

Economic Indicators



Central Bank of Iceland
August 2005

Overview of economic indicators

	Latest period	Latest value	Change (%)			Contribution to 12-mo. inflation (%)	12-mo. ch. 1 year ago (%)
			on prev. month	over 6 months ²	over 12 months		
<i>1 Inflation and inflation expectations¹</i>							
Consumer price index	August '05	243.2	0.2	2.9	3.7	.	3.7
Core index 1 (CPI excl. agric. prod., vegetables, fruit and petrol)	August '05	137.5	0.1	2.7	4.0	3.6	3.0
Core index 2 (core index 1 excl. public services).....	August '05	137.4	0.2	2.8	3.9	3.2	2.6
Domestic goods excl. agricultural products and vegetables	August '05	127.0	1.9	-5.9	-1.7	-0.2	1.7
Agricultural products and vegetables.....	August '05	117.8	-0.7	-8.0	-2.6	-0.2	4.5
Imported goods excl. alcohol and tobacco.....	August '05	106.8	-1.3	-1.5	-2.6	-0.7	2.3
- food and beverages	August '05	106.1	0.0	-22.2	-11.9	-0.3	2.9
- cars and spare parts.....	August '05	117.2	0.0	-3.7	-1.4	-0.1	3.0
- petrol	August '05	148.6	1.9	31.9	6.6	0.3	16.4
- imported goods excl. food and beverages	August '05	92.9	-2.7	-5.2	-4.3	-0.7	-1.2
Housing	August '05	213.0	1.4	17.7	17.6	3.9	6.9
Public services.....	August '05	144.8	0.1	1.5	6.0	0.5	6.9
Private services.....	August '05	145.0	0.3	3.1	3.3	0.7	2.9
Groceries (perishable items)	August '05	115.7	0.8	-11.7	-5.1	-0.8	0.4
Weighted import exchange rate index (Dec. 31 1994=100)	July 31 '05	92.7	-0.6	-3.1	-9.5	.	-2.9

	Latest period	Expected 12 mo. inflation	Change on prev. survey	Exp. 12-mo inflation 1 year ago	Expected annual inflation over next 2 yrs.	Perceived inflation in past 12 mo.
Breakeven inflation rate ³	March 30 '05	5.5	.	.	5.2	5.0
Employers' inflation expectations	February '05	3.6	0.0	2.8	3.0	.
Public's inflation expectations	May '05	4.1	0.0	3.3	.	3.8

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation. 3. Difference between non-indexed and indexed Treasury bond yields at 2 and 3 years' maturity. Data are not available after March 2005.

				<i>Value</i>	<i>% change¹ on</i>	<i>From beginn. of year¹</i>	
	<i>Latest</i>	<i>Latest</i>	<i>1 year</i>	<i>previous</i>	<i>previous</i>	<i>Change on</i>	
<i>II Output and demand</i>	<i>period</i>	<i>value</i>	<i>ago</i>	<i>period</i>	<i>year</i>	<i>Value</i>	<i>prev. year (%)</i>
GDP (b.kr.).....	Q1/2005	219.4	204.9	.	2.9	219.4	2.9
National expenditure (b.kr.).....	Q1/2005	240.4	211.1	.	11.1	240.4	11.1
Private consumption (b.kr.).....	Q1/2005	130.7	116.6	.	9.4	130.7	9.4
Public consumption (b.kr.).....	Q1/2005	59.8	54.9	.	3.9	59.8	3.9
Gross fixed investment (b.kr.)	Q1/2005	45.7	36.3	.	24.0	45.7	24.0
Exports of goods and services (billion kr.).....	Q1/2005	69.5	72.9	.	-3.0	69.5	-3.0
Imports of goods and services (billion kr.).....	Q1/2005	-90.5	-79.1	.	17.7	-90.5	17.7
Domestic turnover according to VAT statements (billion kr.)....	March-April'05	179.4	161.5	2.7	6.3	179.4	-46.5
Turnover in groceries stores (b.kr.).....	July '05	140.2	127.2	10.3	10.2	121.9	9.2
Credit and debit card turnover (b.kr.) ²	July '05	51.7	48.8	-5.3	6.8	358.9	12.0
Turnover of publicly listed companies on ICEX (b.kr.).....	Q1/2005	89.3	76.1	.	17.6	89.3	17.6
Cement sales (thous. tons)	July '05	24.2	20.2	-7.3	19.9	142.7	33.4
Automobile registrations (number).....	July '05	2,519	1,654	-25.8	52.3	16,394	61.5

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

	Latest period	Latest value	Value 1 year ago	% change on		From beginn. of year	
				previous period	previous year	Value	Change on prev. year (%)
III Foreign trade and external economic conditions							
Price of marine products in foreign currency (Jan.1999=100)...	July '05	102.6	94.7	0.9	8.3	100.9	7.1
Price of aluminium, LME cash price USD/t.....	July '05	1,779	1,710	2.7	4.0	1,835	9.8
Price of crude oil (Brent) USD/b	July '05	57.6	38.4	6.0	50.1	50.8	46.3
Groundfish (1,000 tonnes)	July '05	33.7	40.9	-3.4	-17.6	268.9	-14.1
Pelagics (1,000 tonnes)	July '05	51.6	125.2	-56.4	-58.8	790.3	-11.5
Merchandise exports (excl. ships & aircraft, b.kr.) ¹	June '05	16.7	16.0	7.8	15.6	95.8	6.0
- marine products (b.kr.) ¹	June '05	10.2	9.0	-2.2	25.5	59.1	8.8
- aluminium (b.kr.) ¹	June '05	3.3	3.8	27.2	-6.2	18.2	8.3
- other industrial products (b.kr.) ¹	June '05	2.7	2.3	41.4	29.0	14.7	-3.3
Merchandise imports (excl. ships & aircraft, b.kr.) ¹	June '05	26.2	21.7	12.8	33.5	129.2	27.6
Merchandise trade balance (excl. ships & aircraft, b.kr.)	June '05	-9.5	-5.7	.	.	-33.5	.
Services exports (b.kr.) ¹	Q1/2005	22.8	21.6	-3.9	15.0	22.8	15.0
Services imports (b.kr.) ¹	Q1/2005	35.0	27.5	9.9	38.7	35.0	38.7
Real effective exchange rate (relative CPI) (1980=100)	Q2/2005	103.8	95.4	-3.7	8.8	105.8	10.1

Note: In the case of volumes and values, 'From beginning of year' refers to cumulated figures to date, but in the case of prices or indices it refers to the average price or index. 1. Changes are calculated at constant exchange rates.

	Latest period	Latest value	Value 1 year ago	Change ¹ from previous period	Change ¹ from previous year	From beginn. of year ² Average	Change on prev. year (%)
<i>IV Labour market and wages</i>							
Number of unemployed listed at employment agencies.....	July '05	3,135	4,712	-107	-1,577	3,651	-26.1
Registered unemployment, s.a. (% of total estim. labour force)	July '05	2.2	3.3	0.0	-1.2	2.2	-0.9
Unemployment rate, labour force survey	Q1/2005	3.0	3.1	0.5	-0.1	3.1	-0.1
Listed vacancies at employment agencies	July '05	1,506	801	-10.5	88.0	1,369	132.1
New work permits issued.....	July '05	434	149	214.6	189.3	1,613	115.6
Work permits issued, total.....	July '05	571	311	101.1	83.6	2,496	21.6
Wage index (December 1988=100)	July '05	268.0	251.4	0.4	6.6	264.4	6.6
Real wages (wage index deflated by CPI).....	July '05	137.9	133.8	0.3	3.0	136.9	2.7

1. Change from previous period refers to change in the number of unemployed and change in the rate of unemployment; percentage changes otherwise. 2. Average from beginning of year except for work permits where the cumulated number of permits is shown. Change on previous year refers to change in the average number of unemployed and change in the unemployment rate; percentage changes otherwise.

	Latest period	Latest value	Value 1 year ago	% change on previous period	% change on previous year	From beginn. of year Value	Change on prev. year (%)
<i>V Public finances</i>							
Treasury revenue balance (billion kr.)	June '05	0.2	-1.8	.	.	13.7	.
- as % of revenue	June '05	0.8	-8.7	.	.	8.2	.
Net borrowing requirement (billion kr.)	June '05	2.0	-0.6	.	.	25.9	.
- as % of revenue	June '05	7.6	-2.9	.	.	15.7	.
Treasury revenue (b.kr.)	June '05	26.2	21.2	-2.0	19.2	165.5	19.4
- from VAT (b. kr.)	June '05	8.4	7.0	-3.7	15.7	52.3	16.6
- from payroll & personal income tax withheld (b.kr.)	June '05	8.1	7.4	2.9	5.7	49.7	7.8
- from imports, alcohol, car ownership (b.kr.)	June '05	2.2	1.8	4.7	16.6	12.3	20.1
Treasury expenditures (b.kr.)	June '05	26.0	23.0	2.2	8.8	151.9	6.8

Note: First four columns show 4-month moving averages of monthly values, last two show current year to date. No adjustment has been made for the change in accounting principles on January 2004, which introduces a distortion into comparisons of 4-month figures until April 2005. All changes are in real terms.

	Latest period	Latest value	Value 1 year ago	% change on previous period	% change on previous year	From beginn. of year Average ¹	Change on prev. year (%)
<i>VI Asset markets</i>							
ICEX-15 equity price index ² (Dec. 1997=1,000)	July '05	4,209.1	3,028.5	3.1	39.0	3,933.2	49.3
ICEX-Main equity price index ² (Dec. 1997=1,000)	July '05	3,921.8	2,861.1	2.4	37.1	3,679.7	45.1
Equity turnover on ICEX ² , monthly total	July '05	58.9	36.9	-24.5	59.8	461.6	43.5
Residential housing prices, narrow index ³ (Jan. 1994=100)	July '05	278.2	202.6	3.2	37.3	256.8	31.7
Real residential housing prices, broad index ³ (Jan. 1994=100)	July '05	197.0	146.2	3.2	34.7	182.5	29.9
Price of long-term cod quota (kr/kg.)	August '05	1,375	1,080	0.0	27.3	1,271	13.4

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

	Latest period	Latest value	Value 1 year ago	% change on previous period	% change on previous year	From beginn. of year Average	Change on prev. year (%)
<i>VII Financial markets</i>							
Bank lending to domestic sector (b.kr.) ¹	July '05	1,440.7	921.1	2.2	56.4	.	.
- adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) ¹	July '05	342.9	216.9	2.0	58.1	.	.
- in real terms (January 2002 = 100) ¹	July '05	189.5	125.6	2.0	50.9	.	.
Credit system total lending (b.kr.)	March '05	2,833.3	2,333.0	6.9	21.4	.	.
M3 (b.kr.)	July '05	660.5	530.9	0.2	24.4	.	.
Central Bank policy interest rate (%)	August 19 '05	9.5	6.3	0.0	3.3	9.0	3.4
Money market yield, 3-mo. (%) ²	August 19 '05	9.3	6.5	0.0	2.8	9.1	3.4
Treasury bill yield, 3-mo. (%) ²	August 19 '05	8.6	6.2	-0.6	2.4	8.4	2.9
Treasury bill real yield, 3-mo., based on breakeven inflation (%) ²	August 19 '05	.	3.3	.	.	.	.
Yield on Treasury notes (RIKB 100317) (%)	August 19 '05	7.6	7.6	0.0	0.0	7.7	0.4
Yield on Treasury notes (RIKB 130517) (%)	August 19 '05	7.4	7.6	-0.1	-0.2	7.5	0.0
Real yield on HFF bonds (HFF 150224) (%)	August 19 '05	3.7	4.0	0.1	-0.3	3.6	.
Real yield on HFF bonds (HFF 150234) (%)	August 19 '05	3.7	3.9	0.1	-0.2	3.6	.
Real yield on HFF bonds (HFF 150244) (%)	August 19 '05	3.7	3.9	0.1	-0.2	3.6	.
Real yield on Treasury bonds (RIKS 151001) (%)	August 19 '05	3.7	3.9	0.1	-0.2	3.5	-0.4
Average bank lending rate, non-indexed loans (%) ²	August 19 '05	14.8	12.6	0.1	2.3	14.4	2.7
Average bank lending rate, indexed loans (%) ²	August 19 '05	7.1	8.2	-0.3	-1.0	7.4	-0.8
Exchange rate index of króna (Dec. 31 1991=100) ²	August 19 '05	109.4	121.4	-0.7	-12.0	110.8	-11.0

1. For comparability, financial companies which were reclassified as deposit money banks or moved into that category through mergers are included retrospectively for the entire period. This adjustment is made only for percentage changes and not applied to the original stock figures. 2. All figures except for two last columns are based on 4-week averages.

I Inflation and inflation expectations

Fig. 1

Consumer price inflation and core inflation

Core inflation 1: CPI less agricultural products, vegetables, fruit and petrol
Core inflation 2: Core inflation 1 less public services

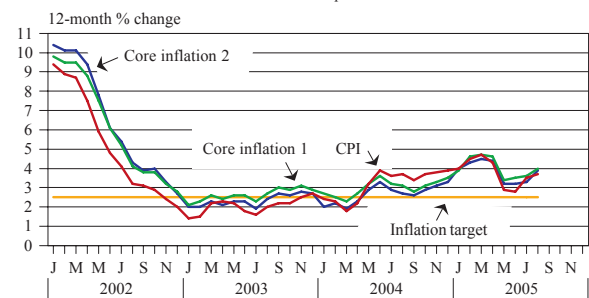


Fig. 5

Price of imported goods in the CPI and import-weighted exchange rate of the króna

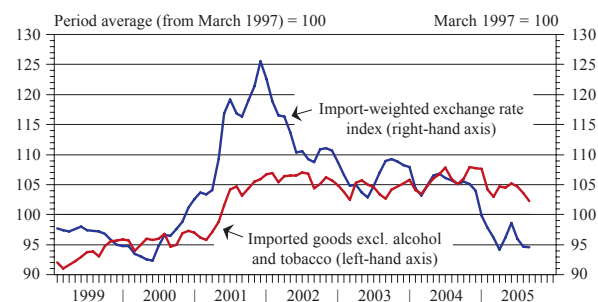


Fig. 2

Consumer prices: goods

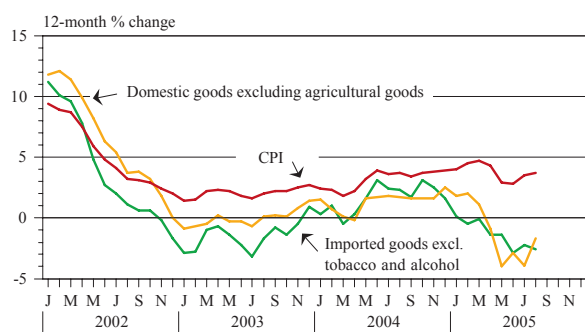


Fig. 6

Components of CPI inflation in August 2005

Contribution to inflation in past 1, 3, 6 and 12 months

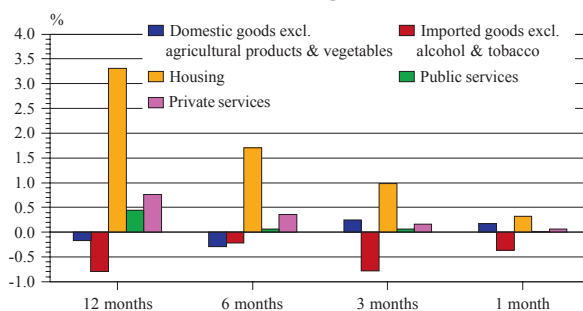


Fig. 3

Consumer prices: housing and services

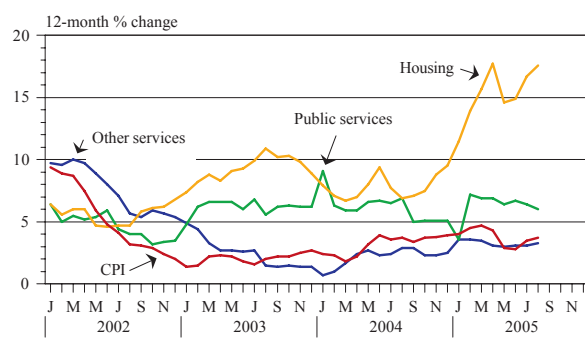


Fig. 7

Inflation in Iceland and trading partner countries

HICP inflation for all countries except national CPI inflation for USA, Switzerland and Japan

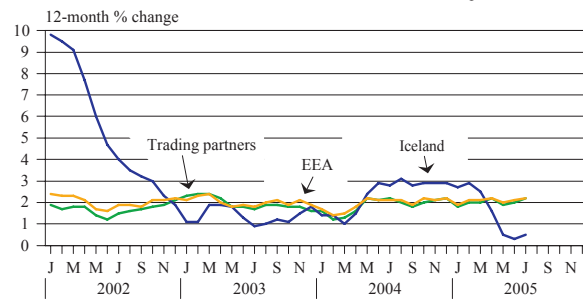


Fig. 4

Food, groceries and petrol prices

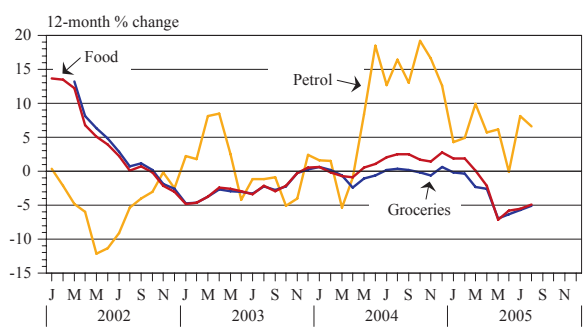
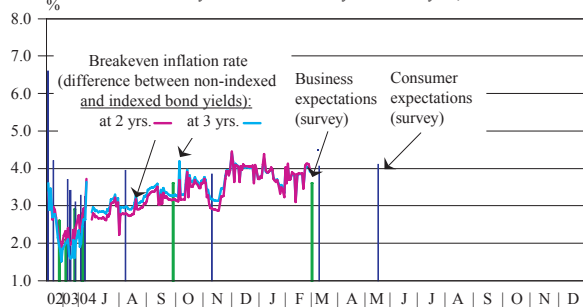


Fig. 8

Inflation expectations

At month-end January 2002 - June 2004
Daily observations January 1 - February 25, 2005



II Output and demand

Fig. 9

Economic growth and national expenditure

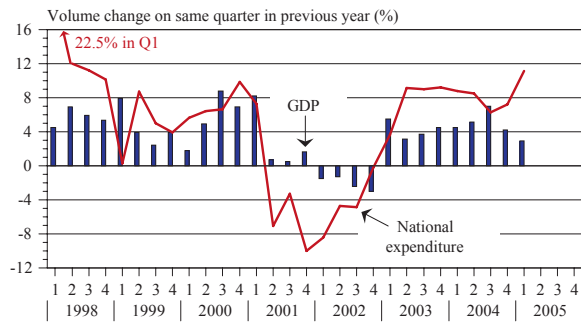


Fig. 13

Turnover based on VAT returns: selected sectors

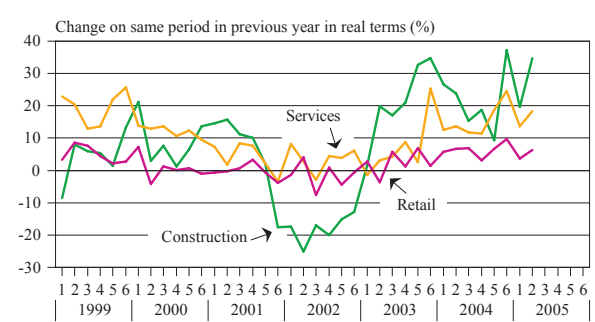


Fig. 10

Consumption and gross fixed capital formation

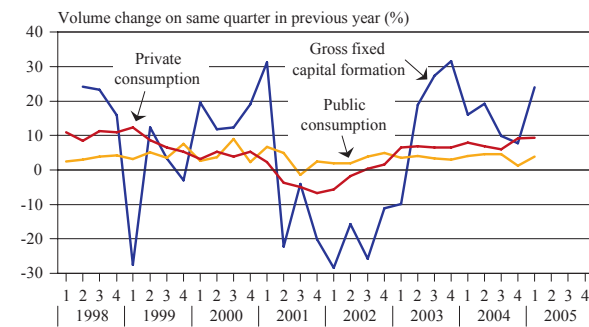


Fig. 14

Groceries turnover

In real terms (deflated by the price of groceries in the CPI)

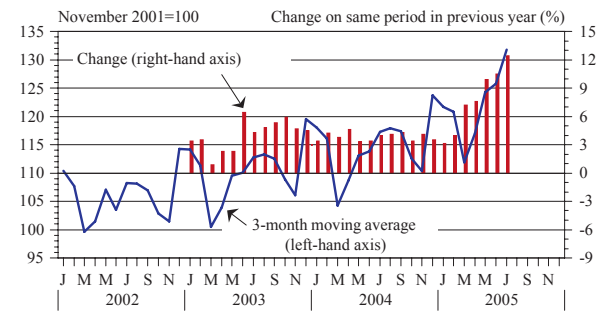


Fig. 11

Exports and imports of goods and services

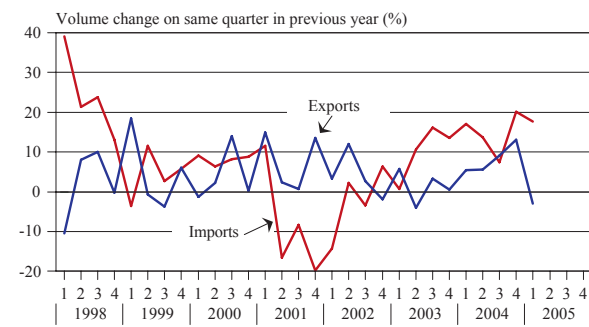


Fig. 15

Credit card and debit card turnover

Change on same period in previous year, deflated using the CPI for domestic turnover and the exchange rate for turnover abroad

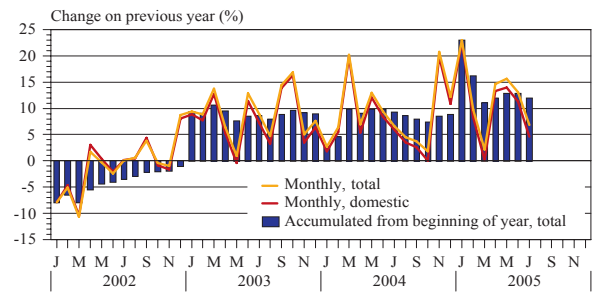


Fig. 12

Turnover based on VAT returns

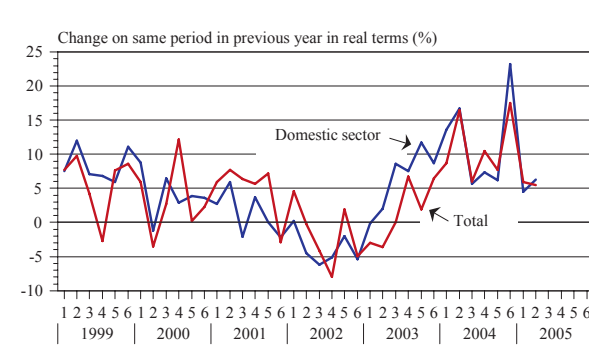
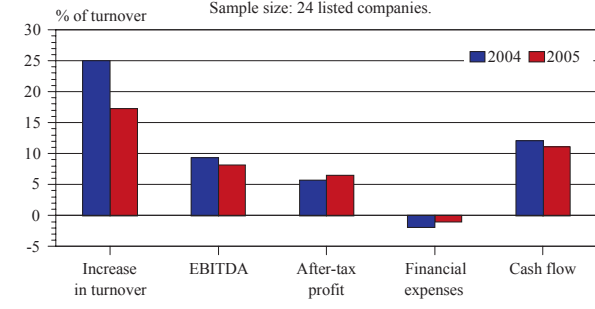


Fig. 16

ICEX-15 listed company turnover and profits

January-March 2004 and 2005.
Sample size: 24 listed companies.



II Output and demand

Fig. 17

Cement sales and car imports and registrations

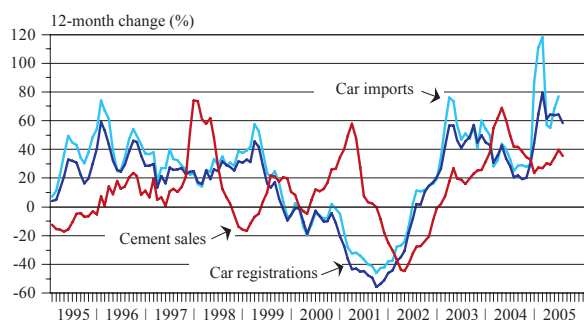


Fig. 19

Value of contracts in public tender and the ratio of value to estimated costs

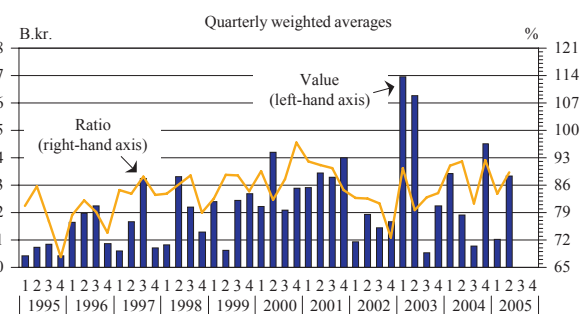


Fig. 18

Electricity sales

Ordinary market consumption (i.e. excl. metals industry and Landsvirkjun's own consumption), seasonally adjusted 3-month moving average

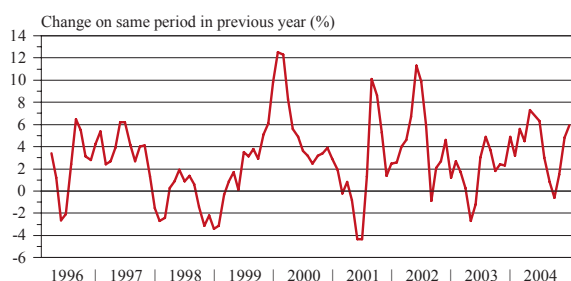
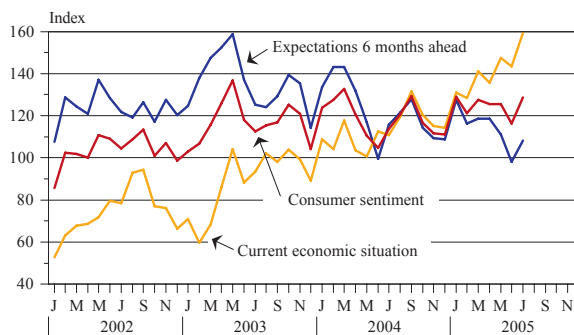


Fig. 20

Consumer sentiment



III Foreign trade and external economic conditions

Fig. 21

Quarterly current account balance

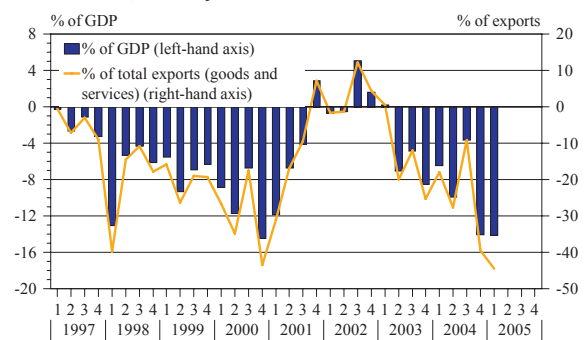


Fig. 23

Merchandise imports and exports

12-month moving averages, at fixed exchange rates

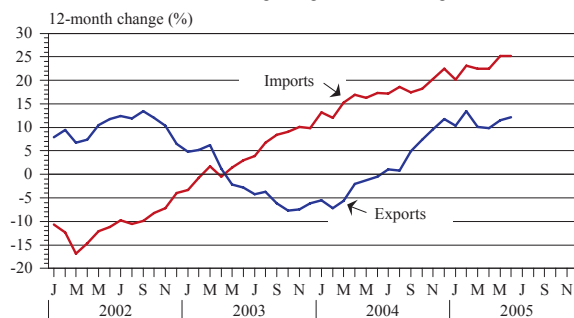


Fig. 22

Merchandise trade balance

12-month moving averages

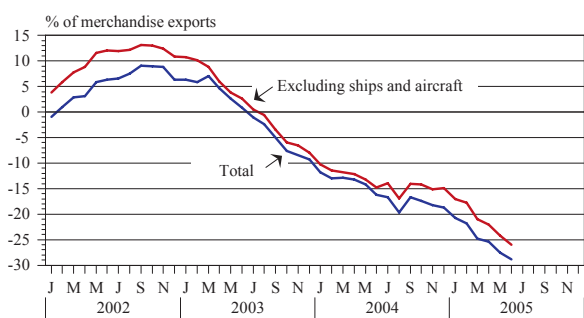
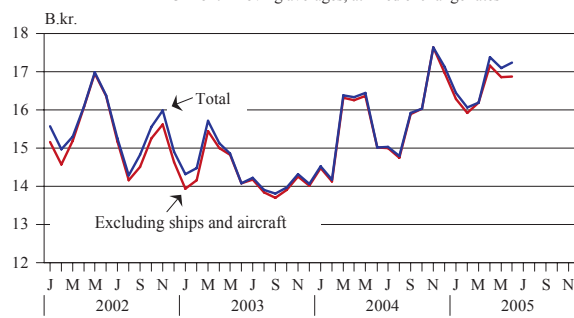


Fig. 24

Merchandise exports

3-month moving averages, at fixed exchange rates



III Foreign trade and external economic conditions

Fig. 25

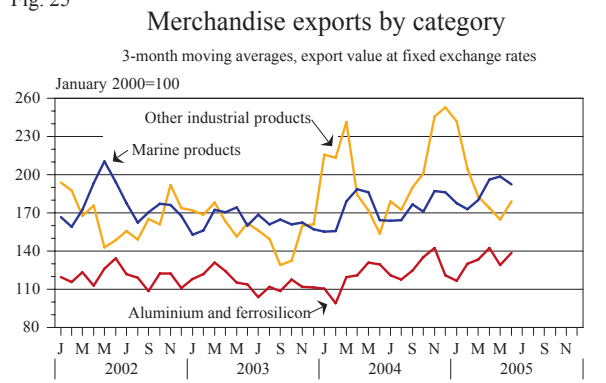


Fig. 29

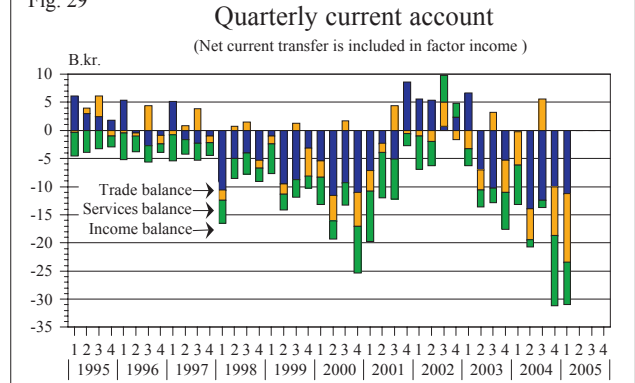


Fig. 26

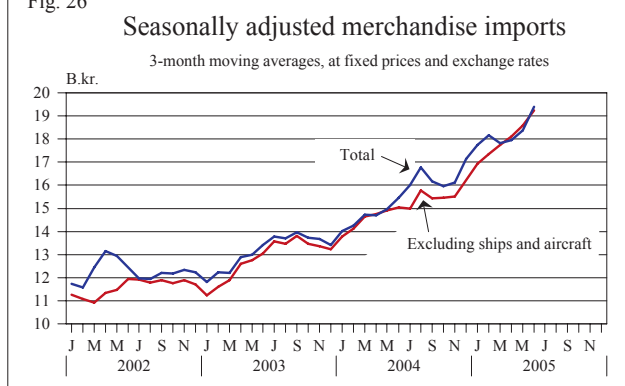


Fig. 30

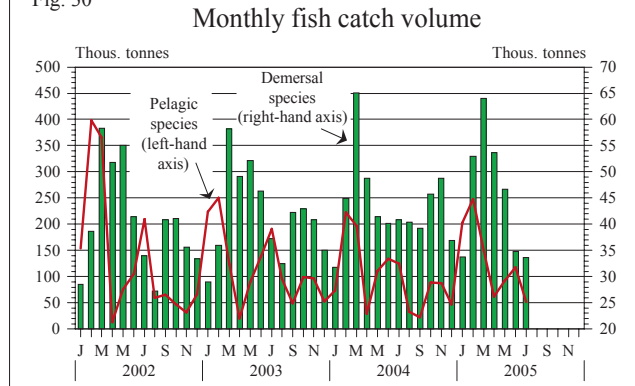


Fig. 27

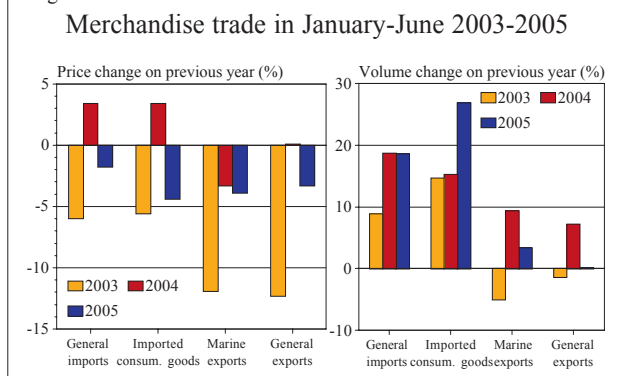


Fig. 31

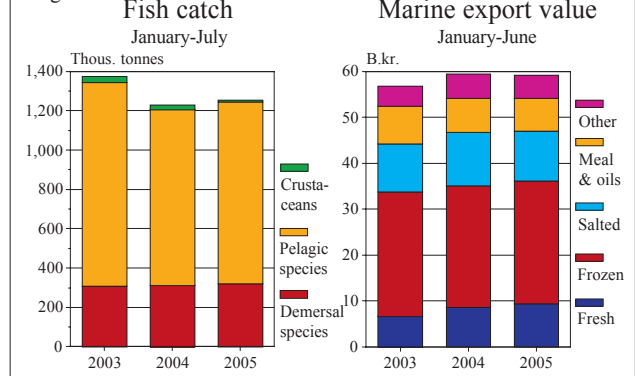


Fig. 28

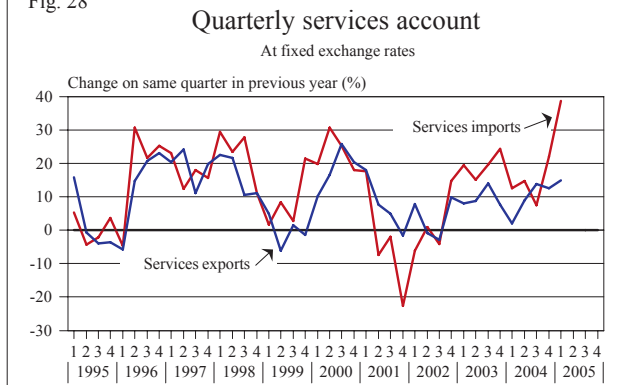
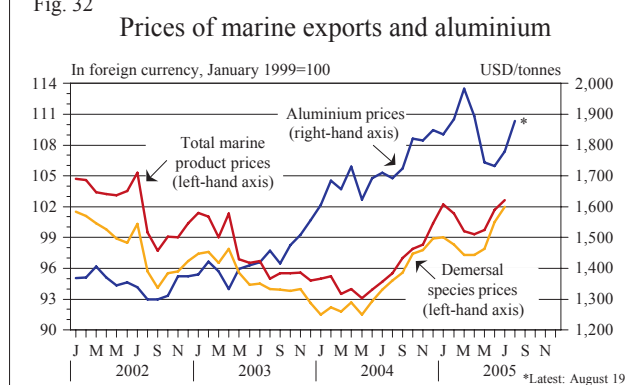
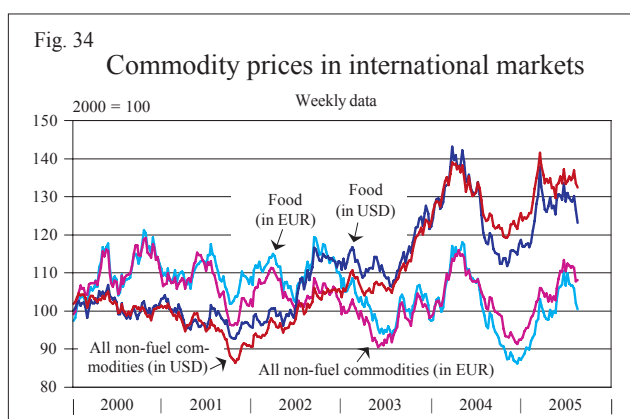
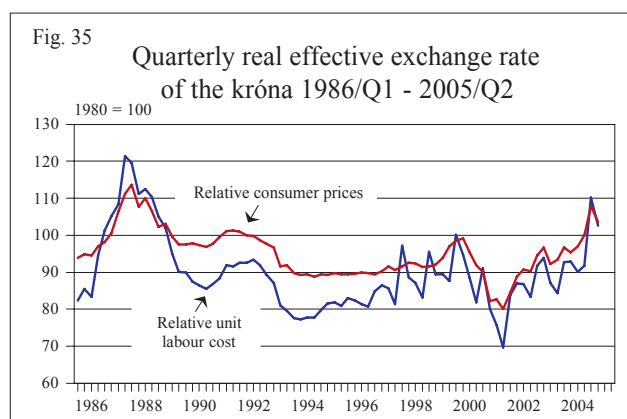
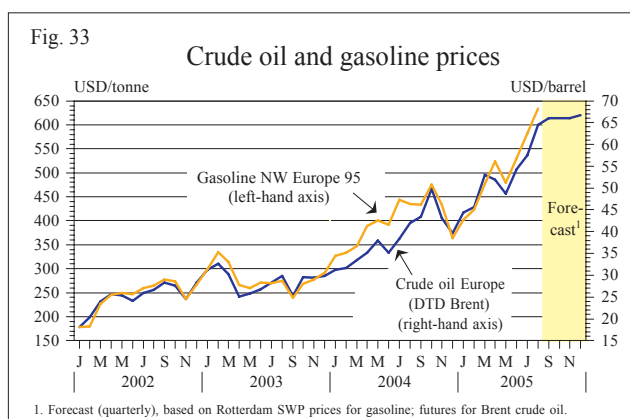


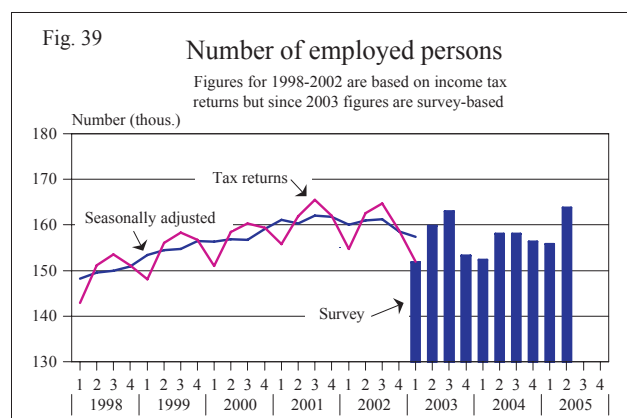
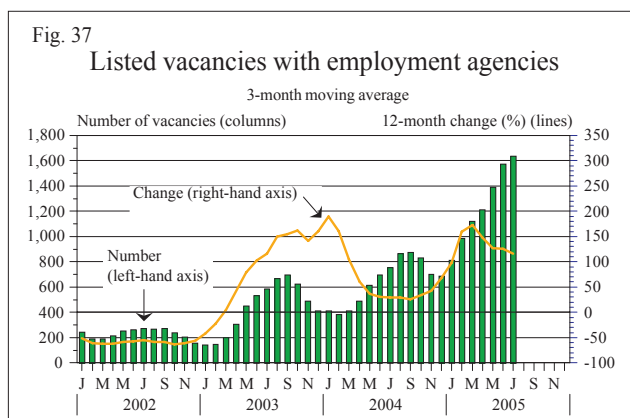
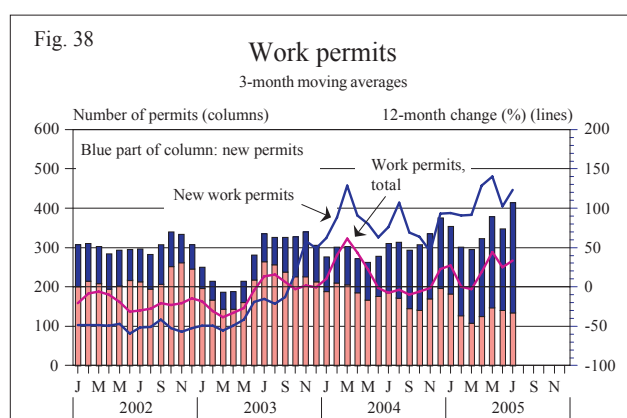
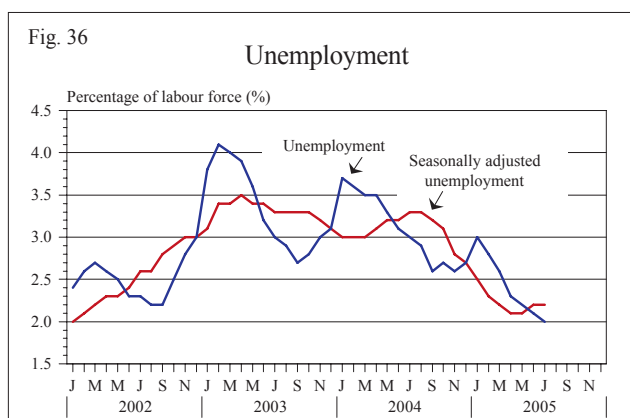
Fig. 32



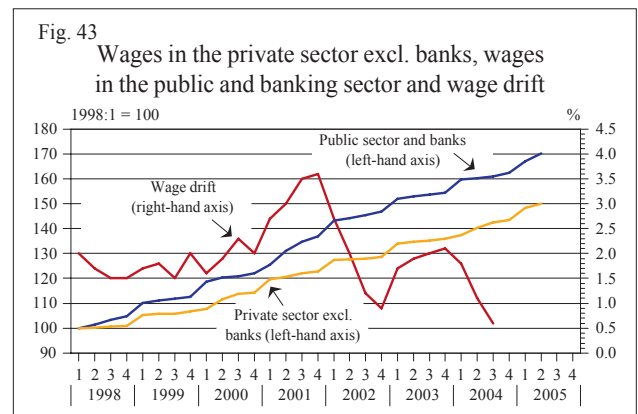
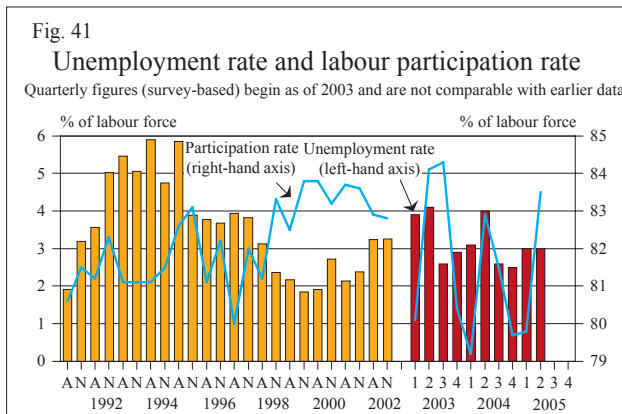
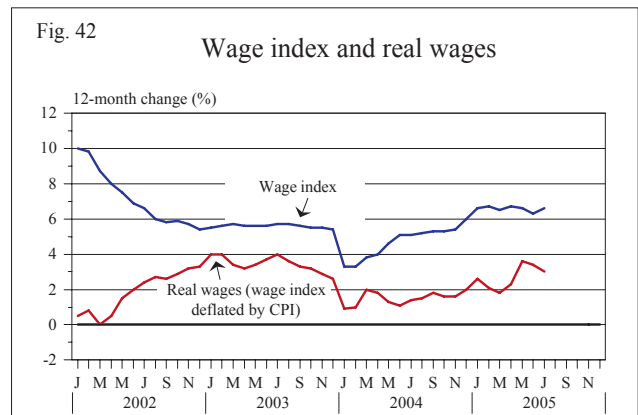
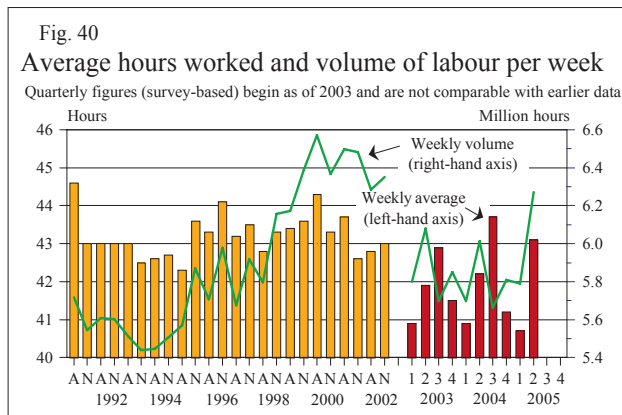
III Foreign trade and external economic conditions



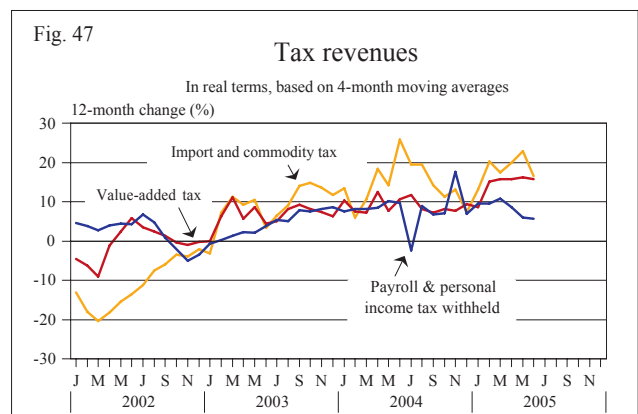
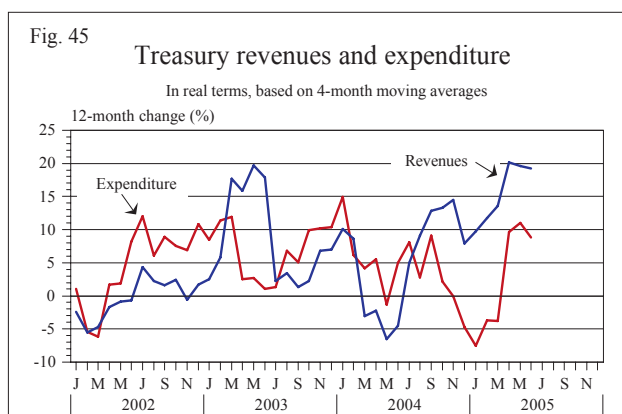
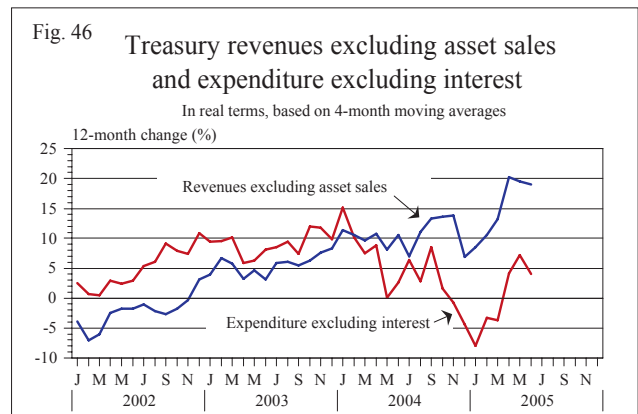
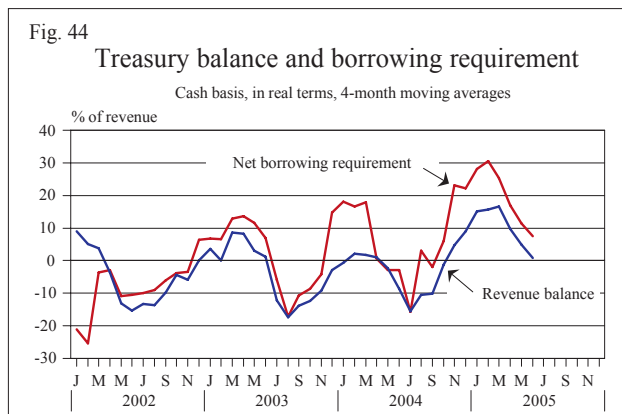
IV Labour market and wages



IV Labour market and wages



V Public finances

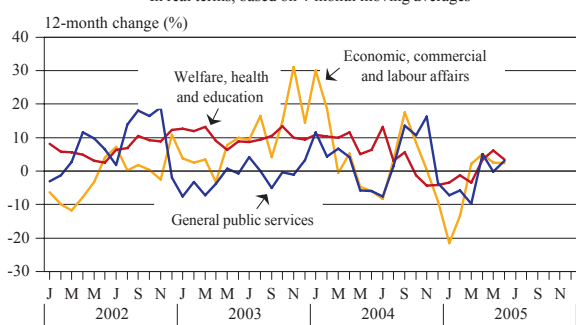


V Public finances

Fig. 48

Treasury expenditures

In real terms, based on 4-month moving averages



VI Asset markets

Fig. 49

The equity market

Monthly turnover and daily equity prices on ICEX (Latest: August 19, 2005)

December 31, 1997=1,000

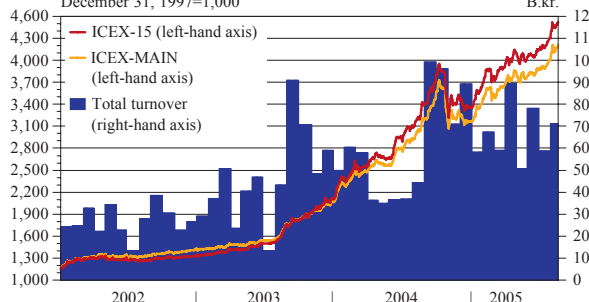


Fig. 51

Commercial property prices in Greater Reykjavík Area

Quarterly, inflation-adjusted prices

1995 = 100

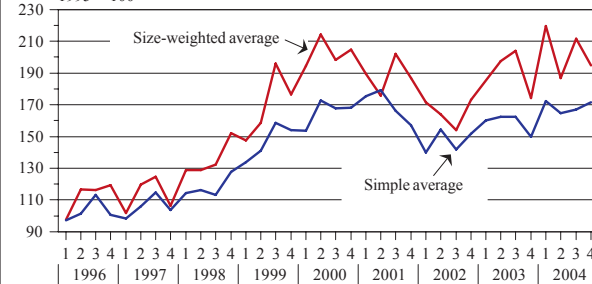


Fig. 50

Residential housing prices

Price per m² in Greater Reykjavík Area, 3-month moving averages

12-month change (%)

January 1994=100

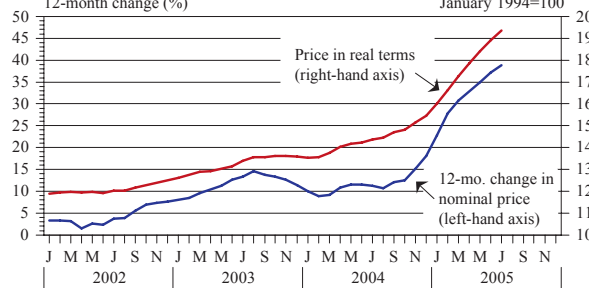
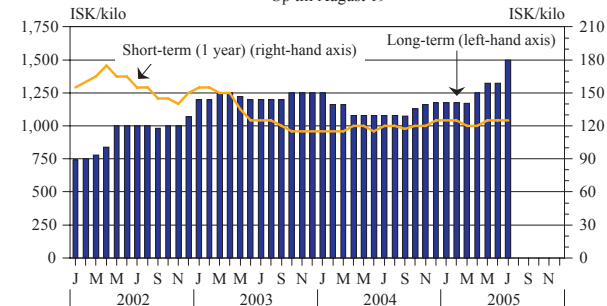


Fig. 52

Price of long-term and short-term cod quota

Up till August 19



VII Financial markets

Fig. 53

Quarterly credit system lending growth

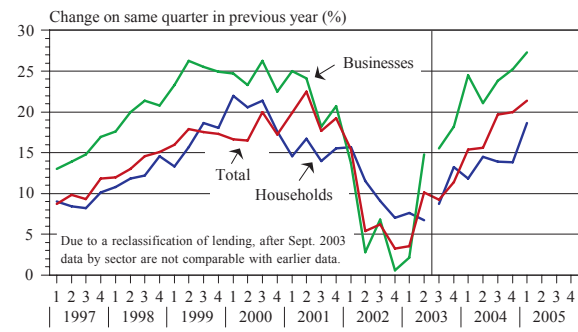


Fig. 57

Base money and repurchase agreements with the Central Bank

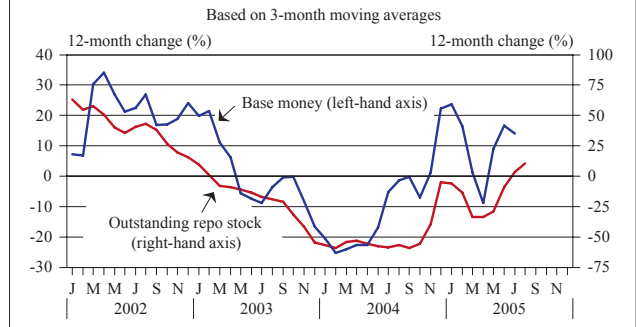


Fig. 54

Household debt with main credit institutions

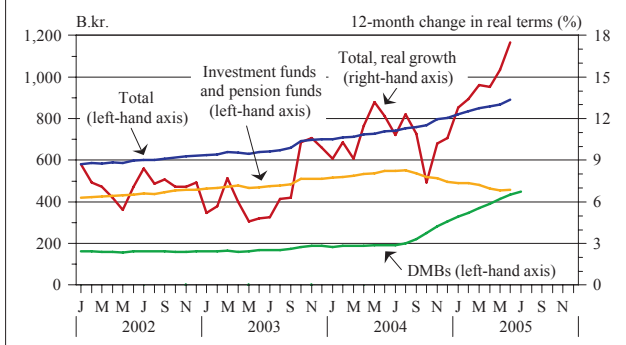


Fig. 58

The Central Bank repo rate and interbank interest rates

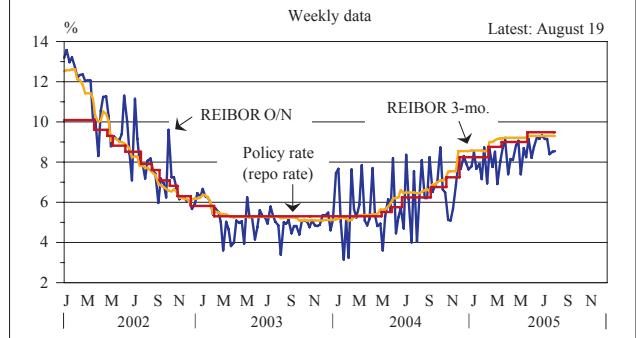


Fig. 55

Growth of M3 and bank credit

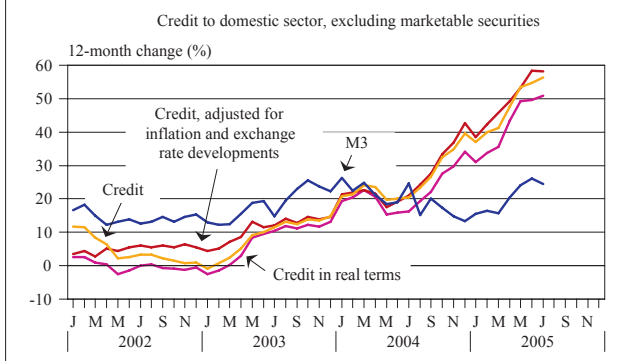


Fig. 59

Short-term interest rates and interest rate spread

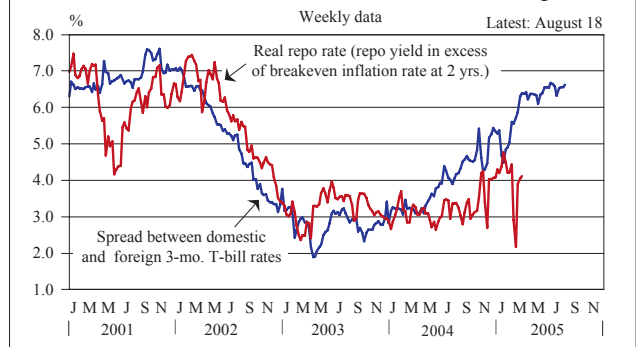


Fig. 56

Growth of M3 and DMBs' credit to domestic sector

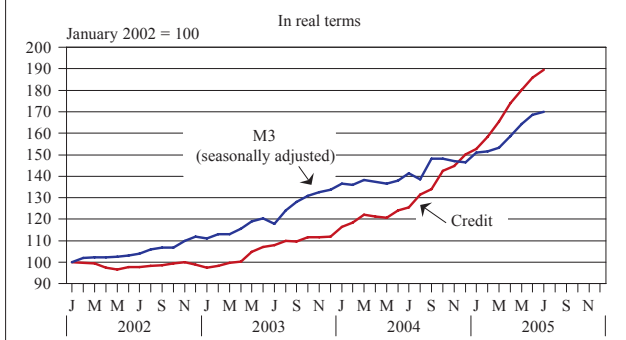
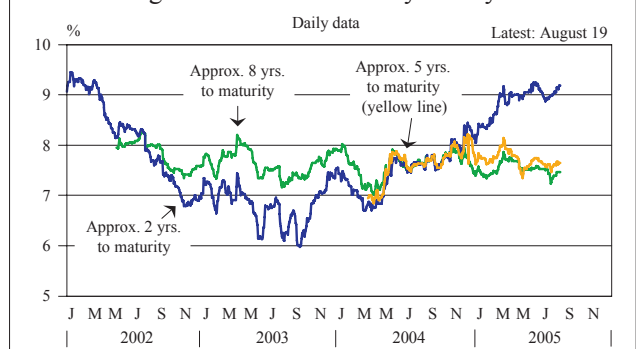


Fig. 60

Long-term nominal Treasury bond yields



VII Financial markets

Fig. 61
The term structure of nominal interest rates
August 19, 2005

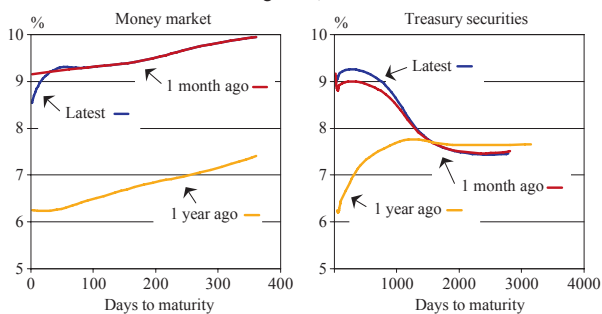


Fig. 65
Interest rate spreads
Between bank non-indexed prime rates and the policy rate;
between bank indexed lending rates and T-bond real yield

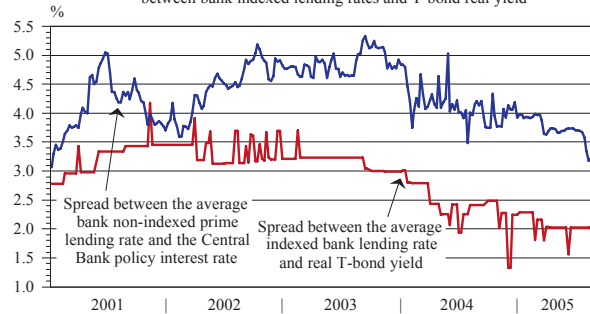


Fig. 62
Yields on indexed long-term bonds
Daily data Latest: August 19

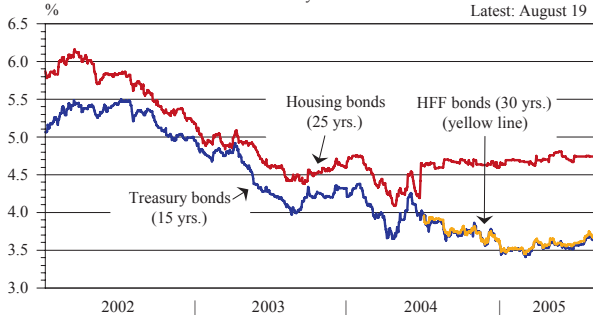


Fig. 66
Indexed bank rates:
lending rates and deposit rates

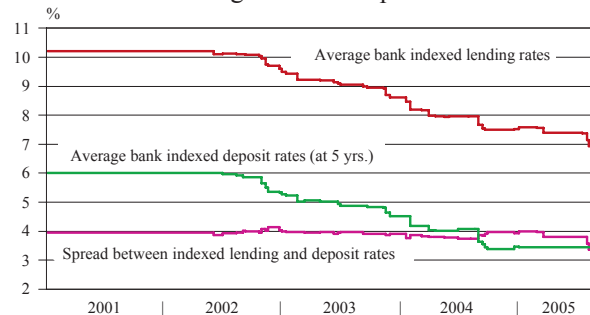


Fig. 63
Non-indexed interest rates: average bank lending rates,
the yield on T-bonds and the policy interest rate

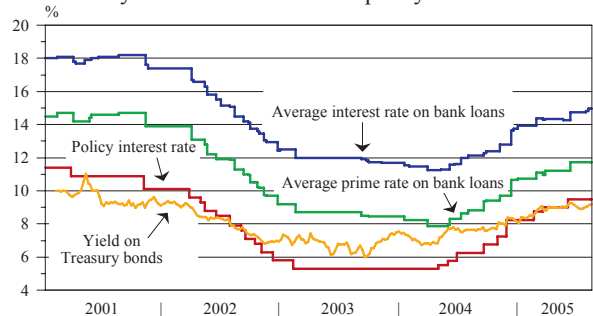


Fig. 67
Exchange rate of the króna
Daily data December 31, 1991=100

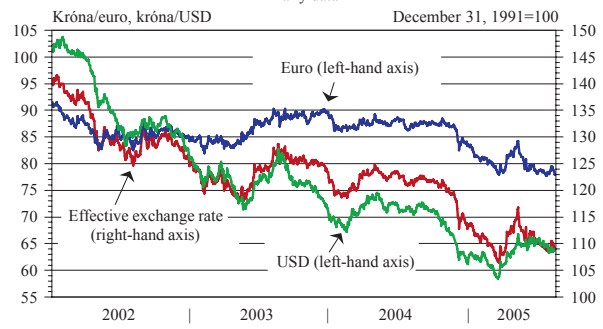


Fig. 64
Indexed interest rates: average bank lending rates
and real yield on housing bonds and T-bonds

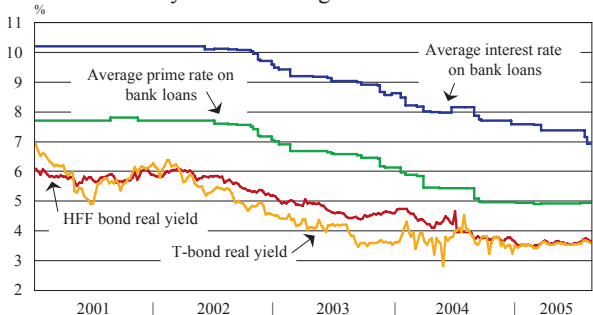


Fig. 68
Nominal and real effective exchange rate of the króna
Monthly averages, latest is until August 19, 2005

