	-9.7	11.0	-1.9	-2.0	34.0	36.1	1.0	77.4	-16.7	-12.5	
1984	3.7	9.4	6.4	0.6	9.2	2.4	-4.6	2.2	35.4	33.1	1.3	77.6	-3.1	-2.5	
1985	4.2	1.0	2.7	-0.9	9.4	11.1	-3.9	-1.7	34.0	35.7	0.9	79.3	1.2	10.8	
1986	6.9	-1.9	4.5	5.4	0.9	5.9	0.5	-4.0	33.7	37.8	0.7	80.9	5.7	9.5	
1987	16.2	19.1	15.7	4.3	23.3	3.3	-3.4	-0.9	33.9	34.7	0.4	84.1	9.0	25.8	
1988	-3.8	-0.1	-0.6	-0.8	-4.6	-3.6	-3.5	-2.0	37.4	39.5	0.6	80.1	2.2	-2.7	
1989	-4.2	-7.8	-4.4	-3.9	-10.3	2.9	-1.3	-4.6	37.5	42.0	1.7	78.7	-9.1	-9.4	
1990	0.5	2.6	1.5	-2.0	1.0	0.0	-2.1	-3.3	38.2	41.4	1.8	77.5	-4.9	-4.6	
1991	2.9	3.3	3.8	3.5	5.3	-5.9	-4.0	-2.9	39.8	42.7	1.5	76.2	1.4	2.1	
1992	-3.1	-11.1	-4.5	-0.6	-6.0	-2.0	-2.4	-2.8	40.9	43.7	3.1	75.5	-0.8	-1.9	
1993	-4.6	-10.7	-3.8	-3.9	-7.8	6.5	0.7	-4.5	39.1	43.5	4.4	75.3	-2.6	-7.6	
1994	2.8	0.5	2.1	0.4	4.1	9.5	1.9	-4.7	38.7	43.4	4.8	75.4	-0.3	0.0	
1995	2.2	-1.1	2.3	1.3	3.9	-2.2	0.7	-3.0	39.7	42.7	5.0	75.7	2.8	3.8	
1996	5.4	25.6	7.1	-3.1	16.5	9.8	-1.8	-1.6	40.6	42.2	4.4	76.4	4.0	4.1	
1997	5.0	10.0	5.5	2.1	7.7	5.3	-1.8	0.0	41.5	41.5	3.9	76.6	3.6	2.5	
1998	10.4	32.6	13.6	5.6	23.5	2.1	-7.0	0.5	42.7	42.2	2.8	77.1	7.6	8.7	
1999	8.1	-3.9	4.5	-0.8	4.2	4.0	-7.0	2.4	45.8	43.4	1.9	77.3	3.3	3.0	
2000	4.4	15.3	7.2	-2.7	8.0	4.0	-10.5	2.5	45.6	43.1	1.3	77.3	1.6	1.3	
2001	-3.5	-6.4	-3.7	0.2	-9.1	7.4	-4.6	0.2	44.3	44.2	1.4	77.5	2.0	1.6	
2002	-1.4	-20.9	-4.5	0.6	-2.7	3.9	1.1	0.2	45.8	45.6	2.5	77.3	2.2	-0.1	
2003	6.6	17.1	7.8	-4.3	10.4	1.5	-5.3	-1.0	46.7	47.7	3.4	76.6	3.4	5.3	
2004	7.5	12.8	7.7	-1.2	14.3	8.3	-8.1	0.5	47.9	47.4	3.1	76.7	1.4	3.3	

8. Central and local governments and the social security system. 9. Deflated by consumer prices.

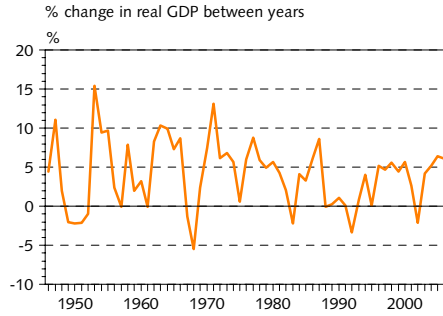
Sources: Directorate of Labour, Iceland Stock Exchange, Ministry of Finance, Statistics Iceland, Central Bank of Iceland.

Chart 33
Consumer price inflation 1939-2006



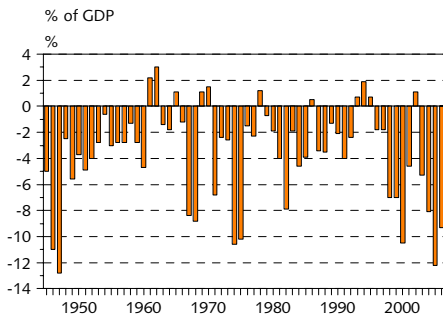
Central Bank forecast for 2005-2006.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 34
Economic growth 1945-2006



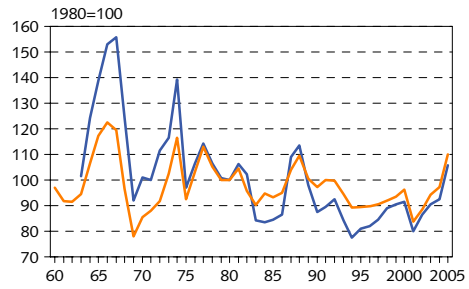
Preliminary/forecast 2003-2006.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 35
Current account balance 1945-2006



Preliminary/forecast 2003-2006.
Sources: Statistics Iceland and Central Bank of Iceland.

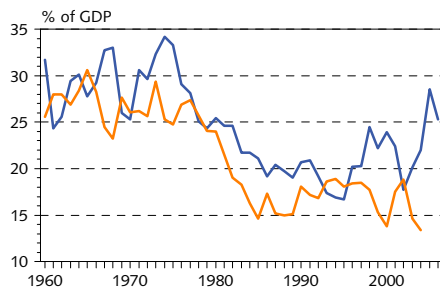
Chart 36
Real effective exchange rate of the Icelandic króna 1960-2005



— Relative consumer prices
— Relative unit labour cost

Preliminary/forecast 2003-2005.
Source: Central Bank of Iceland.

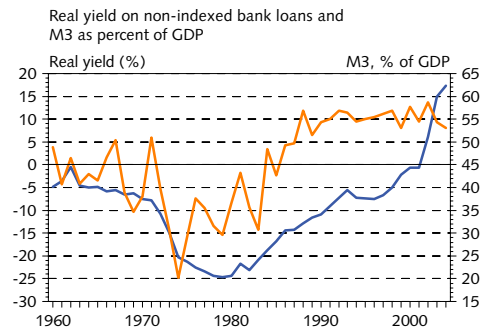
Chart 37
Gross national saving and fixed capital formation 1960-2006



— Gross national saving
— Gross fixed capital formation

Preliminary/forecast 2003-2006.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 38
Real yield and broad money 1960-2004



— Real yield
— M3

Latest data are preliminary.
Source: Central Bank of Iceland.

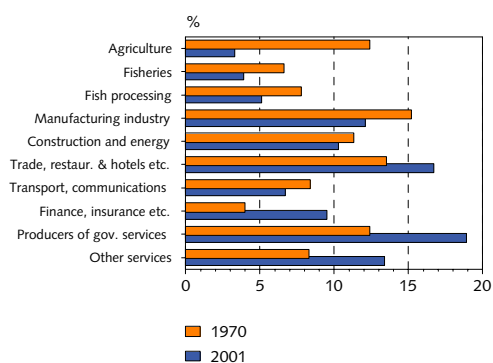
Table 22 Structural indicators for the Icelandic economy

<i>I Population and labour force (thous.)</i>		1970	2004	<i>IV National income and output</i>		1970	2004 ¹
Population at end of year ²		204.8	292.6	Gross domestic product (GDP), b.kr.		0.4	858.9
under 16 years of age		70.6	70.1	GDP, billion USD		0.5	12.2
16-74 years of age		127.3	206.4	National income per capita, thous. USD		2.0	41.0
above 74 years of age		7.0	16.0	GDP per capita (PPP) thous. USD ³		2.7	32.6
Average population growth in previous 5 years (%)		1.1	1.0	Gross capital formation, % of GDP		25.3	22.0
Labour force (employed persons)		82.7	147.7	Gross national saving, % of GDP		26.1	13.4
Males		54.7	84.9	Net national saving, % of net national product		13.8	1.3
Females		28.0	62.8	Export of goods and services, % of GDP		46.4	36.8
<i>II Employment by industry (%)</i>		1970	2001	Public consumption, % of GDP		12.7	26.6
Agriculture		12.4	3.3	Gen. government total expenditures, % of GDP ⁴		28.9	47.4
Fisheries		6.6	3.9	Total taxes, % of GDP ⁴		28.9	41.1
Fish processing		7.8	5.1	<i>V Capital and debt</i>		1970	2004 ¹
Manufacturing industry		15.2	12.1	<i>% of GDP unless otherwise stated</i>			
Construction, electricity and water supply		11.3	10.3	Fixed assets, % of GDP (2003)		3.4	2.9
Wholesale and retail trade, restaurants & hotels		13.5	16.7	Fixed assets, billion USD (2003)		1.8	42.0
Transport, storage and communication		8.4	6.7	Net external debt		20.1	129.3
Financial, insurance, real estate, business services		4.0	9.5	Debt service, % of export revenue		11.3	56.9
Producers of government services		12.4	18.9	General government total debt		13.0	36.2
Other services		8.3	13.4	General government net debt		-2.3	26.9
<i>III Merchandise exports</i>		1970	2004	Broad money (M3)		37.5	62.4
<i>Distribution by category (%)</i>				Credit system total lending		484.8	303.1
Marine products		77.1	60.2	to industries		53.6	167.7
Manufactures		18.4	35.1	to households		21.2	100.3
thereof aluminium and ferro-silicon		13.2	21.1	Market capitalisation of listed equities		.	123.7
Agricultural products		3.4	2.1				
<i>By regions (%)</i>							
United States		30.0	9.3				
European Union		52.8	75.2				
Other		17.2	15.5				

1. Preliminary data. If preliminary data for 2004 are not available another year is stated. 2. Based on July 1, 2004, since year-end statistics for the age distribution of population are not available. 3. Converted to US dollars at an exchange rate that eliminates the difference in price levels between the countries. 4. National accounts basis.

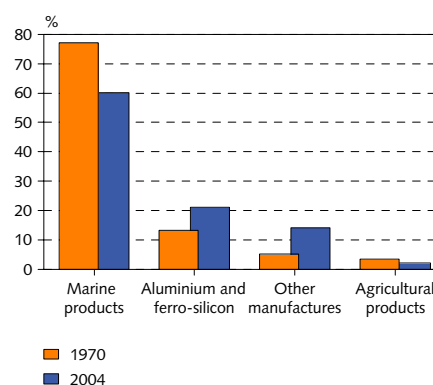
Sources: Iceland Stock Exchange, National Economic Institute, OECD, Statistics Iceland, Central Bank of Iceland.

Chart 39
Employment by industry in
1970 and 2001



Source: Statistics Iceland.

Chart 40
Merchandise exports by category
1970 and 2004



Source: Statistics Iceland.

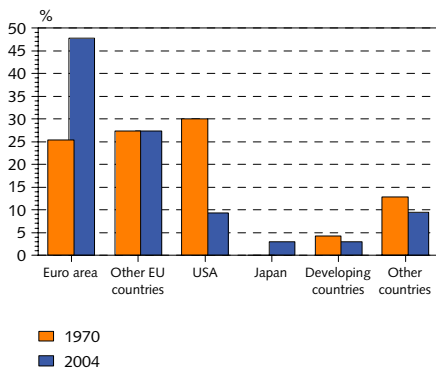
Table 23 Merchandise exports and imports by regions¹

	Share of total (%)						B.kr.	
	1970	1980	1990	2000	2004	January	January	
						2005	2004	2005
<i>Merchandise exports, fob</i>								
European Union	52.8	52.3	70.7	67.4	75.2	79.0	152.2	11.1
Euro area	25.4	30.2	37.6	42.3	47.8	49.8	96.8	7.0
Other EU countries	27.4	22.0	33.1	25.1	27.4	29.3	55.4	4.1
United Kingdom	13.2	16.5	25.3	19.3	19.0	18.3	38.5	2.6
Other Western European countries	2.8	2.3	3.4	7.8	6.1	5.9	12.4	0.8
Eastern Europe and former Soviet Union	9.6	8.8	2.9	1.4	1.2	1.9	2.4	0.3
Russia	6.8	5.4	2.5	0.4	1.1	2.7	2.3	0.4
United States	30.0	21.6	9.9	12.2	9.3	7.1	18.8	1.0
Japan	0.1	1.5	6.0	5.2	3.0	2.0	6.1	0.3
Other OECD countries	0.5	0.6	0.5	2.0	1.5	1.2	3.0	0.2
Developing countries	4.2	12.9	5.5	3.0	3.0	2.7	6.1	0.4
Other countries	0.0	0.0	1.1	1.0	0.7	0.3	1.4	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	202.4	14.0
<i>Merchandise imports, cif</i>								
European Union	64.9	58.0	59.9	57.0	60.9	57.5	158.6	10.8
Euro area	32.0	33.2	35.5	33.5	34.2	28.6	89.2	5.4
Other EU countries	33.0	24.8	24.4	23.6	26.6	28.9	69.4	5.4
United Kingdom	14.3	9.5	8.1	9.0	6.8	6.1	17.8	1.1
Other Western European countries	5.4	8.1	5.2	9.7	12.3	13.7	32.1	2.6
Eastern Europe and former Soviet Union	10.4	10.9	6.5	5.7	1.2	0.6	3.2	0.1
Russia	7.2	9.7	5.0	1.8	1.0	1.1	2.7	0.2
United States	8.2	9.4	14.4	11.0	10.1	9.9	26.3	1.8
Japan	2.9	4.0	5.6	4.9	3.8	4.6	10.0	0.9
Other OECD countries	0.4	5.8	3.7	4.5	3.3	3.7	8.5	0.7
Developing countries	7.2	2.7	3.1	5.6	7.2	8.9	18.7	1.7
Other countries	0.6	1.1	1.4	1.5	1.2	1.1	3.1	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	260.4	18.8

1. In data prior to the year 2000, country groups are based on the year 2000.

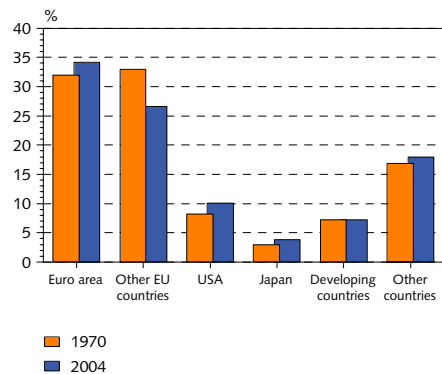
Source: Statistics Iceland.

Chart 41
Merchandise exports by region 1970 and 2004



Source: Statistics Iceland.

Chart 42
Merchandise imports by region 1970 and 2004



Source: Statistics Iceland.