



January uneventful in the Icelandic FX market

January was uneventful on the Icelandic FX interbank market. The EUR was stable within a rather narrow limit, with both turnover and fluctuation declining between months. The CBI continued its regular programme of currency sales.

At year-end 2020, the EUR stood at ISK 156.1. The EUR was stable within a rather narrow limit in January, ending the month at the same value as it began, or 156.1. As a result of exchange rate movements within currencies, the USD and GBP increased in terms of ISK in January, as both currencies appreciated against the EUR during the month.

FX market turnover contracted MoM

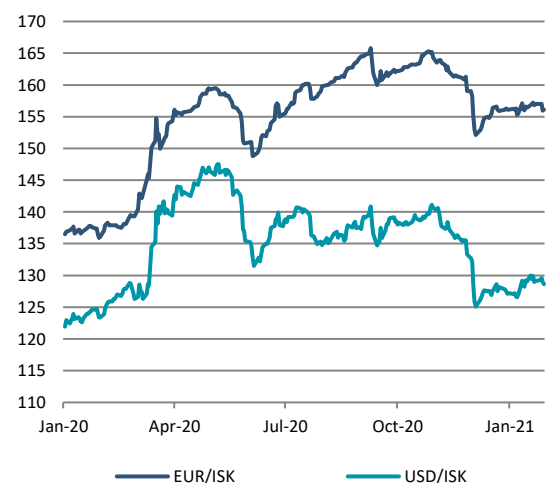
Turnover in the FX interbank market in January was ISK 32.5 bn (EUR 208 m) and contracted by 61% between months. Of that amount, the CBI's share was ISK 14.6 bn (EUR 93 m), representing 45% of total turnover.

In addition to its regular sale programme of EUR 3 m per business day, the CBI intervened in the market once in January, selling foreign currency for ISK 4.7 bn (EUR 30 m) on 27 January. The CBI has announced its intention of continuing its regular sale programme until the end of February.

	31.1.2021	YTD	1M	3M	12M
TWI	201.7	0.6%	0.6%	-4.8%	11.8%
EUR	156.1	0.0%	0.0%	-5.0%	14.7%
USD	128.6	1.1%	1.1%	-8.5%	4.3%
GBP	176.6	1.8%	1.8%	-3.1%	9.2%
DKK	21.0	0.0%	0.0%	-4.9%	15.3%
NOK	15.1	1.1%	1.1%	1.9%	12.9%
SEK	15.4	-0.9%	-0.9%	-2.7%	21.0%
CHF	144.6	0.1%	0.1%	-5.9%	13.6%
JPY	1.23	-0.4%	-0.4%	-8.6%	8.5%

Source: CBI

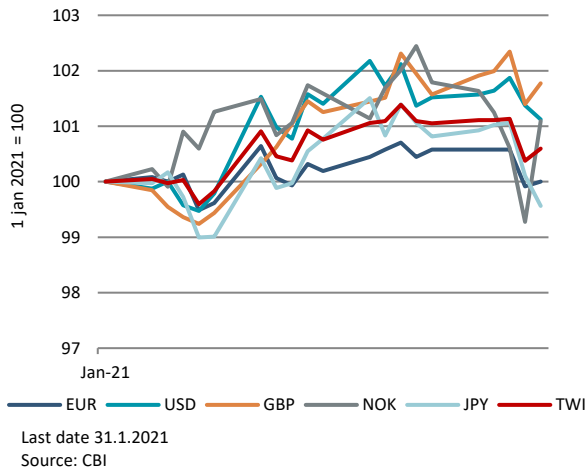
Exchange rate development



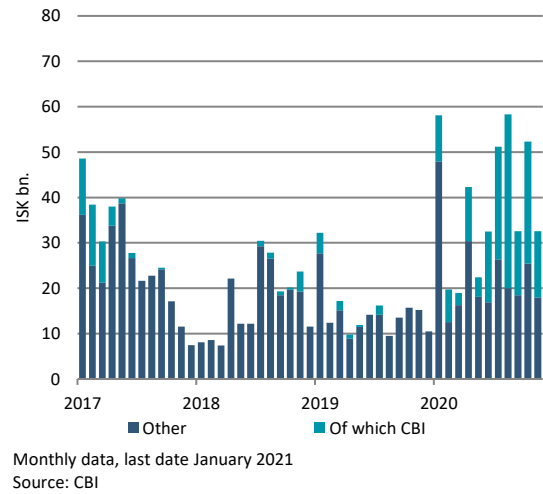
Last date 31.1.2021
Source: CBI



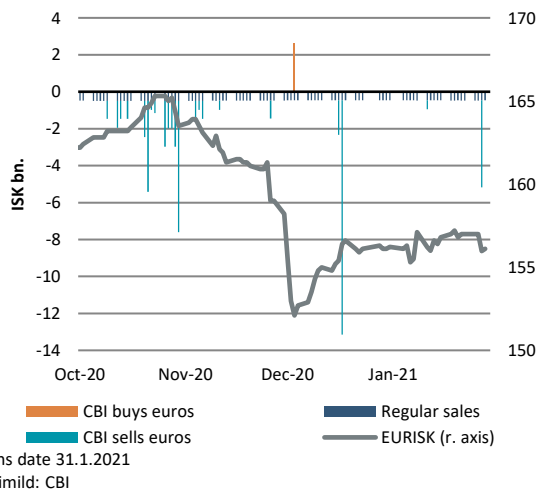
The Icelandic *króna* depreciated against the USD and GBP year to date, but is unchanged against the EUR.



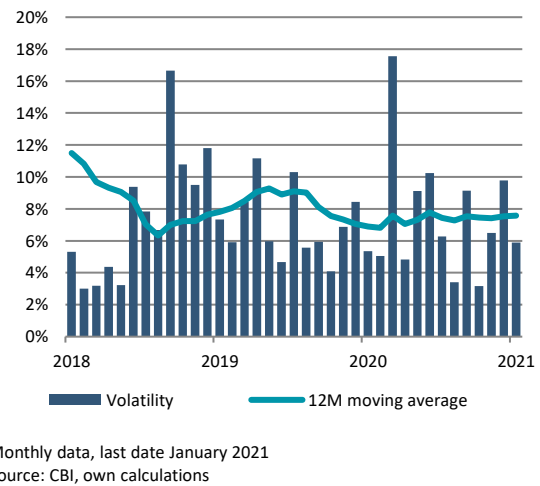
Turnover in the FX market in January totalled ISK 32.5 bn (EUR 208 m). The CBI's share was 45%.



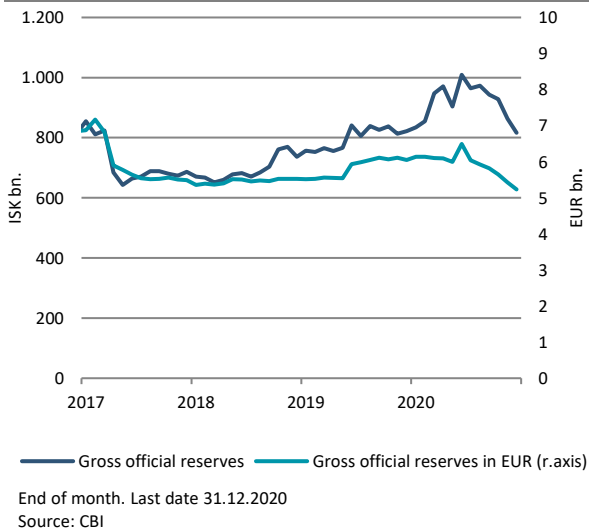
In addition to its regular sale programme, the CBI intervened in the market once in January, selling EUR 4.7 bn (ISK 30 m) on 27 January.



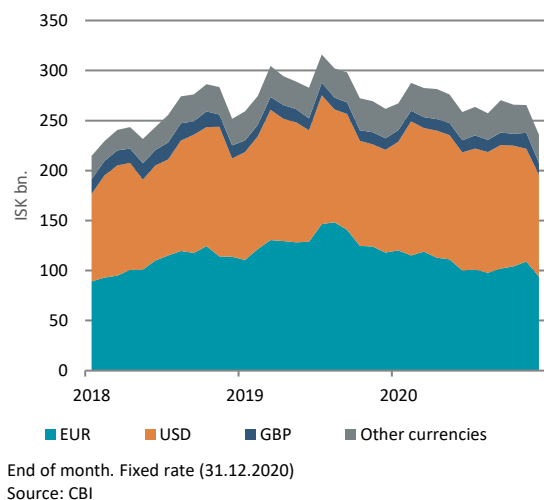
Fluctuations of the ISK against the EUR decreased MoM in January.



The foreign reserves decreased by EUR 820 m last year, EUR 200m thereof in December.

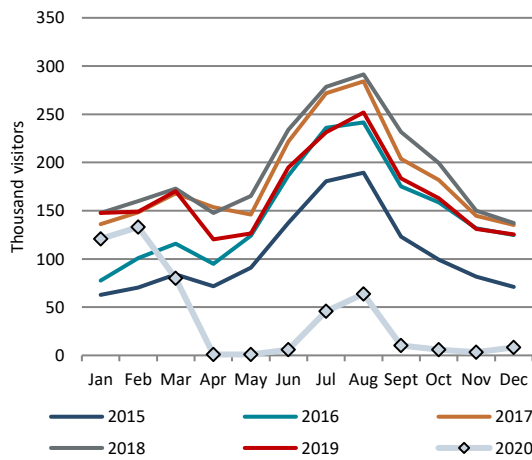


Domestic deposits on FX accounts, measured at a fixed rate, decreased by ISK 29.7 bn (11.2%) in December.



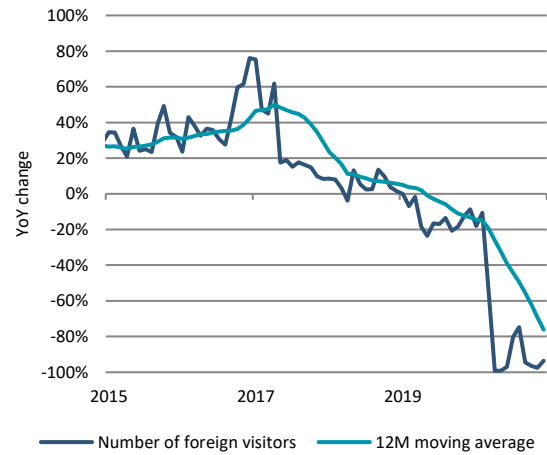


8,135 foreign visitors travelled through Keflavík International Airport in December.



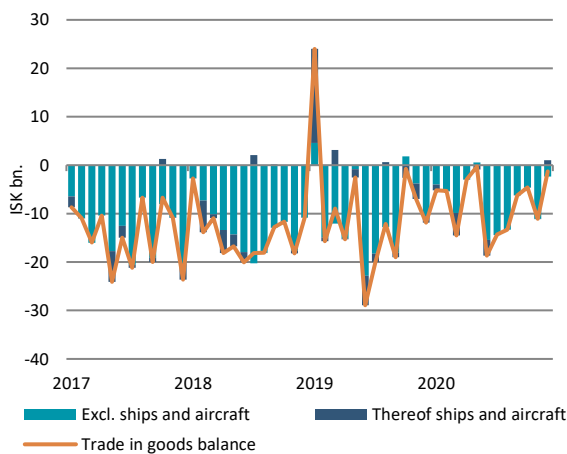
Source: Icelandic Tourist Board

Foreign travellers through Keflavík International Airport decreased by 93.5% YoY.



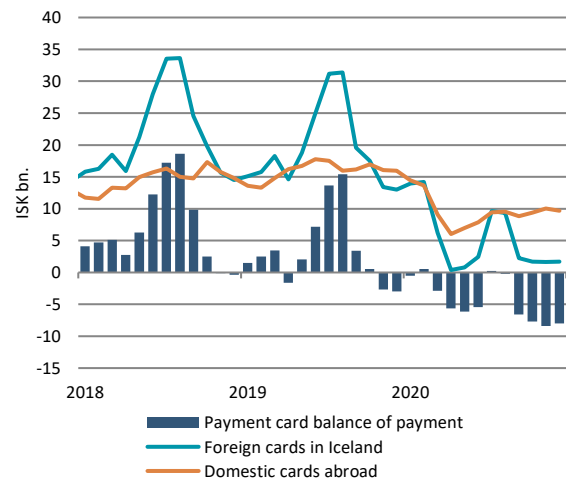
Monthly data, last date December 2020
Source: Icelandic Tourist Board

The foreign trade deficit was ISK 2.3 bn in December, less vessels and aircraft.



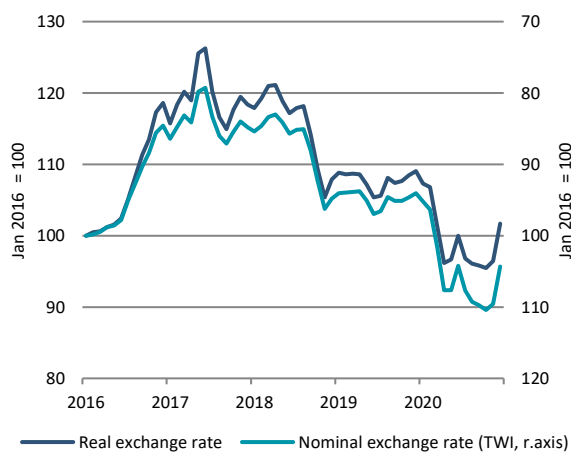
Monthly data, last date December 2020
Source: Statistics Iceland

The payment card balance was negative by ISK 8.0 bn in December.



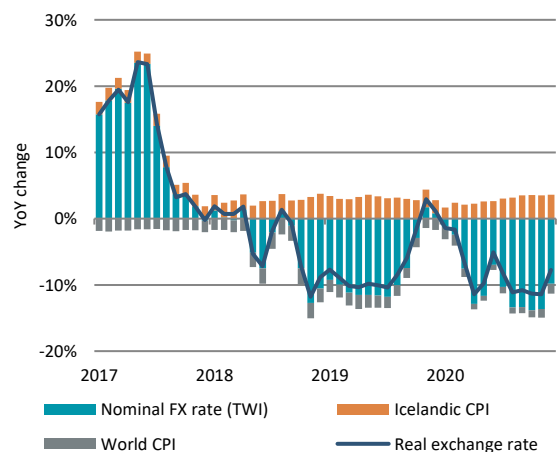
Monthly data, last date December 2020
Source: CBI

The real exchange rate based on price levels was 6.1% lower in January than in the same month of 2020.



Last date January 2020, January 2021 own calculations.
Source: CBI, Statistics Iceland, Landsbankinn Economic Research

The contribution of nominal exchange rate changes to the 12M change in the real exchange rate in January is -9.9 pp, the contribution of inflation is 3.8 pp.



Last date January 2021, January 2020 own calculations.
Source: CBI, Statistics Iceland, Landsbankinn Economic Research



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