

Tables and charts

Tables and charts are generally based on statistical information available in mid-September 2005, apart from financial market data, which is from August 31, 2005. A list of symbols is on p. 2.

A		Tables
101	Table 1	Main monthly indicators
103	Table 2	Prices
104	Table 3	Exchange rate of the Icelandic króna
105	Table 4	Interest rates
106	Table 5	Money and credit
107	Table 6	The credit system
108	Table 7	Financial markets
108	Table 8	Labour market
109	Table 9	National accounts
111	Table 10	Current account balance
113	Table 11	International investment position
114	Table 12	Summary of Treasury finances
115	Table 13	Public sector finances
116	Table 14	Turnover
116	Table 15	Real effective exchange rate of the Icelandic króna
117	Table 16	Real estate market and asset prices
117	Table 17	Households and businesses: assets and debt
118	Table 18	Businesses' financial accounts
119	Table 19	International comparison
119	Table 20	International economic developments
120	Table 21	Historical economic indicators
123	Table 22	Structural indicators for the Icelandic economy
124	Table 23	Merchandise exports and imports by regions
B		Charts
103	Chart 1	Consumer price index January 1999 - September 2005
103	Chart 2	Consumer price index by origin January 1999 - September 2005
104	Chart 3	Effective exchange rate indices January 1999 - August 2005
104	Chart 4	Daily exchange rates of US dollar, euro, pound sterling and yen against the Icelandic króna January 3, 2002 - August 31, 2005
105	Chart 5	Short-term interest rates January 1997 - August 2005
105	Chart 6	Long-term interest rates January 1997 - August 2005
106	Chart 7	M3, DMB lending and base money January 1997 - August 2005
106	Chart 8	Deposit money bank lending by sector January 1992 - August 2005
107	Chart 9	Growth of credit system lending 1994-2005
107	Chart 10	Credit system liabilities 1990-2005
108	Chart 11	Nominal and real wages January 1996 - August 2005
108	Chart 12	Unemployment and labour participation January 1996 - August 2005
109	Chart 13	Growth of GDP, private consumption and gross fixed capital formation 1980-2007
109	Chart 14	Private consumption, public consumption and gross fixed capital formation 1980-2007
110	Chart 15	Quarterly economic growth Q1/1998 - Q2/2005
110	Chart 16	Components of economic growth Q1/1998 - Q2/2005
111	Chart 17	Merchandise trade January 1996 - July 2005

111	Chart 18	Exports and imports of services Q1/1996 - Q2/2005
112	Chart 19	Quarterly current account balance Q1/1996 - Q2/2005
112	Chart 20	Selected financial account items Q1/1996 - Q2/2005
113	Chart 21	Reserve assets and Central Bank net foreign position Q1/1996 - Q2/2005
113	Chart 22	International investment position 1980-2005
114	Chart 23	Treasury borrowing 1991-2005
114	Chart 24	Monthly Treasury balance 2003-2005
115	Chart 25	General government balance and debt 1991-2007
115	Chart 26	General government revenues and expenditures 1991-2007
116	Chart 27	Turnover volume 1998/1 - 2005/3
116	Chart 28	Quarterly real effective exchange rate of the Icelandic króna Q1/1980 - Q2/2005
117	Chart 29	Household debt as percentage of disposable income 1980-2005
117	Chart 30	Equity prices 1998-2005
118	Chart 31	Commercial banks and savings banks: return on equity H1/1996 - H1/2005
118	Chart 32	Commercial banks and savings banks: capital ratio H1/1996 - H1/2005
122	Chart 33	Consumer price inflation 1940-2007
122	Chart 34	Economic growth 1945-2007
122	Chart 35	Current account balance 1945-2007
122	Chart 36	Real effective exchange rate of the Icelandic króna 1960-2005
122	Chart 37	Gross national saving and fixed capital formation 1960-2007
122	Chart 38	Real yield and broad money 1960-2004
123	Chart 39	Employment by industry in 1970 and 2001
123	Chart 40	Merchandise exports by category 1970 and 2004
124	Chart 41	Merchandise exports by region 1970 and 2004
124	Chart 42	Merchandise imports by region 1970 and 2004

Table 1 Main monthly indicators (continued on next page)

	Consumer prices % change in CPI ¹ over the previous		Exchange rate % ch. in effective exchange rate ^{1,2}		Interest rates (end of period, %)				Money and credit (end of period) ⁵ 12-month % change				
	1 month	12 months	1 month	12 months	Short-term rates		Long-term rates ⁴		Base money	M3	DMB lending	DMB foreign liabilities ⁶	
					Central Bank repo yield	3-month REIBOR ³	3-month Treasury bills	5-y. non- indexed T-notes					10-year Treasury bonds	40-year HFF bonds
1999	.	3.4	.	0.2	11.7	9.8	9.6	4.7	4.8	75.9	17.1	22.8	15.2
2000	.	5.0	.	-0.1	12.0	11.5	11.7	5.5	6.3	-10.4	11.2	26.2	83.4
2001	.	6.7	.	-16.7	12.5	10.0	9.1	5.1	5.9	-14.2	14.9	13.4	30.1
2002	.	4.8	.	3.0	6.2	5.8	6.9	4.9	5.2	17.2	15.3	0.9	-2.8
2003	.	2.1	.	6.4	5.1	4.8	7.5	4.3	4.6	-33.5	17.5	14.8	67.3
2004	.	3.2	.	2.1	8.25	8.6	7.4	3.6	4.6	77.7	14.9	39.6	58.8
2003													
October	0.5	2.2	0.6	3.2	5.1	4.6	6.9	4.2	4.6	-1.2	22.1	13.9	38.9
November	0.1	2.5	0.5	3.1	5.1	4.8	7.1	4.3	4.6	-17.2	18.9	13.6	56.8
December	0.3	2.7	0.5	1.7	5.1	4.8	7.5	4.3	4.6	-33.5	17.5	14.8	67.3
2004													
January	0.0	2.4	3.3	2.7	5.3	5.1	7.3	4.4	4.7	-12.5	21.4	20.8	68.5
February	-0.3	2.3	1.1	2.0	5.3	5.4	7.0	4.1	4.6	-30.0	21.0	21.4	56.2
March	0.6	1.8	-1.7	0.5	5.4	5.0	7.0	3.9	4.4	-28.7	22.8	23.9	71.4
April	0.6	2.2	-1.5	-2.2	5.4	5.3	7.0	3.7	4.1	-7.7	19.2	23.5	77.0
May	0.8	3.2	-0.3	-3.7	5.8	5.6	7.7	4.0	4.3	-32.4	16.4	19.8	77.5
June	0.8	3.9	0.7	-1.1	5.75	6.1	7.7	3.9	4.2	-11.7	16.1	20.1	58.3
July	-0.5	3.6	0.3	1.4	6.25	6.5	7.6	3.9	3.8	23.8	22.1	20.5	48.5
August	0.0	3.7	0.5	3.9	6.25	6.6	7.7	3.7	3.7	-15.8	12.6	23.6	58.5
September	0.4	3.4	-0.3	3.6	6.75	6.9	7.5	3.7	3.7	-8.3	18.3	26.6	65.0
October	0.8	3.7	0.6	3.6	6.75	7.2	7.8	3.7	3.7	3.5	17.8	32.4	55.3
November	0.2	3.8	1.4	4.6	7.25	7.7	7.9	3.6	3.6	7.4	16.7	34.9	53.4
December	0.5	3.9	4.5	8.7	8.25	8.6	7.4	3.6	3.5	77.7	14.9	39.6	58.8
2005													
January	0.1	4.0	1.9	7.2	8.25	8.6	7.1	3.5	3.5	3.9	17.1	37.0	61.3
February	0.2	4.5	1.6	7.8	8.75	9.0	7.8	3.4	3.5	-13.1	15.5	40.0	71.0
March	0.8	4.7	2.2	12.1	9.00	9.2	8.7	3.6	3.6	14.7	14.8	41.4	64.5
April	0.2	4.3	-2.3	11.1	9.00	9.2	8.8	3.5	3.5	-23.4	17.4	47.6	70.4
May	-0.5	2.9	-2.6	8.6	9.00	9.2	8.6	3.6	3.6	52.0	18.9	53.5	84.5
June	0.7	2.8	2.3	10.4	9.50	9.3	9.2	3.6	3.6	36.0	20.7	53.3	94.6
July	0.1	3.5	1.3	11.5	9.50	9.3	9.4	3.7	3.7	-18.2	19.1	54.8	110.4
August	0.2	3.7	0.5	11.5	9.50	9.3	9.3	3.6	3.6	-10.9	21.1	50.5	100.7
September	1.5	4.8	...	...	...	...	...	...	...	...	...	...	...

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. For Treasury bonds and HFF bonds, the quoted yield is in excess of changes in the CPI. Trading with HFF bonds began in July 2004; prior figures are for housing bonds. 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	
	Gross foreign currency reserves:				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	Un-employment	Wages, 12-mo. % change ¹¹	of rev., from beg. of year ¹²	Equity prices ¹³	Housing prices ¹⁴	12-mo. % changes	
	in b.kr.	Merch. imports ⁷	For. short-term liabil. ⁸	as ratio of:											net purchases (b.kr.)	CB
1999	35.8	2.6	0.91	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	0.60	-13.9	-38.0	149.3	187.3	-3.0	96.2	1.3	6.6	5.9	-19.3	13.3		
2001	36.6	2.1	0.40	-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	0.20	4.5	13.1	204.3	191.2	3.4	88.5	2.5	7.2	-5.6	16.7	7.5		
2003	58.1	3.5	0.25	43.2	-16.9	182.6	199.5	0.4	94.1	3.4	5.6	-7.7	56.4	9.1		
2004	65.6	3.6	0.24	27.2	-37.8	202.4	240.2	0.6	97.2	3.1	4.7	0.1	58.9	23.3		
2003																
October	51.7	3.1	0.28	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	0.29	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	0.25	3.7	-2.5	13.7	16.2	-1.4	93.6	3.1	5.4	-7.7	56.4	9.1		
2004																
January	56.4	3.4	0.28	7.0	0.3	16.7	16.4	-2.9	96.5	3.7	3.3	-1.2	76.8	8.3		
February	57.3	3.5	0.28	1.4	0.1	14.3	14.1	-2.3	97.3	3.6	3.3	8.1	89.3	9.2		
March	66.7	3.8	0.33	1.8	-1.0	20.3	21.2	-2.7	95.8	3.5	3.8	-0.5	79.8	9.7		
April	65.6	3.7	0.31	1.5	-3.2	16.8	20.0	-5.1	94.8	3.5	4.0	1.0	91.1	13.4		
May	65.8	3.8	0.31	1.5	-3.6	15.0	18.6	-3.1	94.9	3.3	4.6	-2.2	82.7	11.4		
June	68.5	3.8	0.29	1.8	-7.2	16.0	23.1	-1.8	95.6	3.1	5.1	-2.5	96.9	9.9		
July	68.1	3.8	0.34	1.4	-6.2	16.8	23.1	-0.1	95.8	3.0	5.1	-9.1	105.6	12.6		
August	70.8	3.8	0.30	1.6	-6.5	14.1	20.6	3.3	96.4	2.9	5.2	-4.8	92.6	9.5		
September	71.1	3.8	0.29	1.6	0.3	19.4	19.2	4.3	96.4	2.6	5.3	-5.8	109.3	14.3		
October	66.1	3.5	0.27	1.4	-4.5	17.1	21.6	4.9	97.1	2.7	5.3	-2.0	75.1	13.8		
November	67.1	3.6	0.24	4.9	-2.3	18.9	21.2	5.2	98.8	2.6	5.4	-3.7	70.1	17.3		
December	65.6	3.6	0.24	1.4	-4.0	16.9	20.9	9.2	103.4	2.7	6.0	0.1	58.9	23.3		
2005																
January	65.0	3.5	0.26	0.8	-4.9	13.9	18.8	9.5	105.9	3.0	6.6	15.2	54.6	27.9		
February	60.0	3.2	0.26	0.6	-5.0	16.4	21.4	7.9	107.6	2.8	6.7	21.1	43.3	32.2		
March	59.5	3.1	0.26	0.6	-5.9	16.3	22.3	9.6	109.9	2.6	6.5	11.6	53.5	32.2		
April	61.5	3.0	0.22	0.6	-4.7	17.1	21.9	8.6	106.6	2.3	6.7	9.7	51.8	34.1		
May	61.7	3.0	0.21	7.3	-8.2	15.7	23.9	8.9	103.8	2.2	6.6	7.2	51.6	38.5		
June	62.4	3.0	0.19	0.6	-8.6	18.7	27.3	8.7	106.5	2.1	6.3	8.2	39.9	38.8		
July	58.8	2.8	0.17	0.7	-10.2	13.7	23.9	8.2	108.1	2.0	6.6	2.2	38.3	39.4		
August	58.3	2.8	...	0.8	...	...	...	...	109.5	1.8	6.7	...	38.0	40.3		
September	...	...	...	...	...	...	...	...	111.5	...	...	...	...	...

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. Annual figures show change in annual averages. 12. Cash basis. Without privatisation revenues. Adjusted for changed timing of expenditure changes in 2004. 13. The ICEX-15 index. Annual figures are % changes over year. 14. Residential housing in the Greater Reykjavík 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.

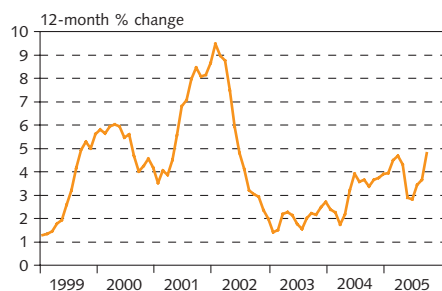
Table 2 Prices

	2005								
	Jan.	Feb.	March	April	May	June	July	August	Sept.
Consumer price index, May 1988 = 100	239.2	239.7	241.5	242.0	240.7	242.4	242.7	243.2	246.9
<i>1-month % changes</i>									
Consumer price index	0.1	0.2	0.8	0.2	-0.5	0.7	0.1	0.2	1.5
Domestic goods excl. agric. products and vegetables	-0.2	-0.1	-1.4	-1.9	-2.4	1.8	-1.0	1.9	0.3
Agricultural products and vegetables	1.1	-0.8	-2.0	-1.7	-5.3	2.7	3.0	-0.7	2.0
Imported goods excl. alcohol and tobacco	-3.1	-1.1	1.6	-0.2	0.6	-0.5	-1.0	-1.3	3.7
Petrol	-5.7	0.1	2.7	0.2	3.8	-0.1	5.7	1.9	4.9
Housing	1.9	2.4	2.2	2.7	-1.1	1.9	1.1	1.4	1.0
Public services	4.4	1.0	-0.2	-	0.2	0.4	0.3	0.1	0.2
Other services	0.9	0.4	0.6	-0.1	0.4	0.1	0.3	0.3	0.6
Harmonised index of consumer prices (HICP) ¹	-0.4	-0.2	0.4	-0.5	-0.3	0.4	-0.2	...	...
<i>12-month % changes</i>									
Consumer price index	4.0	4.5	4.7	4.3	2.9	2.8	3.5	3.7	4.8
Domestic goods excl. agric. products and vegetables	1.8	2.0	1.1	-0.9	-4.0	-2.9	-3.9	-1.7	-2.0
Agricultural products and vegetables	5.2	4.9	3.0	2.0	-4.8	-2.7	-0.7	-2.6	-0.5
Imported goods excl. alcohol and tobacco	0.1	-0.5	-0.1	-1.4	-1.4	-2.9	-2.2	-2.6	-
Petrol	4.3	4.9	9.9	5.7	6.2	-0.1	8.1	6.6	12.2
Housing	11.5	13.9	15.7	17.7	14.6	14.9	16.7	17.6	18.0
Public services	3.6	7.2	6.9	6.9	6.4	6.7	6.4	6.0	6.8
Other services	3.6	3.6	3.5	3.1	3.0	3.1	3.1	3.3	3.9
Harmonised index of consumer prices (HICP) ¹	2.7	2.9	2.5	1.6	0.5	0.3	0.5	...	...
Building cost index for residential buildings	8.6	8.1	7.0	6.6	4.5	4.2	3.7	4.3	...
Housing prices ²	27.9	32.2	32.2	34.1	38.5	38.8	39.4	...	...
<i>Foreign CPI and commodity prices, 12-mo. % changes</i>									
Consumer price index in USA	3.0	3.0	3.1	3.5	2.8	2.5	3.2	...	...
Consumer price index in euro area ³	1.9	2.1	2.1	2.1	2.0	2.1	2.2	2.1	...
Commodity prices excl. oil	5.6	4.8	9.4	6.1	-14.9	-14.2	-14.7	...	...
Petrol prices ⁴	42.0	46.3	56.8	53.3	27.4	52.2	51.0	51.0	...

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).

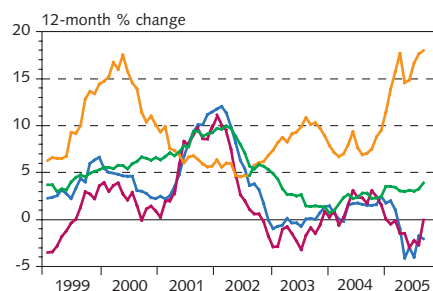
Sources: Statistics Iceland, The Land Registry of Iceland, EcoWin.

Chart 1
Consumer price index
January 1999 - September 2005



Source: Statistics Iceland.

Chart 2
Consumer price index by origin
January 1999 - September 2005



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

Source: Statistics Iceland.

Table 3 Exchange rate of the Icelandic króna

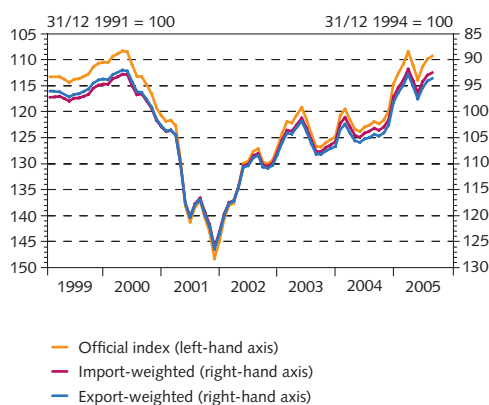
Monthly averages	2004	2005								3 mo. % change to Aug. '05
	Dec.	Jan.	Feb.	March	Apr.	May	June	July	Aug.	
<i>Effective exchange rate indices¹</i>										
Official index (31/12 '91 = 100)	114.5	112.5	110.7	108.3	110.8	113.8	111.2	109.7	109.1	3.3
Import-weighted index (31/12 '94)	97.0	95.2	93.7	91.6	93.8	96.3	94.0	92.8	92.3	3.4
Export-weighted index (31/12 '94)	98.0	96.2	94.7	92.7	94.9	97.4	95.2	93.9	93.5	3.3
<i>Central Bank quotations²</i>										
U.S. dollar	62.7	62.7	62.0	59.9	62.3	64.8	65.1	65.1	63.7	2.3
Euro	84.1	82.1	80.7	79.2	80.6	82.3	79.2	78.4	78.3	3.4
Yen	0.604	0.606	0.591	0.570	0.581	0.608	0.599	0.582	0.576	5.6
Pound sterling	121.0	117.6	117.0	114.4	118.0	120.2	118.5	114.0	114.3	4.3
Danish krone	11.31	11.04	10.85	10.64	10.82	11.05	10.65	10.51	10.50	3.6
Norwegian krone	10.23	10.00	9.70	9.68	9.86	10.18	10.03	9.90	9.89	2.3
Swedish krona	9.36	9.07	8.88	8.72	8.79	8.95	8.56	8.32	8.39	5.6

% changes ³	Between annual averages				From beginning of year			Previous 12 months		
	2001	2002	2003	2004	Aug. '03	Aug. '04	Aug. '05	Aug. '03	Aug. '04	Aug. '05
<i>Effective exchange rate indices¹</i>										
Official index (31/12 '91 = 100)	-16.7	3.0	6.4	2.1	-0.7	0.8	4.9	3.7	2.7	13.7
Import-weighted index (31/12 '94 = 100)	-16.4	3.1	6.6	2.3	-0.7	0.8	5.0	3.7	3.0	13.8
Export-weighted index (31/12 '94 = 100)	-17.0	3.0	6.2	1.8	-0.6	0.8	4.8	3.6	2.3	13.6
<i>Central Bank quotations²</i>										
U.S. dollar	-19.3	6.8	19.2	9.5	0.5	-1.7	-3.2	9.3	11.0	14.4
Euro	-17.0	1.5	-0.6	-0.5	-3.3	2.4	8.3	-1.1	-0.1	13.7
Yen	-9.1	10.2	10.1	2.3	-1.3	1.0	5.4	7.9	4.6	16.4
Pound sterling	-15.3	2.6	9.4	-2.4	2.5	-2.3	4.8	7.4	-2.1	15.0
Danish krone	-17.0	1.2	-0.6	-0.4	-3.2	2.3	8.6	-1.1	0.1	14.0
Norwegian krone	-17.7	-5.2	5.9	4.1	9.5	2.6	3.4	10.5	1.8	6.3
Swedish krona	-9.0	0.4	-1.0	-0.4	-2.8	3.0	12.3	-0.7	-1.1	16.5

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.

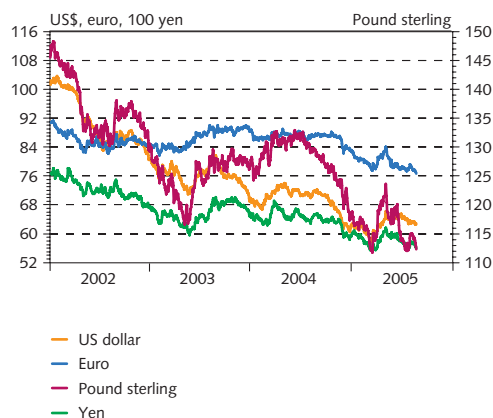
Source: Central Bank of Iceland.

Chart 3
Effective exchange rate indices
January 1999 - August 2005
Monthly averages



Source: Central Bank of Iceland.

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



Source: Central Bank of Iceland.

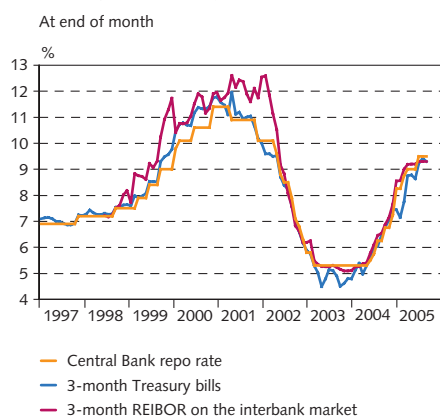
Table 4 Interest rates

All figures are in %	Annual averages ¹			At end of month 2005						
	2002	2003	2004	Feb.	March	Apr.	May	June	July	Aug.
<i>Central Bank rates</i>										
Credit institutions' current accounts	5.5	2.9	3.7	6.8	6.75	7.25	7.25	8.00	8.00	8.00
Required deposits	7.1	4.2	4.9	7.8	7.75	8.00	8.00	8.75	8.75	8.75
Overnight loans (discount rates)	10.7	7.8	8.3	10.8	10.75	10.75	10.75	11.00	11.00	11.00
Repurchase agreements	8.4	5.4	6.1	8.8	9.00	9.00	9.00	9.50	9.50	9.50
<i>Yields in the money market²</i>										
REIBOR, O/N	9.3	5.1	6.1	8.6	8.7	8.1	8.7	8.7	9.2	9.2
REIBOR, 1-month	9.0	5.3	6.1	8.6	8.8	8.8	8.8	9.2	9.2	9.2
REIBOR, 3-month	8.9	5.3	6.3	9.0	9.2	9.2	9.2	9.3	9.3	9.3
REIBOR, 6-month	8.8	5.5	6.5	9.3	9.4	9.4	9.4	9.5	9.5	9.5
Treasury bills, 3-month	8.1	5.0	6.1	7.8	8.7	8.8	8.6	9.2	9.4	9.3
Treasury bills, 6-month ³	7.9	5.0	...	...	...	...	...	...	...	...
<i>Yields in the capital market⁴</i>										
Treasury notes (RIKB 07 0209)	7.6	6.8	7.5	8.6	8.8	9.0	9.1	9.1	9.0	9.0
Treasury notes (RIKB 10 0317)	.	.	7.6	7.8	7.9	7.7	7.6	7.7	7.6	7.4
Treasury notes (RIKB 13 0517)	4.9	7.6	7.6	7.4	7.7	7.7	7.5	7.5	7.3	7.4
Treasury bonds (RIKS 15 1001)	5.2	4.4	3.9	3.4	3.6	3.5	3.6	3.6	3.7	3.6
Housing bonds (IBH 26 0315) ⁵	5.7	4.7	4.5	4.7	4.7	4.7	4.8	4.7	4.7	4.8
Housing Financing Fund bonds (HFF 15 0914) ⁵	.	.	3.5	3.3	3.5	3.5	3.7	3.5	3.7	3.6
Housing Financing Fund bonds (HFF 15 0224) ⁵	.	.	3.8	3.4	3.7	3.6	3.6	3.6	3.7	3.7
Housing Financing Fund bonds (HFF 15 0434) ⁵	.	.	3.8	3.5	3.6	3.6	3.6	3.6	3.7	3.7
Housing Financing Fund bonds (HFF 15 0644) ⁵	.	.	3.7	3.5	3.6	3.5	3.6	3.6	3.7	3.6
<i>Commercial banks' lending rates⁶</i>										
Average rates on non-indexed securities	15.4	12.0	12.2	13.9	14.3	14.3	14.3	14.8	14.8	14.9
Average rates on indexed securities	10.1	9.1	8.0	7.6	7.4	7.4	7.4	7.4	7.4	6.9
<i>Rates acc. to Interest Rate Act 38/2001⁷</i>										
Penalty rates	21.3	17.3	17.3	20.0	20.0	20.0	20.0	20.0	20.5	20.5

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 July 1, 2004. New bonds, Housing Financing Fund bonds (HFF), were issued instead and the 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.

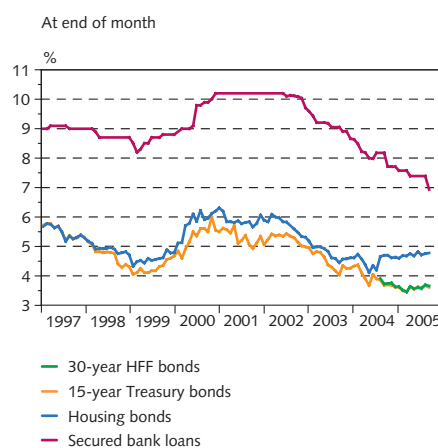
Source: Central Bank of Iceland.

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



Source: Central Bank of Iceland.

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



Source: Central Bank of Iceland.

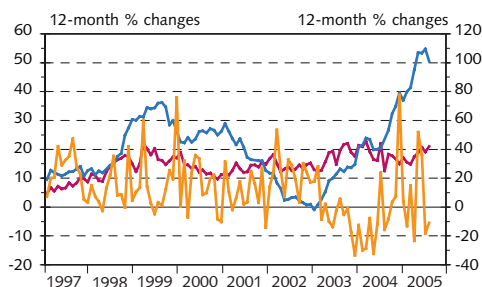
Table 5 Money and credit

	In b.kr. Aug.'05	% change over year			1-mo. change in b.kr.			12-mo. % change		
		2002	2003	2004	Jun.'05	Jul.'05	Aug.'05	Aug.'03	Aug.'04	Aug.'05
<i>Central Bank</i>										
Net foreign exchange reserves	58.3	.	.	.	0.7	-3.8	-0.3	.	.	.
Claims on Treasury and gov. institutions, net	-28.0	.	.	.	-8.4	8.4	-12.2	.	.	.
Claims on deposit money banks	26.6	27.9	-65.2	32.2	14.1	-9.6	6.1	-21.7	-65.8	26.1
Base money	30.7	17.2	-33.5	77.7	7.7	-2.9	-7.6	5.6	-15.8	-10.9
Notes and coins in circulation	9.4	3.4	9.4	9.1	0.4	0.7	-0.5	7.7	6.2	15.3
Reserves of deposit money banks	21.3	22.3	-46.7	121.0	7.3	-3.6	-7.0	5.1	-21.0	-19.1
<i>Deposit money banks</i>										
Central Bank items	-5.3	.	.	.	-6.4	6.4	-13.9	.	.	.
Short-term position, net	-7.6	.	.	.	-8.5	10.3	-13.0	.	.	.
Credit and listed securities ¹	2,373.4	3.1	28.2	40.3	125.7	54.0	78.8	17.2	35.1	61.6
Credit ²	1,855.5	2.6	22.8	43.1	91.2	39.7	62.3	15.2	33.3	64.4
Treasury and government institutions	13.4	8.1	1.6	-16.1	1.4	-0.8	0.8	-12.2	-4.7	-14.8
Non-bank financial institutions	13.7	-45.2	.	.	-0.9	-1.1	-3.6	.	.	-46.7
Businesses	965.9	15.5	2.1	25.1	17.5	21.5	10.8	20.8	33.3	34.3
Households	455.3	9.9	8.1	12.7	12.9	8.2	24.4	2.2	19.0	131.5
Foreign sector	398.0	.	63.1	117.9	60.0	10.3	30.8	48.6	126.5	148.0
Listed securities	268.9	-3.4	38.3	22.8	12.5	14.7	-9.4	16.9	22.6	44.2
Domestic credit and listed securities	1,874.6	0.9	22.6	35.5	63.9	29.7	37.8	15.9	25.9	47.1
Domestic credit	1,457.5	0.9	14.8	39.6	31.2	29.5	31.5	13.1	23.6	50.5
Deposits	656.0	15.5	22.5	13.5	21.9	3.3	5.4	19.8	15.6	27.1
Domestic deposits	609.7	.	.	15.1	18.6	1.8	1.1	.	.	21.2
Bonds	1,575.5	6.7	106.1	79.4	73.8	105.1	8.3	49.5	82.8	111.5
Domestic bonds	123.9	46.4	4.9	29.5	1.8	0.9	-3.0	-1.1	12.3	42.7
Foreign liabilities, total ³	1,772.9	-2.8	67.3	58.8	86.6	106.0	17.1	33.5	58.5	100.7
<i>Banking system</i>										
Foreign assets, net	-585.8	-6.8	18.5	25.1	21.6	-23.0	-16.9	22.0	11.2	45.1
Domestic credit and marketable securities	1,707.3	-2.3	21.6	36.1	39.0	47.3	7.7	18.1	23.1	46.6
Money supply (M1) ⁴	161.6	23.8	22.8	29.9	20.8	-3.3	-10.9	32.5	13.6	34.3
M2 (M1 + demand savings deposits)	283.7	9.3	18.5	27.5	19.1	3.4	-13.3	25.6	13.6	27.2
M3 (M2 + time savings deposits)	619.1	15.3	17.5	14.9	19.0	2.4	0.5	19.6	12.6	21.1
M4 (M3 + securities issues)	743.0	17.0	15.6	17.0	20.8	3.4	-2.5	16.0	12.5	24.2

1. Treasury bills, equities and leasing contracts also included. 2. Lending series have been adjusted retroactively following reclassification under the ISAT standard. Data on lending to foreign entities available since January 2001. 3. Effective as of *Monetary Bulletin* 2005/3, this item includes securities issues abroad. 4. Sum of notes and coins in circulation and DMBs' demand deposits.

Source: Central Bank of Iceland.

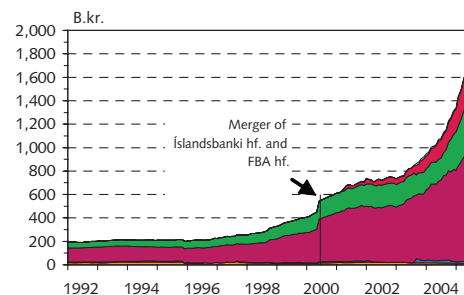
Chart 7
M3, DMB lending and base
money January 1997 - August 2005



— 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
January 1992 - August 2005¹



— Treasury and government institutions — Credit institutions
— Corporations — Households
— Non-residents — 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.

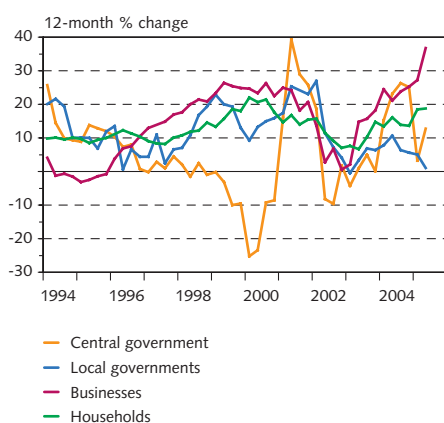
Table 6 The credit system¹

Assets	In b.kr. June'05	% change over year						3-mo. % change		
		1999	2000	2001	2002	2003	2004	Dec.'04	March'05	June'05
Domestic lending and securities	3,103.2	17.3	17.2	19.2	3.2	11.4	20.2	2.8	6.8	9.5
Banking system ²	1,805.5	23.7	44.4	13.8	8.0	22.4	36.9	10.0	12.7	13.0
Miscellaneous credit undertakings	620.6	17.4	-3.8	20.8	-2.0	8.0	15.1	-4.5	0.8	-2.9
Housing Financing Fund	403.2	13.9	12.0	18.1	11.5	14.1	0.3	-8.2	-3.1	-6.9
Credit undertakings subject to minimum reserve requirements ³	173.8	.	.	30.3	-41.4	-19.0	133.6	9.0	12.4	6.5
Other credit undertakings ⁴	43.7	9.2	17.2	16.1	9.0	0.8	-2.4	-4.3	1.8	2.1
Pension funds	785.0	17.9	4.6	16.4	12.2	13.4	16.5	0.2	4.5	2.5
Insurance companies	84.8	10.1	24.1	12.2	6.3	14.8	4.1	-5.0	17.9	7.4
Mutual and investment funds ⁵	291.5	24.1	-14.0	22.3	39.2	47.0	38.9	6.1	10.2	3.1
Foreign credit	2,223.5	24.0	39.6	29.5	-4.6	29.7	42.5	9.4	8.5	27.1
State lending funds	294.7	2.2	0.0	31.9	-3.0	-3.2	-4.3	-5.7	-5.0	-1.1
Total of above	6,105.5	18.3	18.4	21.6	3.1	18.8	28.3	4.8	7.5	12.8
Less inter-institutional transactions	-3,002.4	19.9	20.4	25.4	2.9	29.8	38.8	7.1	8.3	16.5
Assets = liabilities	3,103.2	17.3	17.2	19.2	3.2	11.4	20.2	2.8	6.8	9.5
Liabilities										
Domestic liabilities	2,092.0	21.0	7.1	14.1	7.2	19.4	14.7	2.7	3.1	7.5
Notes and deposits	558.3	16.6	11.1	14.9	13.4	21.9	9.8	-5.7	12.0	6.3
Securities	245.0	23.0	10.1	6.7	0.2	45.2	13.2	4.5	-2.8	-5.3
Insurance companies' indemnity fund	53.0	9.1	11.5	15.6	4.4	4.7	2.3	-5.5	8.0	-3.2
Pension funds	1,049.7	27.4	9.9	13.7	4.9	21.1	19.8	2.1	4.4	4.3
Capital of financial institutions	474.0	-1.9	14.3	26.0	19.4	19.7	71.0	20.4	22.6	2.0
Other items, net	-288.0	.	.	.	.	.	.	.	.	.
Foreign liabilities, net	1,011.2	6.6	50.2	31.0	-4.8	-6.9	36.1	3.2	16.0	14.0
Credit by sector⁶										
Central government	191.2	-9.5	-8.6	25.8	1.8	0.0	25.1	-2.7	-9.9	11.5
Municipalities ⁷	120.3	13.1	15.9	23.0	4.1	6.3	5.7	0.8	0.6	0.0
Businesses ⁷	1,825.2	24.9	22.5	20.7	0.6	18.2	25.3	2.4	9.9	13.2
Households ⁷	966.5	18.0	17.6	15.5	7.0	14.7	13.6	5.1	6.1	3.9

1. Partly preliminary or estimated. 2. In May 2003, Glitnir leasing company merged into Íslandsbanki and was thereby reclassified to "Banking system". 3. Credit undertakings subject to minimum reserve requirements comprise: Frjálsi 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 ÍSAT standard. This produces a lower figure than otherwise for lending to households, and a higher figure for lending to municipalities and businesses.

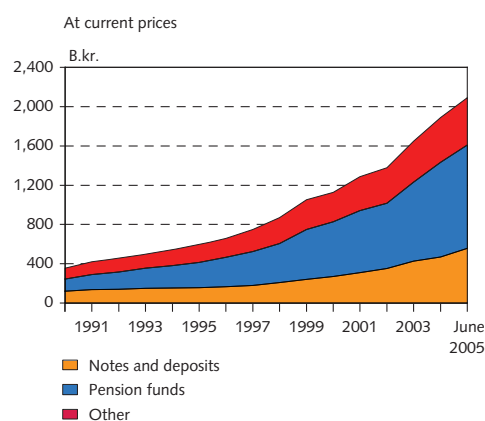
Source: Central Bank of Iceland.

Chart 9
Growth of credit system lending
1994-2005
Lending by sectors¹



1. Reclassification of lending in September 2003 based on the ÍSAT-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 at end of year
1990-2005



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	July'05	May'05	June'05	July'05	May'05	June'05	July'05
Money market ¹	36.9	39.4	69.2	12.0	5.5	1.6	48.7	78.1	51.7
Securities market ²	1,187.6	1,736.6	2,336.1	7.0	7.2	5.5	55.9	60.6	66.4
thereof Treasury bonds	53.1	45.1	26.0	-0.4	-0.2	-0.8	-46.5	-47.2	-47.4
thereof housing bonds	307.7	98.2	65.2	-44.4	65.1	-2.9	-87.5	-80.5	-81.0
thereof HFF bonds	.	340.3	384.0	-0.5	5.1	4.4	.	.	.
Market capitalisation of listed equities	658.8	1,083.7	1,442.1	-1.0	5.9	2.9	67.2	64.0	60.9
Mutual funds' units (open-end)	198.1	272.7	327.6	-1.7	3.4	2.5	30.6	31.7	30.0

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, businesses, municipalities and non-residents. Open-end mutual funds' units not included.

Source: Central Bank of Iceland

Table 8 Labour market

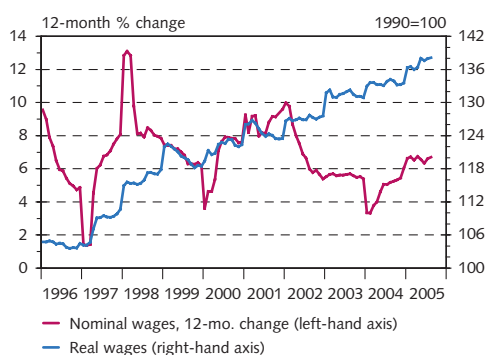
Changes in indices are in percent. Other changes indicate increase/decrease in jobs or permits	Averages			1-month change			12-month change		
	2003	2004	Aug.'05	June'05	July'05	Aug.'05	Aug.'03	Aug.'04	Aug.'05
Wage index (1990=100)	205.9	215.6	231.6	0.4	0.4	0.3	5.7	5.2	6.7
Real wages (1990=100) ¹	131.8	133.7	138.1	-0.3	0.3	0.1	3.6	1.5	2.9
Number of issued work permits	3,299	3,750	478	-104	289	-94	-77	86	178
Job vacancies, total	459	668	1,912	-27	-177	406	584	205	859
thereof Greater Reykjavik Area	104	204	478	156	-170	173	89	210	84
<i>Period averages</i>	2002	2003	2004	June'05	July'05	Aug.'05	Aug.'03	Aug.'04	Aug.'05
Number of unemployed	3,631	4,893	4,564	3,242	3,135	2,851	4,452	4,452	2,851
Measured unemployment rate (% of labour force)	2.5	3.4	3.1	2.1	2.0	1.8	2.9	2.9	1.8
Seasonally adjusted unemployment rate (% of labor force)	.	.	.	2.2	2.1	2.1	3.3	3.3	2.1
<i>Quarterly measurements</i>	2003	2004	Q2'05	Q4'04	Q1'05	Q2'05	Q2'03	Q2'04	Q2'05
Wage index (1990 = 100)	205.8	215.5	228.7	0.9	3.1	1.4	5.6	4.6	6.5
Wages in the private sector	188.5	196.9	209.4	0.8	3.4	1.0	5.5	4.2	6.8
Wages in the public sector and banks	234.5	246.3	260.6	1.0	2.7	2.0	5.9	4.9	6.1

1. Deflated by consumer prices.

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

Chart 11

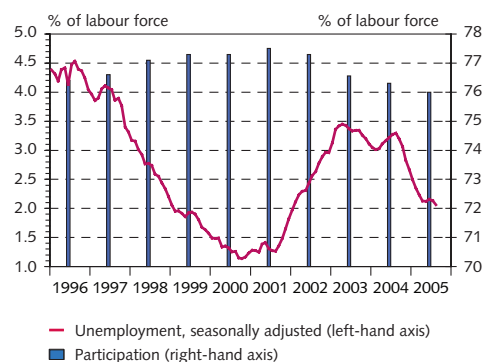
Nominal and real wages
January 1996 - August 2005



Sources: Statistics Iceland, Central Bank of Iceland.

Chart 12

Unemployment and labour participation¹
January 1996 - August 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.	1999	2000	2001	2002	2003	Prel.	Estimate	Forecast ¹	
						2004	2005	2006	2007
Gross domestic product (GDP), current prices	615.1	669.2	750.0	782.3	811.2	885.0	998.1	1,114.6	1,212.4
Current account balance, current prices	-42.9	-69.0	-33.1	10.8	-40.2	-73.9	-142.0	-125.9	-74.3
GDP at 1990 fixed prices	637.1	669.2	691.5	682.8	707.2	750.8	792.0	845.3	886.2

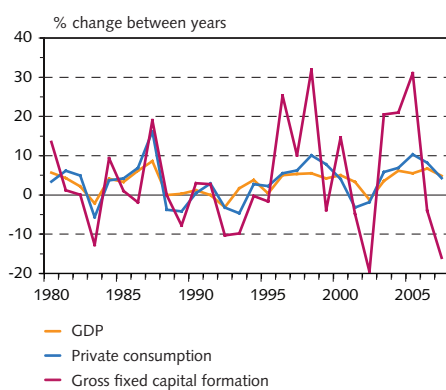
Volume changes between years, percent

Private consumption	7.8	4.1	-3.2	-1.8	5.8	6.9	10.3	8.2	4.3
Public consumption	4.9	4.4	3.1	5.0	1.5	2.8	3.5	3.0	2.7
Gross fixed capital formation	-3.8	14.7	-4.9	-19.6	20.5	21.0	31.1	-4.0	-16.0
Business sector investment	-5.6	15.1	-13.3	-26.2	28.4	23.4	54.7	-6.7	-26.9
Residential construction	0.6	12.9	15.4	5.0	16.1	5.8	12.0	10.0	0.2
Public works and buildings	-0.7	14.7	8.0	-23.1	3.0	26.9	-7.3	-9.1	22.9
National expenditure	4.3	6.6	-2.8	-3.8	7.2	8.4	13.1	4.0	-1.0
Exports of goods and services	3.9	4.3	7.4	3.9	1.4	8.3	4.4	6.1	14.5
Exports of goods	7.1	-1.3	7.2	6.6	-1.2	9.2	...	...	...
Exports of services	-2.5	16.3	7.7	-1.4	6.6	6.6	...	...	...
Imports of goods and services	4.3	8.5	-9.1	-2.6	10.7	14.2	23.0	0.1	-1.0
Imports of goods	3.2	2.8	-10.0	-3.4	7.3	15.8	...	...	...
Imports of services	6.9	21.5	-7.2	-1.2	17.2	11.5	...	...	...
Gross domestic product (GDP)	4.2	5.0	3.3	-1.3	3.6	6.2	5.5	6.7	4.8
Gross national income (GNI)	4.1	3.3	2.2	2.6	0.7	4.9	...	...	...
Terms of trade (goods and services)	-0.8	-2.7	0.2	0.6	-4.3	-1.2	1.3	1.6	0.9

Percent of GDP

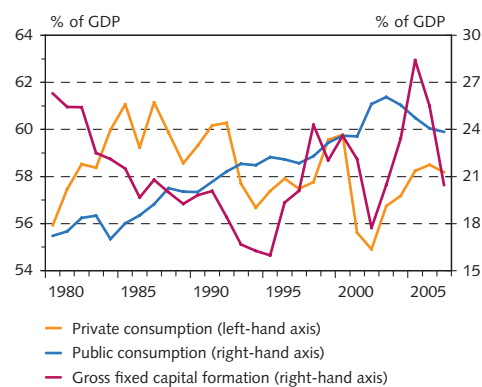
Private consumption	59.6	59.8	55.6	54.9	56.8	57.2	58.2	58.5	58.2
Gross fixed capital formation	22.0	23.6	22.1	17.7	20.5	23.4	28.4	25.5	20.5
Current account balance	-7.0	-10.3	-4.4	1.4	-5.0	-8.4	-14.2	-11.3	-6.1
Gross national saving	15.1	13.7	17.4	19.1	15.3	14.7	...	...	...

Chart 13
Growth of GDP, private consumption and gross fixed capital formation 1980-2007¹



1. Preliminary 2004. Forecast 2005-2007.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 14
Private consumption, public consumption and gross fixed capital formation 1980-2007¹



1. Preliminary 2004. Forecast 2005-2007.
Sources: Statistics Iceland and Central Bank of Iceland.

Table 9 (continued) National accounts – quarterly data

<i>In b.kr.</i>	<i>Private consumption</i>	<i>Public consumption</i>	<i>Gross fixed cap. format.</i>	<i>Changes in stocks</i>	<i>National expenditure</i>	<i>Exports</i>	<i>Imports</i>	<i>GDP</i>
2001: Q4	110,039	47,148	39,963	-20	197,131	81,532	-73,482	205,181
2002: Q1	102,173	48,149	34,809	-339	184,792	75,691	-71,036	189,447
2002: Q2	107,949	49,730	34,403	-896	191,186	78,514	-75,162	194,538
2002: Q3	106,257	49,818	33,945	825	190,845	80,092	-75,079	195,858
2002: Q4	113,242	52,775	35,525	229	201,771	71,567	-70,833	202,505
2003: Q1	109,099	51,039	31,689	2,235	194,062	70,797	-67,415	197,444
2003: Q2	114,860	52,828	40,839	-369	208,159	67,744	-78,282	197,621
2003: Q3	114,005	52,461	45,358	27	211,851	80,214	-87,252	204,813
2003: Q4	122,399	55,201	48,086	-3,396	222,290	69,359	-80,328	211,321
2004: Q1	119,045	54,522	40,608	3,412	217,588	72,915	-79,056	211,447
2004: Q2	126,416	56,905	54,315	-2,166	235,469	74,970	-94,166	216,273
2004: Q3	124,064	56,539	55,421	176	236,200	89,311	-96,433	229,078
2004: Q4	136,575	58,293	56,814	-4,766	246,9157	8,907	-97,611	228,211
2005: Q1	133,422	58,727	51,129	3,997	247,276	69,390	-91,131	225,535
2005: Q2	146,225	62,033	66,260	-5,382	269,136	81,198	-112,281	238,053

Volume change from same quarter in previous year (%)

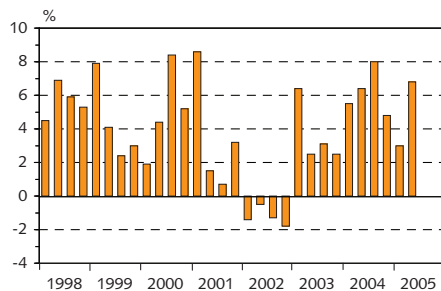
2001: Q4	-6.3	2.5	-18.8	.	-8.3	13.4	-19.9	3.2
2002: Q1	-5.5	0.6	-27.2	.	-8.2	3.5	-14.0	-1.4
2002: Q2	-2.1	3.1	-14.3	.	-4.0	11.9	2.2	-0.5
2002: Q3	-0.2	7.3	-24.6	.	-3.9	2.4	-3.4	-1.3
2002: Q4	0.6	9.0	-9.8	.	0.6	-1.7	6.5	-1.8
2003: Q1	5.6	5.9	-7.2	.	4.7	5.6	1.3	6.4
2003: Q2	5.9	2.7	22.4	.	8.4	-4.0	10.8	2.5
2003: Q3	5.7	-0.2	31.1	.	8.2	3.7	16.3	3.1
2003: Q4	6.1	-1.7	35.5	.	7.2	0.4	13.8	2.5
2004: Q1	7.1	3.4	26.8	.	9.9	4.8	16.8	5.5
2004: Q2	6.7	3.8	27.1	.	9.2	5.9	13.6	6.4
2004: Q3	5.4	3.3	17.4	.	7.3	9.5	7.3	8.0
2004: Q4	8.3	0.7	15.1	.	7.5	12.8	20.1	4.8
2005: Q1	9.0	3.0	24.4	.	10.6	-2.7	18.4	3.0
2005: Q2	14.1	4.4	20.0	.	11.8	12.2	23.5	6.8

1. Central Bank of Iceland forecast in September 2005. 2. In September 2005, annual chain-linking was introduced for calculations of volume changes, replacing the earlier use of constant prices relative to a specific base year. Data extending back to 1997 have been revised on this basis.

Sources: Statistics Iceland and Central Bank of Iceland.

Chart 15
Quarterly economic growth
Q1/1998 - Q2/2005¹

Volume change in GDP over four quarters (%)

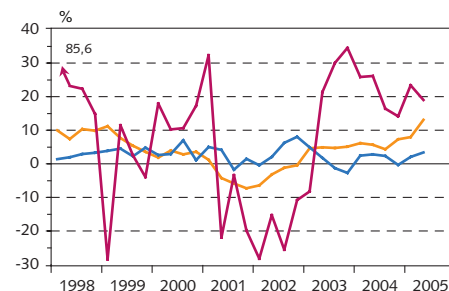


1. Preliminary 2004. Estimate 2005.
Source: Statistics Iceland.

Chart 16

Components of economic growth
Q1/1998 - Q2/2005¹

Volume change over four quarters (%)



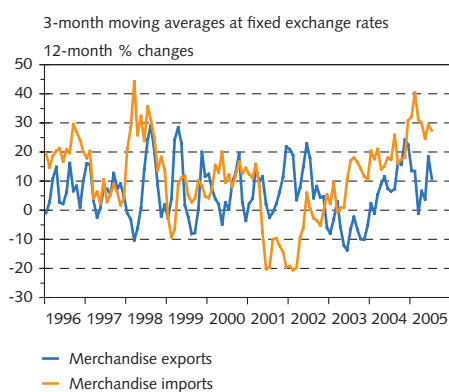
1. Preliminary 2004. Estimate 2005.
Source: Statistics Iceland.

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.-July'05	3-mo.	6-mo.	12-mo.
Trade balance	-6.7	13.1	-16.9	-37.8	-47.5	.	.	.
Merchandise exports fob	196.4	204.3	182.6	202.4	111.9	10.6	8.4	11.1
Excluding ships and aircraft	193.1	202.0	181.2	201.6	108.7	5.0	5.3	9.4
Marine products	121.8	128.6	113.7	121.7	66.6	9.1	6.4	8.2
Aluminium and ferro-silicon	44.4	43.5	40.3	42.6	24.8	5.7	11.7	11.2
Other industrial products	19.0	14.5	21.6	28.4	13.2	0.2	-2.8	12.5
Merchandise imports fob	203.1	191.2	199.5	240.2	159.4	27.5	28.6	26.7
Excluding ships and aircraft	190.1	180.0	195.7	231.7	152.9	34.3	29.9	25.6
Consumption goods	60.8	59.5	66.3	77.2	52.1	32.3	30.3	27.1
Investment goods	44.4	38.6	46.1	52.8	34.6	29.3	25.8	18.2

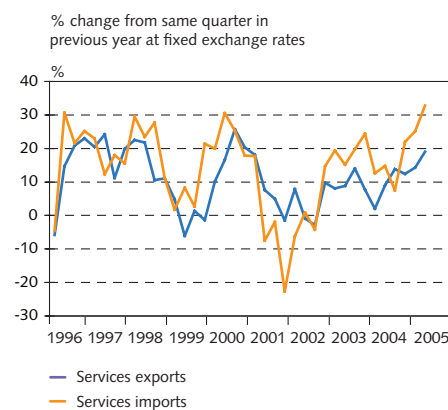
Services and income balance	In b.kr.					% change from previous year ²		
	2001	2002	2003	2004	2005/Q2	3-mo.	6-mo.	12-mo.
Services balance	-1.5	-0.3	-9.3	-14.6	-10.1	.	.	.
Services exports	102.8	101.6	105.5	113.7	29.3	18.9	16.8	15.1
Transportation	47.0	48.5	50.2	63.2	17.1	29.1	23.1	31.4
Travel	22.9	22.8	24.5	26.1	5.8	5.8	5.3	7.6
Other receipts	33.0	30.2	30.8	24.4	6.5	8.3	12.3	-8.8
Services imports	-104.4	-101.9	-114.8	-128.3	-39.5	33.0	29.3	21.7
Transportation	-36.7	-38.6	-39.7	-48.8	-14.1	30.4	20.6	23.5
Travel	-36.4	-33.4	-39.8	-48.5	-15.5	36.5	35.6	29.5
Other expenditure	-31.3	-29.9	-35.3	-31.0	-9.9	31.4	33.5	9.1
Balance on income	-25.3	-4.2	-14.0	-21.6	-2.7	.	.	.
Receipts	16.9	27.2	28.4	41.2	20.2	71.0	94.3	71.7
Compensation of employees	5.8	5.4	6.2	5.6	0.9	-17.7	-22.9	-14.5
Interest payments	3.4	4.8	4.3	8.5	4.3	152.7	142.1	133.6
Dividends and reinvested earnings ³	7.8	16.9	17.9	27.1	15.0	66.5	107.4	78.7
Expenditures	-42.2	-31.3	-42.4	-62.8	-22.9	78.6	74.4	64.4
Compensation of employees	-0.5	-0.7	-0.5	-0.8	-0.3	90.7	36.6	68.2
Interest payments	-41.3	-31.5	-28.5	-33.2	-12.2	59.0	57.0	46.8
Dividends and reinvested earnings ³	-0.3	0.8	-13.5	-28.8	-10.4	108.3	103.9	88.8
Current transfer, net	-1.0	1.2	-1.2	-1.2	-0.3	-1.3	-19.6	-7.3
Current account balance	-33.7	10.8	-40.3	-73.9	-34.1	.	.	.

Chart 17
Merchandise trade
January 1996 - July 2005



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

Chart 18
Exports and imports of services
Q1/1996 - Q2/2005



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

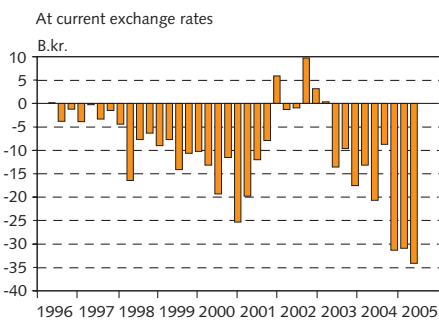
Table 10 (continued) Current account balance¹

	<i>In b.kr.</i>					<i>Change from prev. year (b.kr.)²</i>		
	2001	2002	2003	2004	Q2'05	3-mo.	6-mo.	12-mo.
Capital and financial account	19.3	0.0	16.5	135.6	53.3	.	.	.
Capital transfer, net	0.4	-0.1	-0.4	-0.2	-0.5	-0.3	-0.7	-0.4
Financial account ⁴	18.9	0.1	16.9	135.9	53.8	16.6	117.6	194.4
Financial account excl. reserves	14.1	5.8	40.3	150.1	54.0	14.3	104.8	163.5
Direct investment, net	-16.4	-21.2	-3.9	-165.4	-99.6	-81.3	-87.1	-216.9
Abroad	-33.7	-29.6	-28.4	-193.0	-108.4	-87.6	-91.8	-213.7
In Iceland	17.3	8.3	24.4	27.6	8.8	6.3	4.7	-3.2
Portfolio investment, net	61.5	22.0	228.0	507.5	340.3	283.1	362.3	557.9
Assets	-5.6	-30.0	-45.3	-75.7	-25.4	-16.8	-4.7	-16.2
Equities	-5.8	-25.7	-40.6	-71.2	-22.5	-15.1	-1.7	-13.4
Debt securities	0.2	-4.3	-4.7	-4.4	-3.0	-1.7	-3.0	-2.8
Liabilities	67.2	52.0	273.3	583.2	365.7	299.9	366.9	574.1
Equities	9.8	4.5	-5.6	20.2	-0.3	0.6	-1.1	19.0
Debt securities	57.3	47.5	278.9	563.0	366.0	299.3	368.0	555.0
Other investment, net ⁴	-30.9	5.0	-183.8	-192.0	-186.7	-187.6	-170.4	-177.5
Assets	-47.1	-30.4	-156.1	-237.6	-287.5	-236.3	-260.0	-313.4
Liabilities	16.2	35.5	-27.7	45.5	100.8	48.8	89.6	135.9
Reserve assets	4.8	-5.7	-23.4	-14.2	-0.2	2.4	12.8	30.9
Net errors and omissions	14.4	-10.8	23.8	-61.7	-19.2	.	.	.
<i>Memorandum items</i>								
Long-term borrowing, net	31.4	42.6	67.0	352.3	176.1	112.4	207.5	405.7
Assets	-42.1	-40.4	-184.3	-256.2	-290.7	-235.6	-250.1	-285.2
Monetary authorities	4.8	-5.7	-23.3	-14.2	-0.2	2.4	12.8	30.9
General government	-	-	-	-	-	-	-	-
Deposit money banks	-18.5	-33.3	-162.6	-220.8	-296.2	-249.1	-274.8	-313.9
Other sectors	-28.4	-1.4	1.7	-21.3	5.7	11.1	11.8	-2.2
Liabilities	73.5	83.0	251.3	608.5	466.9	348.1	457.6	690.9
Monetary authorities	-5.8	4.8	-15.9	0.0	-0.0	-0.0	-0.0	3.8
General government	42.3	17.5	-10.4	9.9	-2.8	5.1	-12.0	0.8
Deposit money banks	9.1	51.4	264.3	584.3	441.3	323.9	452.0	673.7
Other sectors.	27.9	9.3	13.2	14.2	28.3	19.1	17.6	12.5

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.

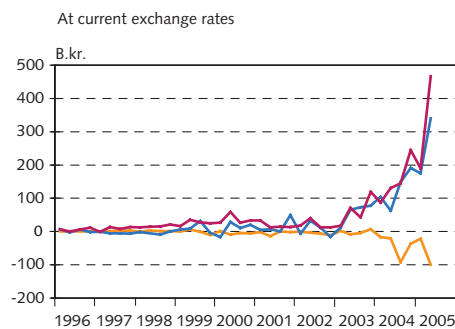
Source: Central Bank of Iceland.

Chart 19
Quarterly current account balance
Q1/1996 - Q2/2005



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

Chart 20
Selected financial account items
Q1/1996 - Q2/2005



— 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	Sept.'04	Dec.'04	Mars'05	June'05
International investment position	-451.0	-596.4	-579.9	-550.8	-680.9	-683.4	-680.8	-818.0	-905.8
Total assets	314.4	415.9	409.3	708.2	1,133.9	986.9	1,133.9	1,156.4	1,553.2
Direct investment abroad	56.2	86.8	101.2	122.5	255.2	225.1	255.2	259.3	323.1
Equity capital	41.0	66.8	82.3	110.5	218.0	191.5	218.0	229.5	279.6
Other capital	15.2	19.9	18.9	12.1	37.1	33.7	37.1	29.8	43.5
Portfolio assets	185.0	197.3	159.7	262.3	344.4	312.6	344.4	340.8	376.2
Equity capital	178.4	184.8	149.3	239.2	316.5	286.4	316.5	307.7	340.4
Debt securities	6.6	12.5	10.4	23.1	27.9	26.2	27.9	33.0	35.8
Other investment assets	39.1	95.2	111.2	265.2	468.7	378.0	468.7	496.8	791.4
Reserves	34.2	36.6	37.2	58.1	65.6	71.1	65.6	59.5	62.4
Total liabilities	765.4	1,012.3	989.2	1,259.0	1,814.8	1,670.2	1,814.8	1,974.3	2,458.9
Direct investment in Iceland	41.5	70.8	64.3	84.6	110.7	103.7	110.7	123.3	122.9
Equity capital	33.1	63.4	56.1	61.8	97.2	83.5	97.2	110.2	110.2
Other capital	8.5	7.4	8.2	22.8	13.5	20.2	13.5	13.1	12.7
Portfolio liabilities	347.7	471.3	490.3	776.2	1,302.2	1,160.8	1,302.2	1,460.8	1,835.5
Equity capital	2.3	12.1	35.9	42.6	86.5	91.9	86.5	106.7	112.3
Debt securities	345.4	459.2	454.4	733.6	1,215.7	1,068.9	1,215.7	1,354.0	1,723.2
Other investment liabilities	376.2	470.2	434.6	398.3	402.0	405.8	402.0	390.3	500.6
Long-term debt	289.0	377.0	296.2	252.0	206.7	246.6	206.7	205.8	223.1
Short-term debt	87.2	93.2	138.4	146.3	195.3	159.1	195.3	184.5	277.5
<i>Memorandum items</i>									
Equity capita, net	190.7	188.7	150.3	234.5	374.6	315.9	374.6	337.0	428.4
Net external debt position	-641.7	-785.1	-730.2	-785.3	-1,055.5	-999.2	-1,055.5	-1,154.9	-1,334.1
Monetary authorities	18.6	21.7	20.8	58.1	65.5	70.7	65.5	59.3	62.2
General government	-167.2	-239.8	-227.2	-213.7	-205.8	-215.5	-205.8	-190.5	-188.2
Deposit money banks	-329.4	-373.7	-361.8	-471.1	-778.2	-710.9	-778.2	-900.5	-1,044.6
Other sectors	-163.7	-193.2	-162.0	-158.6	-136.9	-143.5	-136.9	-123.3	-163.5
<i>Percent of gross domestic product¹</i>									
International investment position	-64.1	-77.3	-81.6	-70.2	-86.6	-79.2	-86.6	-86.2	-91.8
Net external debt ²	91.2	101.7	102.7	100.1	134.2	115.8	134.2	121.7	135.3
External debt position ²	102.5	120.4	125.1	144.3	205.7	170.9	205.7	183.9	225.5
Long-term debt	83.6	98.1	96.5	110.0	163.9	135.3	163.9	154.1	184.2
Short-term debt	18.9	22.3	28.6	34.3	41.8	35.6	41.8	29.8	41.3

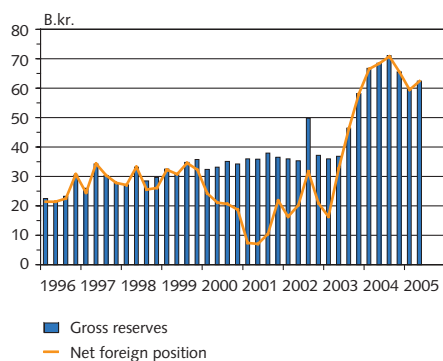
1. Foreign debt at year-end at annual average exchange rates (based on SDR). Quarterly ratios as percent of estimated annual GDP. 2. Direct investment capital and portfolio equities excluded.

Source: Central Bank of Iceland.

Chart 21

Reserve assets and Central Bank net foreign position, Q1/1996 - Q2/2005

Quarterly, at current exchange rates

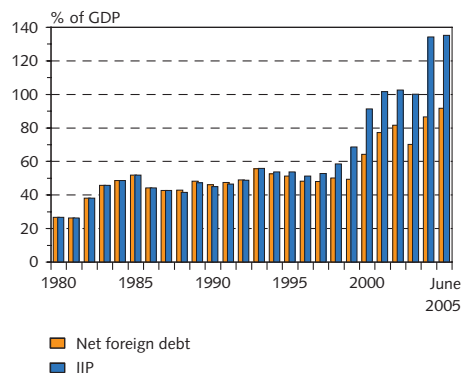


Latest data are preliminary.
Source: Central Bank of Iceland.

Chart 22

International investment position 1980-2005¹

At end of year and latest quarter



1. IIP is shown here with positive sign but is actually negative (see table 11). Latest data are preliminary.
Source: Central Bank of Iceland.

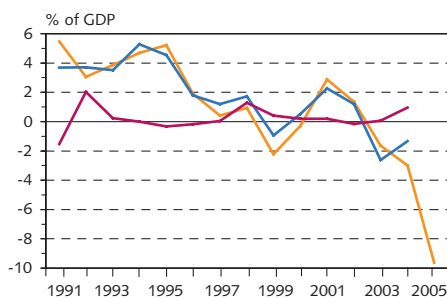
Table 12 Summary of Treasury finances¹

In b.kr.	Accruals basis			Jan.-Dec.			April-July		
	2001	2002	2003	2003	2004	% ch. from prev. year	2004	2005	% ch. from prev. year
Revenues	237.4	259.2	274.6	259.8	280.7	8.1	85.8	105.6	23.2
Expenditures	228.7	267.3	280.7	268.7	280.4	4.3	99.2	110.7	11.6
Financial balance	8.6	-8.1	-6.1	-8.9	0.3	.	-13.4	-5.1	.
Miscell. short-term accounts	-6.1	-14.4	8.9	9.8	-0.6	.	-2.0	0.4	.
Net lending	-12.6	11.3	5.7	6.5	26.4	.	2.2	5.0	.
Equity transactions	-11.5	0.7	4.8	4.5	-0.4	.	-0.2	0.0	.
Balance before financing	-21.5	-10.5	13.3	11.8	25.7	.	-13.4	0.3	.
Pension funds	-18.8	-4.2	-9.9	-7.5	-10.8	.	-5.4	-1.4	.
Net borrowing	41.6	13.5	-2.9	-6.0	-6.6	.	-10.4	-9.7	.
Short-term domestic	6.0	0.0	8.5	8.5	-6.0	.	-3.8	8.4	.
Long-term domestic	1.8	3.0	4.6	1.6	8.5	.	1.6	-7.3	.
From abroad	33.9	10.5	-16.0	-16.0	-9.1	.	-8.2	-10.7	.
Cash balance	1.4	-1.2	0.5	-1.6	8.3	.	-29.2	-10.8	.
<i>Revenues and expenditures</i>									
Total revenue	237.4	259.2	274.6	259.8	280.7	8.1	85.8	105.6	23.2
Personal income taxes, gross	52.5	55.1	58.0	55.8	62.6	12.0	17.8	19.5	9.8
Other income and property taxes	27.0	27.5	30.8	28.1	32.8	16.8	7.0	8.1	16.6
Value-added tax	72.1	76.3	80.9	80.3	91.1	13.5	29.9	36.5	22.2
Taxes on commodities & imports	15.9	15.4	17.6	17.5	20.8	18.7	7.3	9.5	29.1
Payroll taxes	21.9	23.4	26.3	25.2	27.8	10.3	9.3	10.6	13.3
Other taxes	22.3	22.9	25.2	23.7	25.7	8.7	7.8	7.2	-7.7
Interest, dividends and rent	16.6	18.7	14.4	11.0	12.0	9.3	4.3	10.3	138.4
Profits from asset sales	1.1	11.7	12.0	11.6	0.2	-98.5	0.0	0.2	2,733.3
Other revenues	7.9	8.3	9.3	6.7	7.8	17.3	2.4	3.8	59.9
Total expenditures ²	228.7	267.3	280.7	268.7	280.4	4.3	99.2	110.7	11.6
Expenditure on goods and services	91.7	116.8	110.1	120.6	136.1	12.8	43.4	51.2	18.1
Current transfers	96.1	112.6	129.5	108.7	111.5	2.6	41.8	42.7	2.1
Interest payments	17.9	16.0	15.3	14.9	13.1	-12.5	7.1	11.7	66.0
Maintenance	5.7	6.1	6.3	5.0	3.7	-26.9	1.5	1.4	-9.2
Capital expenditures	17.3	15.8	19.6	19.4	16.1	-17.4	5.4	3.7	-31.1

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.

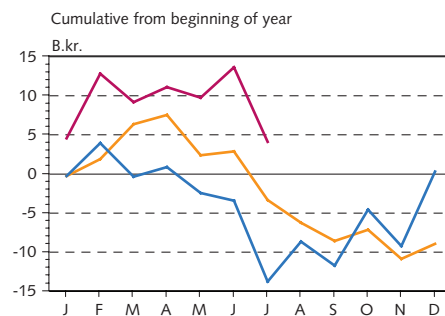
Chart 23
Treasury borrowing 1991-2005



— Net borrowing requirement
— Net domestic borrowing¹
— Net foreign borrowing

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

Chart 24
Monthly Treasury balance 2003-2005



— 2003
— 2004
— 2005

Source: State Accounting Office.

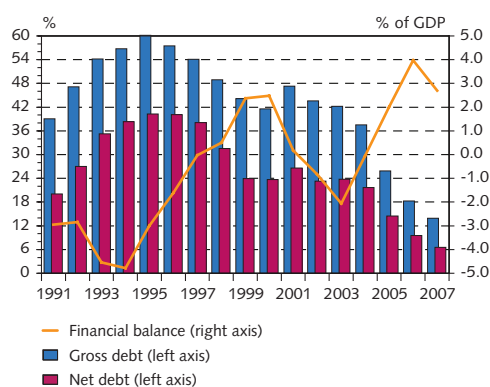
Table 13 Public sector finances¹

<i>In b.kr.</i>								<i>Prelim.</i>	<i>Estimate²</i>	
<i>General government</i>	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues	213.2	242.9	278.6	301.1	328.5	350.6	368.4	417.0	469	519
Expenditures	213.3	240.0	264.0	284.6	327.2	357.1	385.1	417.0	448	475
Financial balance	-0.1	2.8	14.6	16.6	1.3	-6.6	-16.7	0.0	20	44
Net debt	196.5	180.7	147.0	158.7	199.3	182.2	192.9	192.0	145	106
Gross debt	279.4	280.5	271.5	278.0	354.6	340.7	342.6	332.0	258	203
<i>Central government</i>										
Revenues	162.4	183.9	213.8	228.7	245.4	257.3	274.4	313.0	353	389
Expenditures	160.2	177.4	195.5	208.6	238.3	260.6	288.7	304.0	326	344
Financial balance	2.2	6.7	18.5	20.5	8.2	-2.3	-13.2	10.0	27	45
Net debt	172.3	151.3	118.8	127.4	168.8	149.5	158.0	149.0	90	45
Gross debt	241.6	237.8	226.0	228.5	298.3	281.1	277.2	255.0	193	145
<i>Local government</i>										
Revenues	55.5	62.9	69.9	77.7	89.5	99.8	104.3	113.0	126	142
Expenditures	58.5	67.2	72.8	80.3	94.8	103.2	108.0	123.0	134	144
Financial balance	-3.0	-4.3	-2.9	-2.6	-5.3	-3.4	-3.8	-10.0	-8	-2
Net debt	25.0	30.1	28.7	31.7	30.7	32.8	37.0	47.0	59	66
Gross debt	38.4	43.3	46.1	49.8	56.6	60.2	65.9	78.0	81	85
<i>General government, % of GDP</i>										
Revenues	41.3	42.4	45.3	45.0	43.8	44.8	45.4	47.1	47	47
Expenditures	41.3	41.9	42.9	42.5	43.6	45.7	47.5	47.1	45	43
Financial balance	0.0	0.5	2.4	2.5	0.2	-0.8	-2.1	-0.1	2	4
Net debt	38.1	31.5	23.9	23.7	26.6	23.3	23.8	22	14	10
Gross debt	54.1	48.9	44.1	41.5	47.3	43.5	42.2	38	26	18

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 relate to the treatment of depreciation of tax claims, pension liability and profits from the sale of government assets. 2. Operating figures for 2004 are Statistics Iceland estimates. Other figures for 2004-2006 are Central Bank estimates.

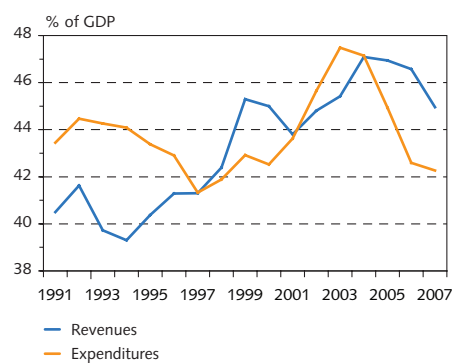
Sources: Statistics Iceland, Central Bank of Iceland.

Chart 25
General government balance
and debt 1991-2007



Sources: Statistics Iceland and Central Bank projections.

Chart 26
General government revenues and
expenditures 1991-2007



Sources: Statistics Iceland and Central Bank projections.

Table 14 Turnover¹

M.kr.	January-June			% ch. in previous year, January-June ²		
	2003	2004	2005	2003	2004	2005
Industries, total	152,782	167,156	175,113	-6.9	6.6	0.9
Industries, excluding fish processing	98,768	107,524	109,460	0.3	6.1	-2.0
Industries, excl. fish processing and power-intensive	79,346	86,666	90,173	3.8	6.4	0.2
Retail trade	85,841	92,788	100,543	1.5	6.4	7.0
Wholesale trade	145,638	171,798	196,026	5.1	16.2	12.8
Wholesale trade, excluding fuels	125,298	149,745	171,178	-0.8	17.7	12.9
Construction	38,440	47,732	62,920	13.5	21.0	26.9
Total	627,353	721,342	803,253	-2.1	12.0	7.2
Total, excluding fuels	607,013	699,289	778,405	-2.3	13.4	9.9

1. Based on VAT reports. 2. Based on price-adjusted turnover, deflated by the consumer price index, in some cases excluding housing and petrol.

Sources: Statistics Iceland, Central Bank of Iceland.

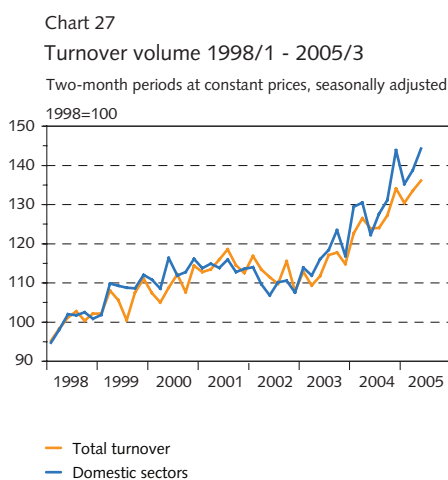
116

Table 15 Real effective exchange rate of the Icelandic króna¹

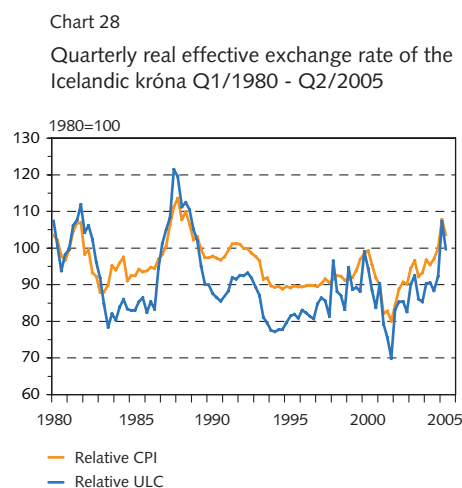
	Annual averages					Q2 2005	% change on previous year		
	2000	2001	2002	2003	2004		Q4 '04	Q1 '05	Q2 '05
Real effective exchange rate (1980 = 100)									
based on relative consumer prices (CPI)	96.3	83.7	88.5	94.2	97.2	103.6	3.1	7.9	-3.9
based on relative unit labour costs (ULC)	91.4	78.7	84.1	88.5	90.4	99.7	4.5	16.2	-7.0
								Prel. 2004	Forecast 2005
% change on previous year	1997	1998	1999	2000	2001	2002	2003		
Nominal effective exchange rate	1.2	1.5	0.0	0.2	-16.6	2.5	6.2	1.8	8.4
Foreign consumer prices	2.1	1.6	1.6	2.3	2.1	1.7	2.0	1.8	1.9
Domestic consumer prices	1.8	1.7	3.4	5.1	6.6	4.8	2.1	3.2	3.6
Real exchange rate based on relative CPI	0.9	1.6	1.8	2.9	-13.0	5.7	6.3	3.2	10.3
Foreign productivity	1.5	1.2	1.2	1.4	0.4	1.1	1.4	1.9	1.1
Domestic productivity	2.0	2.1	1.5	2.8	1.7	-0.8	5.0	4.1	1.7
Foreign wages	3.2	3.0	3.3	3.2	3.3	3.1	2.9	1.9	1.7
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	5.0	1.6	1.3	-13.8	6.8	5.2	2.1	12.4

1. Latest values are preliminary.

Source: Central Bank of Iceland.



Sources: Statistics Iceland, Central Bank of Iceland.



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

Table 16 Real estate market and asset prices

Real estate market ¹	2002	2003	2004	July'05	1-mo. % change		12-mo. % change			
					June'05	July'05	July'03	July'04	July'05	
Residential housing price index ²	158.9	177.7	200.5	282.4	2.8	2.6	13.4	11.3	38.9	
Apartment housing price index ²	160.7	179.9	201.3	278.2	2.6	2.7	13.1	11.0	35.7	
New housing loans at market prices (b.kr.) ³	28.6	32.2	49.6	...	...	...	31.6	...	...
Number of Housing Fin. Fund loan applications ⁴	2,846	2,535	3,271	...	...	...	28.1	44.4	...
<i>Fish quota prices (period averages, kr./kilo)</i>										
Price of long-term cod quota (kr./kilo)	709	930	1,223	1,375	-	3.8	20.0	-10.0	27.3	
Price of short-term cod quota (kr./kilo)	117	156	132	125	-	-	-19.4	-4.0	4.2	
<i>Equity market</i>										
	At end of year				August 31,	% change to August 31, 2005				
Equity prices, Dec. 31, 1997 = 1,000	2001	2002	2003	2004	2005	1 mo.	3 mo.	6 mo.	12 mo.	
ICEX-15	1,159.0	1,352.0	2,114.3	3,359.6	4,678.0	8.6	15.8	24.1	38.0	
ICEX-MAIN (The Main List index)	1,180.8	1,436.2	2,075.2	3,167.4	4,309.9	7.6	14.0	21.9	35.5	
<i>ICEX industry indices, Dec. 31, 2004 = 100⁵</i>										
Fisheries (ICEXFISH)	86.7	107.3	100.0	120.7	128.9	1.1	-2.1	4.4	16.1	
Finance and insurance (ICEX40)	.	.	.	100.0	144.2	10.4	18.8	28.1	.	
Consumer staples (ICEX30)	.	.	.	100.0	129.9	5.7	8.1	22.8	.	
Health care (ICEX35)	.	.	.	100.0	108.8	0.0	4.8	4.6	.	

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. 5. New industry indices were introduced on April 1, 2005. Of the previous indices, only the fisheries index is still calculated, based on its initial value of 100 on December 31, 1997.

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

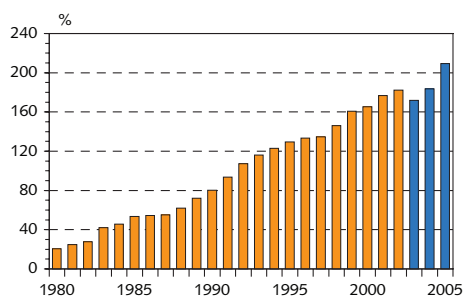
Table 17 Households and businesses: assets and debt

B.kr. unless otherwise stated	1997	1998	1999	2000	2001	2002	Forecast		% change
							2003	2004	'03-'04
Household assets in residential housing and cars ¹	676.0	724.1	842.6	953.2	1,044.0	1,108.4	1,235.5	1,448.9	17.3
Assets in pension funds	345.6	398.2	507.3	557.3	640.1	664.6	805.1	950.7	18.1
Household debt with the credit system ²	386.2	442.6	522.0	613.8	710.4	758.6	772.1	877.1	13.6
Household debt as % of disposable income ²	134.7	146.1	160.9	165.4	176.8	182.4	172.0	183.5	.
Businesses' debt with the credit system ²	420.7	509.4	668.8	801.1	962.3	972.5	1,171.0	1,466.8	25.3
Debt of firms in fisheries sector	123.5	139.7	160.3	165.2	195.5	191.9	185.5	208.4	12.3

1. National Economic Institute national wealth estimates. At average annual prices. 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 business sector 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.

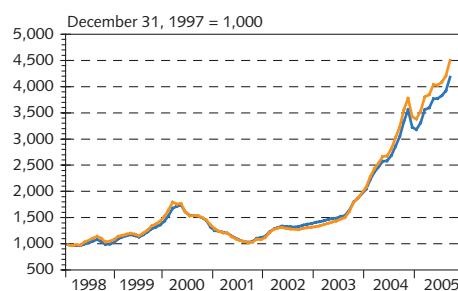
Chart 29
Household debt as percentage of disposable income 1980-2005¹



1. New classification from 2003 (blue columns). See footnote 2 to Table 17. Latest values are preliminary. Source: Central Bank of Iceland.

Chart 30
Equity prices 1998-2005

Monthly averages January 1998 - August 2005



— ICEX-15
— ICEX Main List Index

Source: Iceland Stock Exchange (ICEX).

Table 18 Businesses' financial accounts

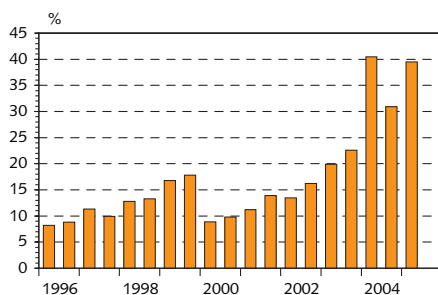
<i>Accounts of publicly listed companies</i> ¹	<i>Jan.-Dec.</i>		<i>% of turnover</i>		<i>Jan.-June</i>		<i>% of turnover</i>		<i>% change '04-'05</i>
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	
<i>All amounts in b.kr.</i>									
Profit before financial expense & depreciation	33.9	42.8	12.1	12.1	17.9	23.3	13.2	12.7	30.4
Fisheries	8.3	8.7	21.3	18.1	4.9	5.7	23.8	20.8	16.1
Transport	1.6	2.6	7.0	10.7	0.5	0.8	4.3	5.4	46.9
ICT	8.1	11.0	19.6	20.2	3.6	3.3	15.3	10.3	-10.7
Industry and manufacturing	12.1	16.6	16.3	18.1	7.2	12.0	15.8	19.6	67.7
Profit after taxes	12.0	23.2	4.3	6.6	9.7	11.1	7.2	6.0	14.1
Fisheries	3.4	5.6	8.7	11.7	2.1	2.9	10.3	10.4	34.0
Transport	0.5	1.0	2.3	4.1	0.3	0.4	2.8	2.6	7.2
ICT	1.6	4.8	3.6	8.9	2.4	2.7	10.2	8.7	13.3
Industry and manufacturing	5.6	10.2	7.5	11.2	4.3	4.9	9.5	7.9	12.8
Equity ratio	35.2	34.1	.	.	35.6	31.6	.	.	.
Return on equity	15.3	10.3	.	.	17.7	14.2	.	.	.
Sample size at end of period	31	31	.	.	23	23	.	.	.

<i>Accounts of commercial banks and savings banks</i> ²	<i>All amounts in b.kr.</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>% change '03-'04</i>	<i>Jan.-June</i>		<i>% change '04-'05</i>
							<i>2004</i>	<i>2005</i>	
Net interest income	29.4	29.6	36.0	54.2	50.6	22.2	36.4	64.0	
Other operating income	10.3	27.9	45.6	78.7	72.6	40.8	63.5	55.7	
Net operating income	39.6	57.5	81.6	132.9	62.9	63.0	99.9	58.6	
Operating expenses	25.4	34.1	44.9	60.2	34.1	27.0	34.5	27.7	
Provisions for bad and doubtful debts	7.4	9.3	13.2	13.2	-	6.7	6.1	-9.7	
Taxes	-0.1	1.2	2.9	8.9	206.9	4.3	9.1	112.7	
Profit	6.9	12.5	18.6	43.1	131.7	21.3	50.2	135.9	
Total assets at end of period	941.0	1,161.1	1,597.3	3,128.8	95.9	1,886.3	4,479.1	137.5	
Stockholders' equity at end of period	60.8	84.5	113.5	256.6	126.1	133.2	447.8	236.2	
<i>% at end of period</i>									
Return on equity	13.9	18.5	22.5	30.9	.	41.5	39.5	.	
Cost ratio ³	64.0	59.4	55.0	45.3	.	42.9	34.5	.	
Capital ratio	11.3	12.2	12.3	12.8	.	13.1	13.9	.	
Capital ratio excluding subordinated loans	8.0	9.1	9.2	9.5	.	9.0	10.1	.	

1. Companies listed on Iceland Stock Exchange (ICEX), excluding the finance and insurance sector. Paired comparison. 2. The sample includes the largest commercial banks (three) and the six largest savings banks. The commercial banks and SPRON compiled their accounts for January-June 2005 in accordance with IFRS (International Financial Reporting Standards). 3. Operating expenses as a percentage of net operating income.

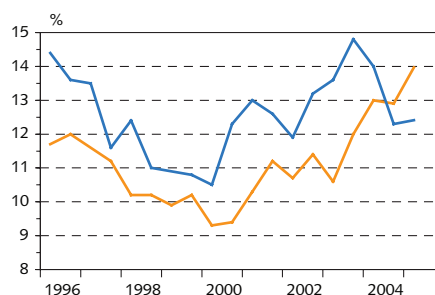
Sources: Financial Supervisory Authority (FME), Central Bank of Iceland.

Chart 31
Commercial banks and savings banks:
return on equity¹ H1/1996 - H1/2005



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

Chart 32
Commercial banks and savings banks:
capital ratio¹ H1/1996 - H1/2005



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	2.2	2.2	3.6	2.8	-0.3	0.6	1.9	0.9	2.2	4.8
Unemployment ¹	8.6	8.6	4.9	4.7	4.4	6.5	4.7	8.3	5.8	2.1
Economic growth ²	1.3	1.1	3.6	1.8	2.2	2.0	2.0	-0.3	1.9	6.8
Long-term interest rates (nominal yield) ³	.	2.5	3.9	4.1	0.6	2.5	3.0	2.6	2.6	7.4
Long-term interest rates (real yield) ^{3,4}	.	.	1.4	1.4	.	1.0	.	.	.	3.6
Short-term interest rates ⁵	2.6	2.0	3.5	4.8	0.0	1.5	2.1	2.1	2.0	9.3
<i>In 2004 (unless otherwise stated):</i>										
GDP per capita based on PPP, in thous. US\$ ⁶	.	27.1	37.6	29.9	28.0	29.0	37.1	28.6	30.7	29.4
Gross saving, % of GDP ⁷	.	.	13.1	14.8	25.7	23.9	32.7	24.5	22.6	14.7
Gen. government fin. balance, % of GDP	.	-2.7	-4.3	-3.4	-6.1	1.2	11.5	1.9	2.3	0.5
Gen. government gross debt, % of GDP	.	78.5	63.4	44.2	157.6	62.1	51.1	53.3	49.4	36.4
Gen. government expenditure, % of GDP	.	48.6	36.0	44.1	37.3	57.1	46.6	50.7	56.3	47.4
Current account balance, % of GDP	0.1	0.6	-5.7	-2.2	3.6	8.0	13.8	4.3	2.5	-8.4

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. 2003. Converted to US dollars at an exchange rate that eliminates the difference in price levels between the countries. 7. 2002 for Japan and 2003 for USA.

Sources: EcoWin, Eurostat, OECD.

Table 20 International economic developments

	1998	1999	2000	2001	2002	2003	Preliminary 2004	Forecast	
								2005	2006
<i>Annual economic growth (%)¹</i>									
World	2.8	3.7	4.7	2.4	3.0	4.0	5.1	4.3	4.3
Euro area	2.8	2.7	3.8	1.7	0.9	0.7	2.0	1.3	1.7
United Kingdom	3.2	3.0	4.0	2.2	2.0	2.5	3.2	2.0	2.2
United States	4.2	4.4	3.7	0.8	1.6	2.7	4.2	3.5	3.3
Japan	-1.0	-0.1	2.4	0.2	-0.3	1.4	2.7	2.0	1.8
Other emerging market and developing countries ²	3.0	4.0	5.8	4.1	4.8	6.5	7.3	6.4	6.1
<i>Annual growth in world trade (%)</i>	4.6	5.8	12.4	0.1	3.4	5.4	10.3	7.0	7.4
<i>Consumer price inflation (%)</i>									
Euro area	1.1	1.1	2.1	2.3	2.3	2.1	2.1	2.1	1.8
United Kingdom	1.6	1.4	0.8	1.2	1.3	1.4	1.3	2.0	2.0
United States	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.2	2.8
Japan	0.6	-0.3	-0.9	-0.7	-1.0	-0.2	0.0	-0.2	0.2
<i>Unemployment, % of labour force</i>									
Euro area	10.0	9.2	8.2	7.9	8.3	8.7	8.9	8.8	8.7
United Kingdom	6.3	6.0	5.5	5.1	5.2	5.0	4.8	4.7	4.8
United States	4.5	4.2	4.0	4.8	5.8	6.0	5.5	5.1	5.0
Japan	4.1	4.7	4.7	5.0	5.4	5.3	4.7	4.3	4.0
<i>General government financial balance, % of GDP³</i>									
Euro area	-2.3	-1.3	0.1	-1.8	-2.5	-2.8	-2.7	-2.8	-2.7
United Kingdom	0.1	1.1	3.8	0.7	-1.8	-3.4	-3.4	-2.9	-3.0
United States	0.4	0.9	1.6	-0.4	-3.8	-4.6	-4.3	-4.1	-3.9
Japan	-5.5	-7.2	-7.5	-6.1	-7.9	-7.7	-6.1	-6.1	-5.3
<i>Long-term interest rates⁴</i>									
Euro area	4.8	4.7	5.4	5.0	4.9	4.1	4.1	3.5	3.6
United Kingdom	5.5	5.1	5.3	4.9	4.9	4.5	4.9	4.6	4.8
United States	5.3	5.6	6.0	5.0	4.6	4.0	4.3	4.5	5.3
Japan	1.5	1.7	1.7	1.3	1.3	1.0	1.5	1.4	1.8

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		Gov. bonds average yield ⁵	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		Relative ULC	Banks' secured lending (real yield)	Non-indexed	M3 lending				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	1.2
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	0.0
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	-3.1
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	1.7
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	3.8
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	0.4
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	5.0
1997	180.3	1.8	318.7	90.5	84.5	5.3	11.1	8.7	16.9	11.8	2.6	64.8	5.3
1998	183.3	1.7	313.6	91.9	88.7	4.7	11.8	15.1	25.6	15.1	2.2	70.0	5.5
1999	189.6	3.4	313.1	93.6	90.2	4.4	8.0	17.1	22.8	17.3	2.6	82.5	4.2
2000	199.1	5.0	313.3	96.2	91.4	5.1	12.7	11.2	26.2	17.2	2.1	102.7	5.0
2001	212.4	6.7	376.3	83.7	78.7	5.1	9.4	14.9	13.4	19.2	2.1	120.4	3.3
2002	222.6	4.8	365.2	88.5	84.1	5.2	13.7	15.3	0.9	3.2	2.5	125.1	-1.3
2003	227.3	2.1	343.3	94.1	88.5	4.4	9.3	17.5	14.8	11.4	3.5	144.3	3.6
2004	234.6	3.2	336.3	97.2	90.4	3.9	8.1	18.0	39.6	20.2	3.6	205.8	6.2

1. Annual averages (May 1988=100) and changes between years. 2. Annual averages. Exchange rate of the króna 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.

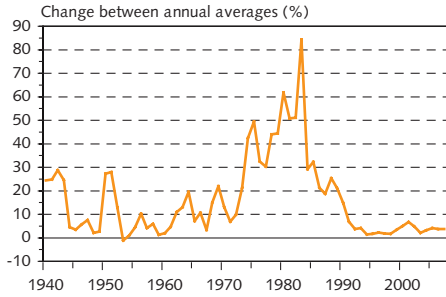
Table 21 (continued) Historical economic indicators

Year	Components of GDP (% change from previous year)				External trade (% change from previous year)			General government (% of GDP) ⁸			Labour market (% of labour force)		Wages (% change from previous year)		
	Private consump- tion	Gross fixed cap. formation	National expendi- ture	Gross & services (volume changes)	Exports	Imports	Terms of trade	Curr. acc. balance (% of GDP)	Financial balance	Revenues	Expen- ditures	Unem- ployment	Labour particip.	Real wages ⁹	Real disposable income
1976	5.4	-2.7	-3.5	13.1	-3.6	7.8	-1.5	32.1	31.1	0.5	73.4	2.3			
1977	12.9	11.5	15.0	8.9	20.6	7.0	-2.3	30.5	30.7	0.3	72.5	15.5			
1978	9.0	-5.8	2.1	15.2	3.7	0.3	1.2	31.0	30.9	0.3	73.6	8.5			
1979	2.8	-1.5	3.5	6.3	2.5	-8.6	-0.7	32.4	31.4	0.4	73.0	2.0			
1980	3.4	13.5	5.7	2.7	3.0	-2.8	-1.9	35.1	33.8	0.3	74.1	1.1			
1981	6.2	1.2	5.6	3.2	7.1	-0.5	-4.1	36.3	35.0	0.4	76.8	5.4			
1982	5.0	0.1	5.0	-8.9	-0.6	-0.8	-7.9	37.4	35.7	0.8	77.6	2.2			
1983	-5.6	-12.7	-8.6	11.0	-9.7	-1.3	-1.9	35.6	37.6	1.0	77.4	-12.5			
1984	3.7	9.4	6.4	2.4	9.2	0.6	-4.6	36.6	34.4	1.3	77.6	-2.5			
1985	4.2	1.0	2.7	11.1	9.4	-0.9	-3.8	35.2	36.9	0.9	79.3	10.8			
1986	6.9	-1.9	4.5	5.9	0.9	5.4	0.5	35.3	39.3	0.7	80.9	9.5			
1987	16.2	19.1	15.7	3.3	23.3	4.3	-3.4	35.5	36.3	0.4	84.1	25.8			
1988	-3.8	-0.1	-0.6	-3.6	-4.6	-0.8	-3.4	39.2	41.2	0.6	80.1	2.2			
1989	-4.2	-7.8	-4.4	2.9	-10.3	-3.9	-1.3	39.1	43.6	1.7	78.7	-9.4			
1990	0.5	3.0	1.5	0.0	1.0	-2.0	-2.1	38.8	42.1	1.8	77.5	-4.6			
1991	2.9	2.7	3.8	-5.9	5.2	3.5	-4.1	40.5	43.5	1.5	76.2	1.4			
1992	-3.2	-10.3	-4.4	-2.0	-6.0	-0.6	-2.4	41.6	44.5	3.1	75.5	-2.7			
1993	-4.6	-9.8	-2.6	6.5	-7.5	-3.9	0.7	39.7	44.3	4.4	75.3	-7.6			
1994	2.7	-0.3	2.0	9.3	3.8	0.4	2.0	39.3	44.1	4.8	75.4	0.0			
1995	2.3	-1.7	2.5	-2.3	3.6	1.3	0.8	40.4	43.4	5.0	75.7	3.8			
1996	5.5	25.3	7.0	9.9	16.5	-3.1	-1.8	41.3	42.9	4.4	76.4	4.1			
1997	6.2	10.1	6.2	5.6	8.0	2.1	-1.8	41.3	41.3	3.9	76.6	2.5			
1998	10.1	31.9	13.2	2.5	23.4	5.6	-6.9	42.4	41.9	2.8	77.1	8.7			
1999	7.8	-3.8	4.3	3.9	4.3	-0.8	-7.0	45.3	42.9	1.9	77.3	6.5			
2000	4.1	14.7	6.6	4.3	8.5	-2.7	-10.3	45.0	42.5	1.3	77.3	5.2			
2001	-3.2	-4.9	-2.8	7.4	-9.1	0.2	-4.4	43.8	43.6	1.4	77.5	2.0			
2002	-1.8	-19.6	-3.8	3.9	-2.6	0.6	1.4	44.8	45.7	2.5	77.3	-0.3			
2003	5.8	20.5	7.2	1.4	10.7	-4.3	-5.0	45.4	47.5	3.4	76.6	4.7			
2004	6.9	21.0	8.4	8.3	14.2	-1.2	-8.4	47.1	47.1	3.1	76.3	1.4			

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

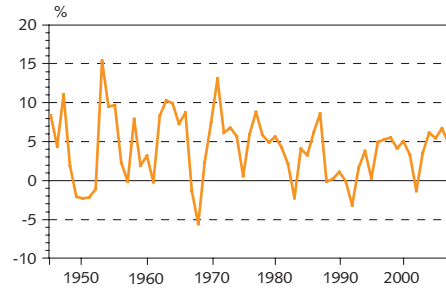
Sources: Directorate of Labour, Iceland Stock Exchange, Ministry of Finance, Statistics Iceland, Central Bank of Iceland.

Chart 33
Consumer price inflation 1940-2007¹



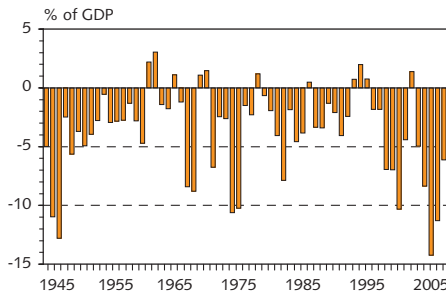
1. Central Bank forecast for 2005-2007.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 34
Economic growth 1945-2007¹
Change in real GDP between years



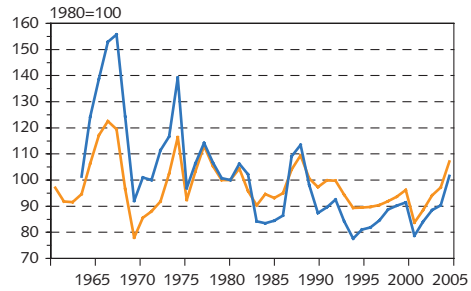
1. Preliminary 2004. Forecast 2005-2007.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 35
Current account balance 1945-2007¹



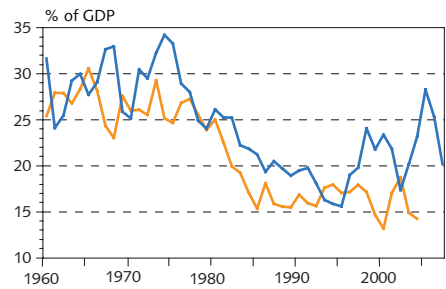
1. Preliminary 2004. Forecast 2005-2007.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 36
Real effective exchange rate of the Icelandic króna 1960-2005¹



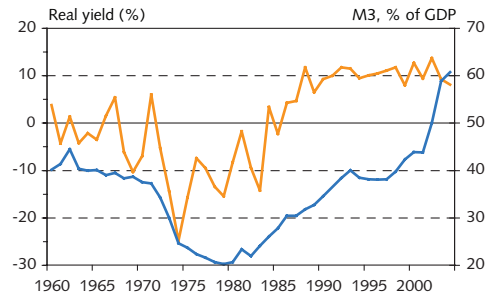
1. Preliminary 2004. Estimate 2005.
Source: Central Bank of Iceland.

Chart 37
Gross national saving and fixed capital formation 1960-2007¹



1. Preliminary 2004. Forecast 2005-2007.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 38
Real yield and broad money 1960-2004
Real yield on non-indexed bank loans and M3 as percent of GDP



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

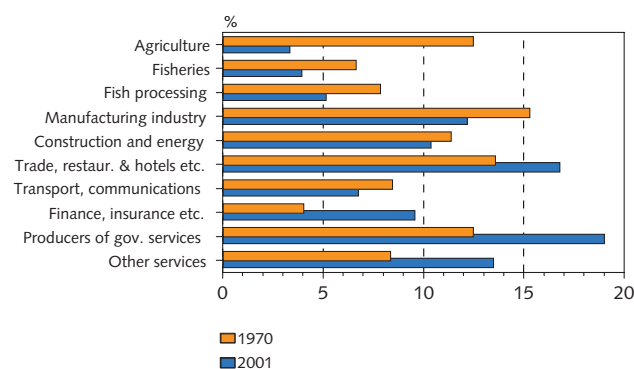
Table 22 Structural indicators for the Icelandic economy

<i>I Population and labour force (thous.)</i>		1970	2004
Population at end of year		204.8	293.6
under 16 years of age		70.6	70.1
16-74 years of age		127.3	207.2
above 74 years of age		7.0	16.3
Average population growth in previous 5 years (%)		1.1	1.0
Labour force (employed persons)		82.7	147.7
Males		54.7	84.9
Females		28.0	62.8
<i>II Employment by industry (%)</i>			
		1970	2004
Agriculture		12.4	3.3
Fisheries		6.6	3.9
Fish processing		7.8	5.1
Manufacturing industry		15.2	12.1
Construction, electricity and water supply		11.3	10.3
Wholesale and retail trade, restaurants & hotels		13.5	16.7
Transport, storage and communication		8.4	6.7
Financial, insurance, real estate, business services		4.0	9.5
Producers of government services		12.4	18.9
Other services		8.3	13.4
<i>III Merchandise exports</i>			
<i>Distribution by category (%)</i>			
		1970	2004
Marine products		77.1	60.2
Manufactures		18.4	35.1
thereof aluminium and ferro-silicon		13.2	21.1
Agricultural products		3.4	2.1
<i>By regions (%)</i>			
		1970	2004
United States		30.0	9.3
European Union		52.8	75.2
Other		17.2	15.5
<i>IV National income and output</i>			
		1970	2004 ¹
Gross domestic product (GDP), b.kr.		0.4	885.0
GDP, billion USD		0.5	12.6
National income per capita, thous. USD		2.0	42.1
GDP per capita (PPP), thous. USD ²		2.7	33.6
Gross capital formation, % of GDP		25.3	23.4
Gross national saving, % of GDP		26.1	14.7
Net national saving, % of net national product		13.8	2.6
Export of goods and services, % of GDP		46.4	35.7
Public consumption, % of GDP		12.7	25.6
Gen. government total expenditures, % of GDP ³		28.9	47.4
Total taxes, % of GDP ³		28.9	40.2
<i>V Capital and debt</i>			
		1970	2004 ¹
<i>% of GDP unless otherwise stated</i>			
Fixed assets, % of GDP		3.4	3.2
Fixed assets, billion USD		1.8	47.4
Net external debt		20.1	134.3
Debt service, % of export revenue		11.3	57.5
General government total debt		13.0	36.4
General government net debt		-2.3	20.4
Broad money (M3)		37.5	60.8
Credit system total lending		484.8	294.1
to industries		53.6	162.6
to households		21.2	97.2
Market capitalisation of listed equities		.	120.1

1. Preliminary data. If preliminary data for 2004 are not available another year is stated. 2. Converted to US dollars at an exchange rate that eliminates the difference in price levels between the countries. 3. National accounts basis.

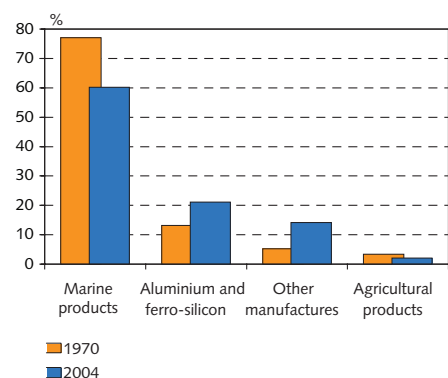
Sources: Iceland Stock Exchange, National Economic Institute, OECD, Statistics Iceland, Central Bank of Iceland.

Chart 39
Employment by industry in 1970 and 2001



Source: Statistics Iceland.

Chart 40
Merchandise exports by category
1970 and 2004



Source: Statistics Iceland.

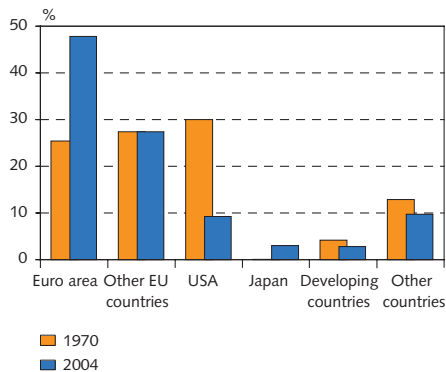
Table 23 Merchandise exports and imports by regions¹

	Share of total (%)						B.kr.	
	1970	1980	1990	2000	Jan.-July		Jan.-July	
					2004	2005	2004	2005
<i>Merchandise exports, fob</i>								
European Union	52.8	52.3	70.7	67.4	75.2	75.0	152.2	83.9
Euro area	25.4	30.2	37.6	42.3	47.8	49.5	96.8	55.4
Other EU countries	27.4	22.0	33.1	25.1	27.4	25.4	55.4	28.4
United Kingdom	13.2	16.5	25.3	19.3	19.0	16.9	38.5	19.0
Other Western European countries	2.8	2.3	3.4	7.8	6.3	6.3	12.8	7.0
Eastern Europe and former Soviet Union ²	9.6	8.8	2.9	1.4	1.2	1.3	2.4	1.5
Russia	6.8	5.4	2.5	0.4	1.1	1.3	2.3	1.5
United States	30.0	21.6	9.9	12.2	9.3	8.0	18.8	9.0
Japan	0.1	1.5	6.0	5.2	3.0	4.0	6.1	4.5
Other OECD countries	0.5	0.6	0.5	2.0	1.5	1.8	3.0	2.0
Developing countries	4.2	12.9	5.5	3.0	2.8	3.1	5.7	3.4
Other countries	0.0	0.0	1.1	1.0	0.7	0.5	1.4	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	202.4	111.9
<i>Merchandise imports, cif</i>								
European Union	64.9	58.0	59.9	57.0	60.9	63.6	158.6	110.3
Euro area	32.0	33.2	35.5	33.5	34.2	34.2	89.2	59.3
Other EU countries	33.0	24.8	24.4	23.6	26.6	29.5	69.4	51.1
United Kingdom	14.3	9.5	8.1	9.0	6.8	5.7	17.8	9.9
Other Western European countries	5.4	8.1	5.2	9.7	12.3	9.0	32.1	15.6
Eastern Europe and former Soviet Union ²	10.4	10.9	6.5	5.7	1.2	0.6	3.2	1.1
Russia	7.2	9.7	5.0	1.8	1.0	0.4	2.7	0.7
United States	8.2	9.4	14.4	11.0	10.1	10.3	26.3	17.9
Japan	2.9	4.0	5.6	4.9	3.8	4.6	10.0	8.0
Other OECD countries	0.4	5.8	3.7	4.5	3.3	3.7	8.5	6.3
Developing countries	7.2	2.7	3.1	5.6	7.2	7.2	18.7	12.5
Other countries	0.6	1.1	1.4	1.5	1.2	0.9	3.1	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	260.4	173.4

1. In data prior to the year 2000, country groups are based on the year 2000. 2. The eight Eastern European countries that acceded to the European Union in 2004 are included with the EU as of 2004 and removed from this category at the same time.

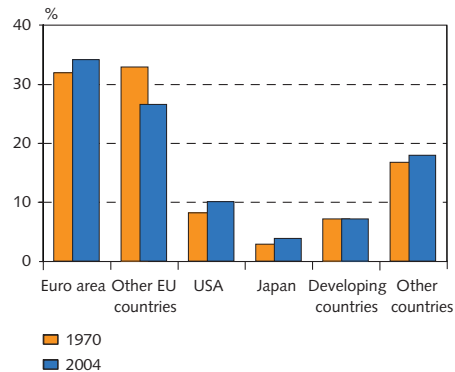
Source: Statistics Iceland.

Chart 41
Merchandise exports by region
1970 and 2004



Source: Statistics Iceland

Chart 42
Merchandise imports by region
1970 and 2004



Source: Statistics Iceland.