

26 February 2018

Macro Overview

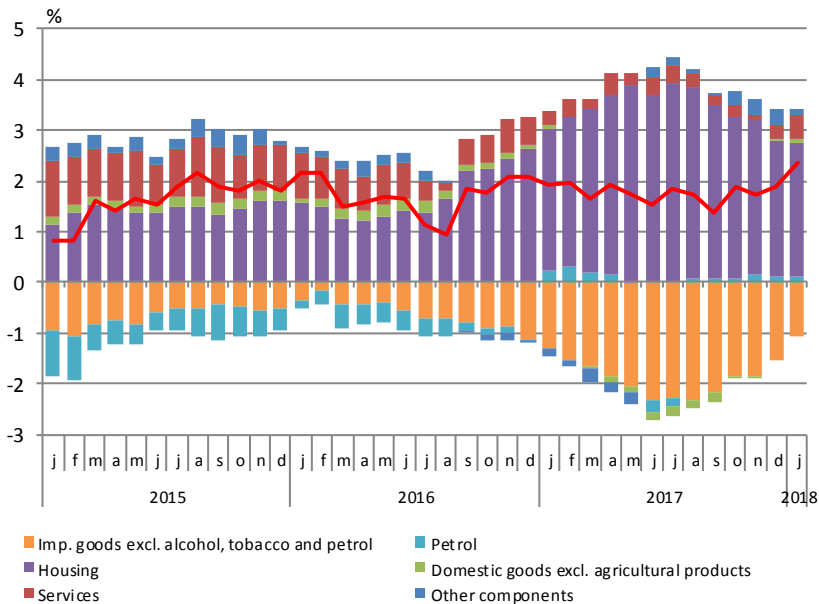
Landsbankinn Economic Research



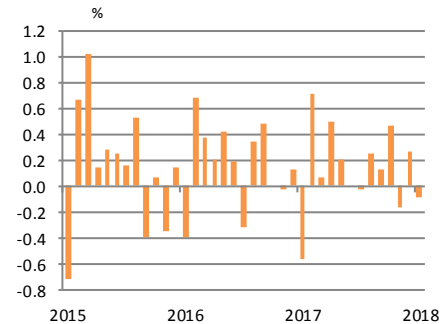
Inflation

	Jan 2018	Dec 2017	Jan 2017
CPI YoY	2.4	1.9	1.9
Contribution of individual components :			
Imp. goods excl. alcohol, tobacco and petrol	-1.1	-1.6	-1.3
Petrol	0.1	0.1	0.2
Housing	2.6	2.7	2.8
Domestic goods excl. agricultural products	0.1	0.1	0.1
Services	0.4	0.3	0.3
Other components	0.1	0.3	-0.2

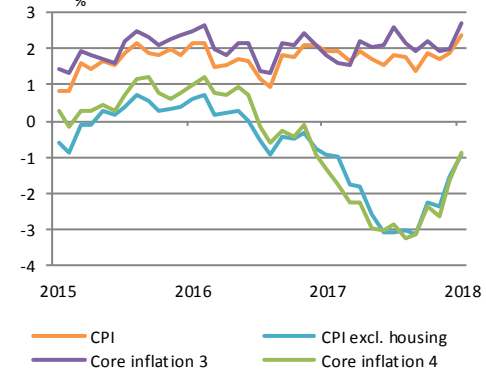
Contribution of individual components



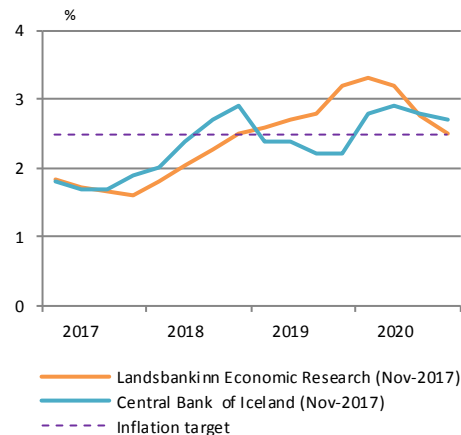
MOM change



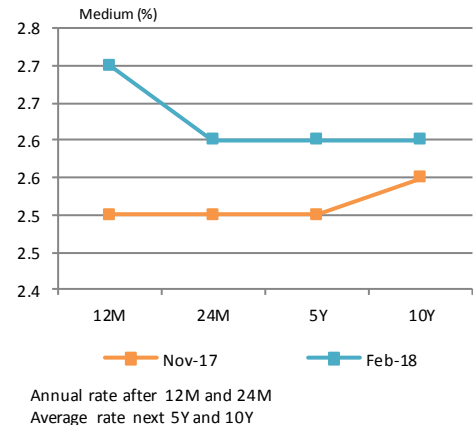
Various measures of underlying inflation



Forecast



Market expectation survey

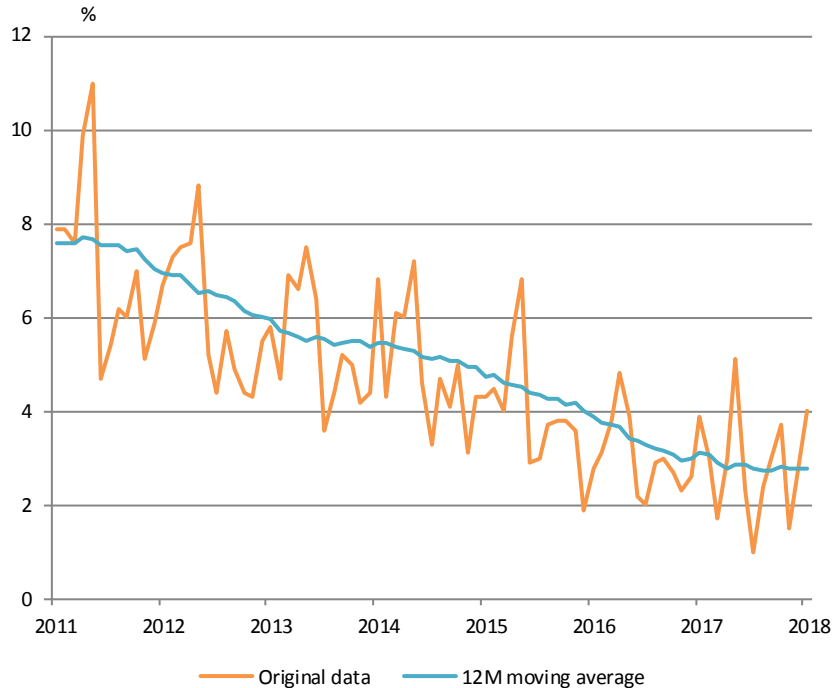


Labour Force Survey

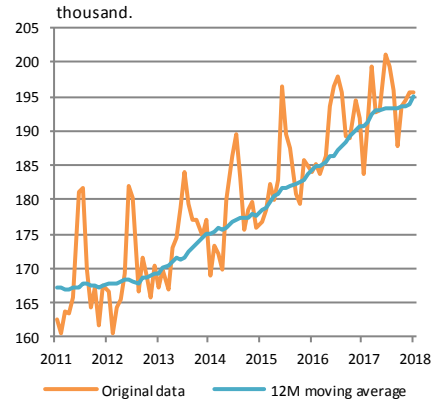
	Jan 2018	Dec 2017	Jan 2017
Activity rate (%)	81.7	81.7	80.4
Unemployment rate (%)	4.0	2.9	3.9
Employment rate (%)	78.5	79.3	77.3
Employed	195,500	195,600	183,700
Inactive	45,600	45,100	46,500
Unemployed	8,100	5,900	7,500
Average working hours	38.4	37.6	39.2

Source: Statistics Iceland

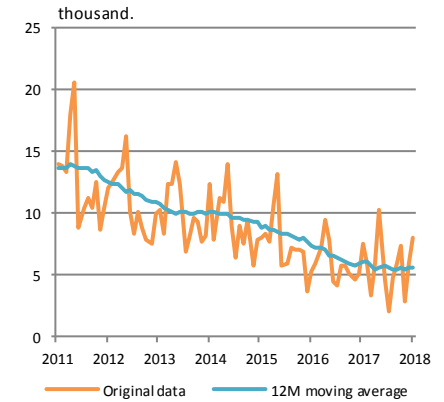
Unemployment rate



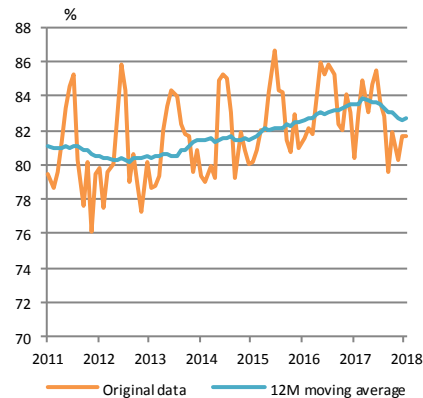
Employed



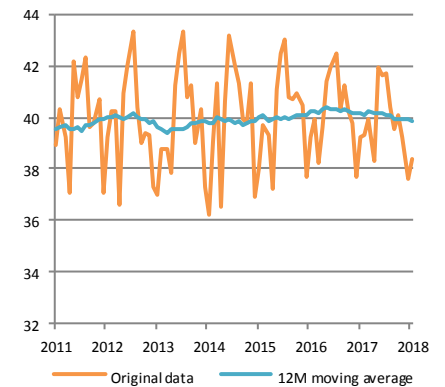
Unemployed



Activity rate



Average working hours

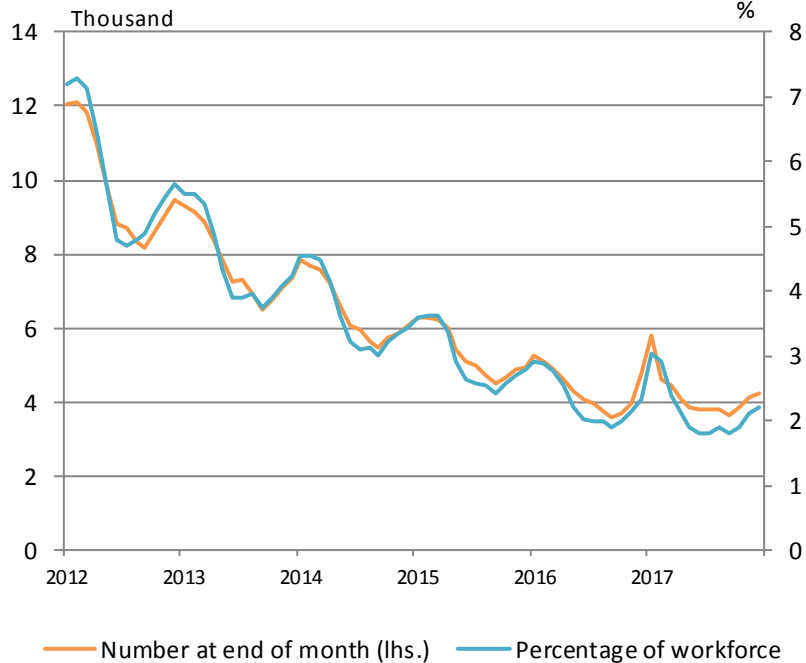


Registered unemployment

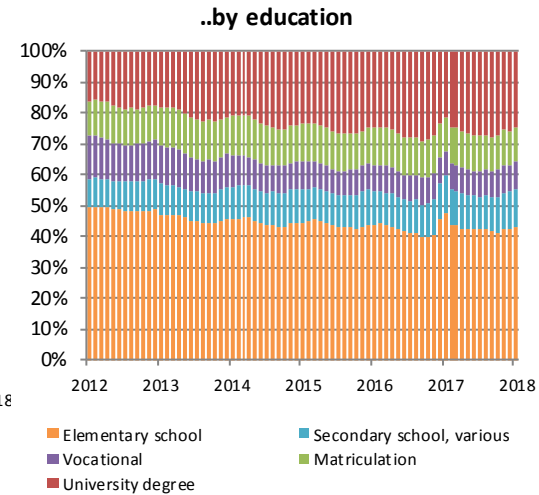
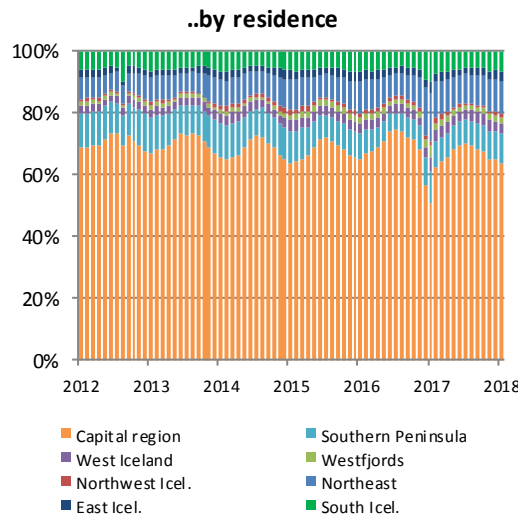
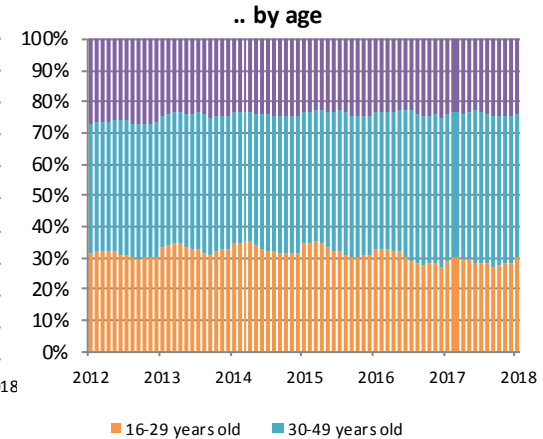
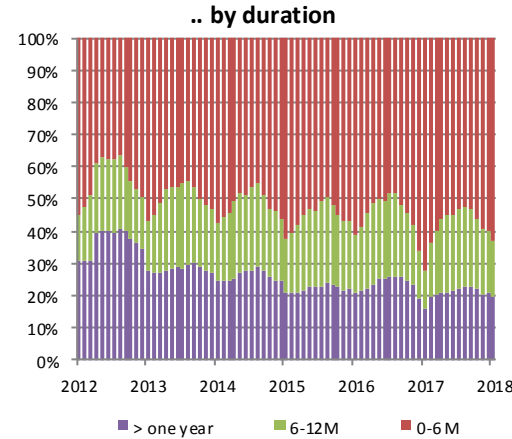
	Jan 2018	Dec 2017	Jan 2017
Total	2.4	2.2	3.0
Reykjavík area	2.4	2.2	2.4
Regional Iceland	2.4	2.1	4.1
Men	2.3	2.1	2.7
Women	2.5	2.3	3.4

Source: Department of Labour

Unemployment



Number at end of month ..

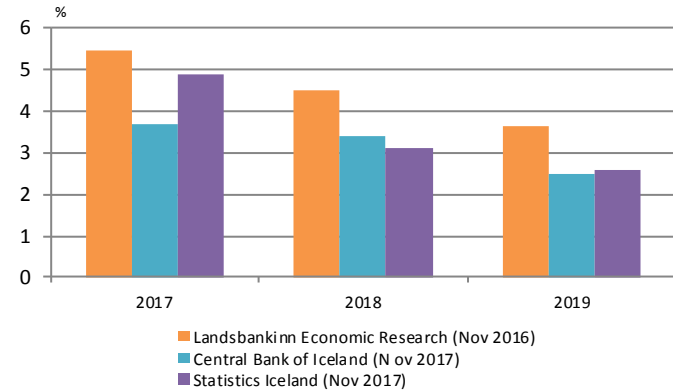


Gross Domestic Product

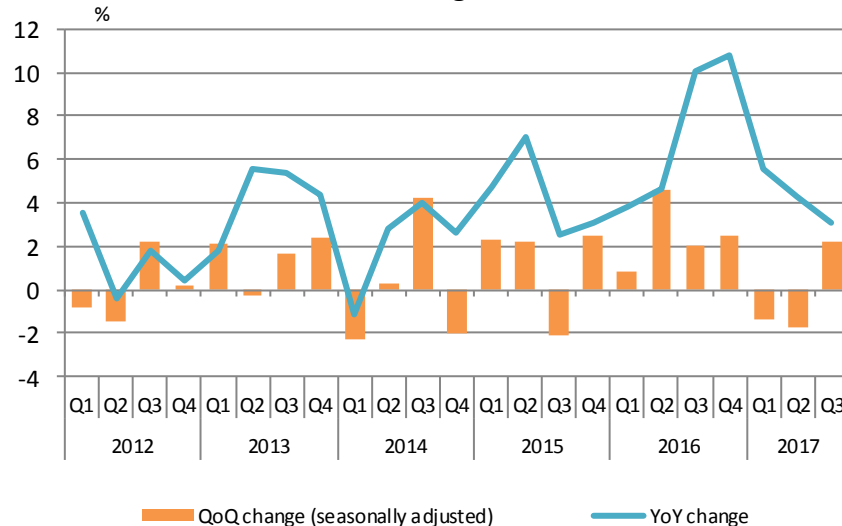
	2017Q3	2017Q2	2016Q3
YoY change	3.1	4.3	10.1
QoQ change (Seasonally adjusted)	2.2	-1.7	2.0
Contribution to growth			
Private consumption	1.5	1.5	0.4
Government consumption	0.3	0.3	0.2
Gross capital formation	1.5	1.5	-0.6
Changes in inventories	0.6	0.6	3.0
Net trade	-1.4	-1.4	-1.6

Source: Statistics Iceland

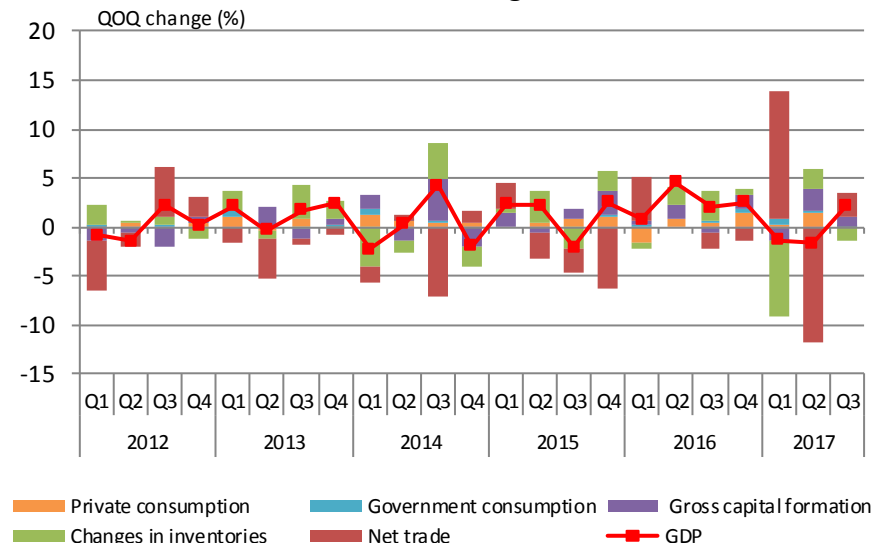
Economic forecast



Economic growth



Contribution to growth

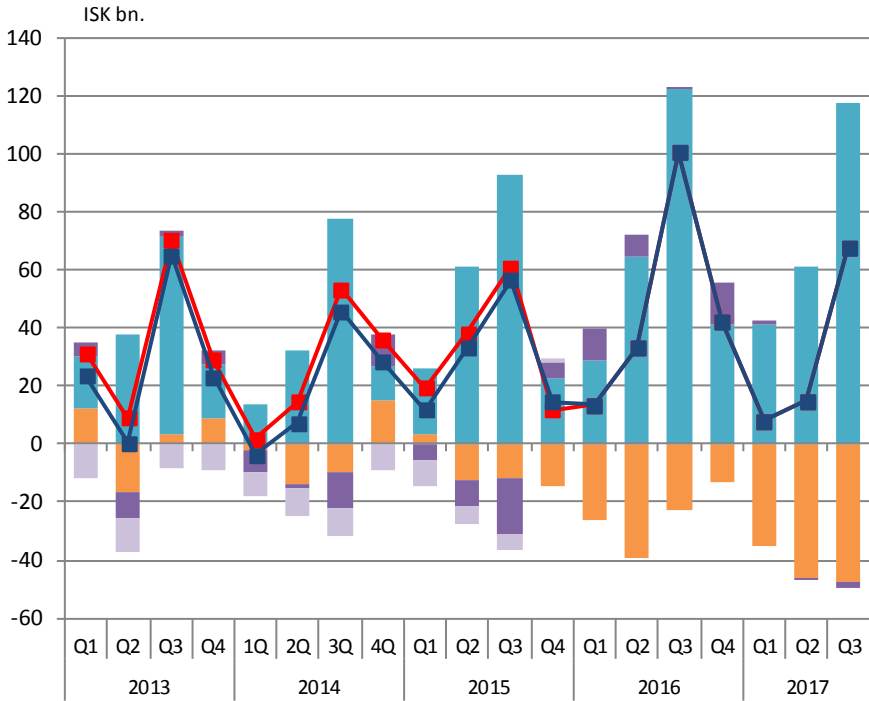


Current account

	2017Q3	2017Q2	2016Q3
Current account	68.1	15.0	100.8
Excluding DMBs underg. winding-up	68.1	15.0	100.8
Goods account balance	-47.5	-46.0	-22.5
Service account balance	117.5	61.5	122.7
Income account balance*	-1.9	-0.5	0.5
DMBs underg. winding-up	0.0	0.0	0.0

*)excluding DMBs undergoing winding-up

Source: Central Bank of Iceland



Good account balance

Income account balance *

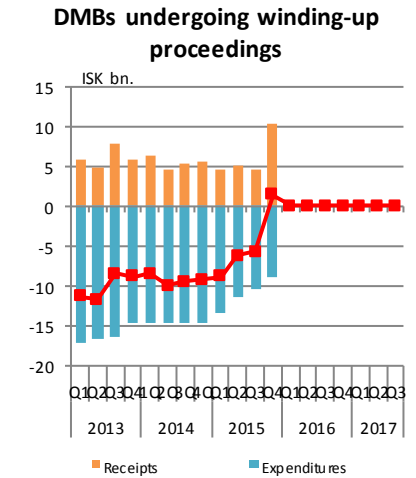
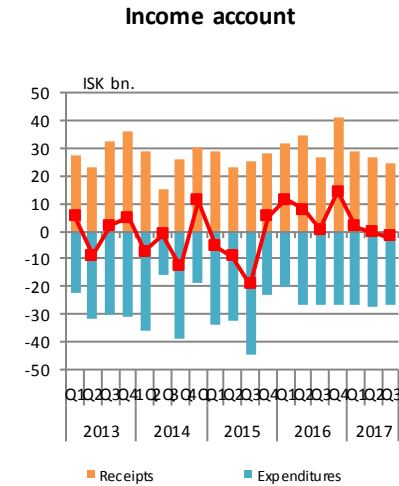
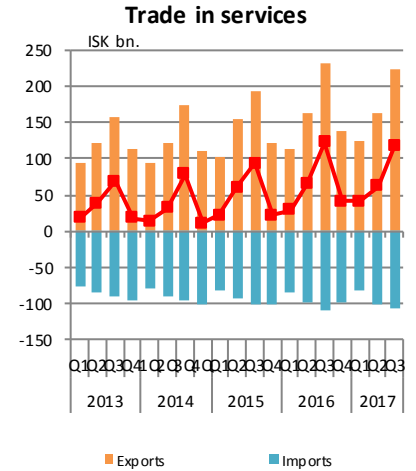
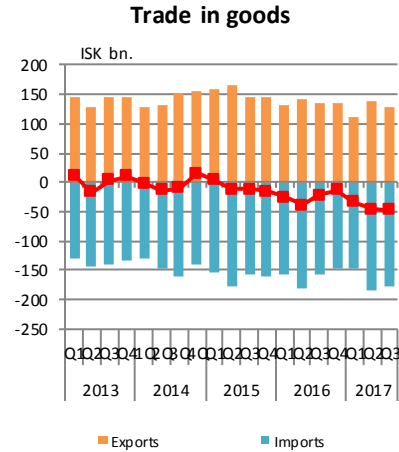
— Excluding DMBs underg. winding-up

■ Service account balance

DMBs underg. winding-up

—■— Current account

*) excluding DMBs undergoing winding-up



*) excluding DMBs undergoing winding-up proceedings

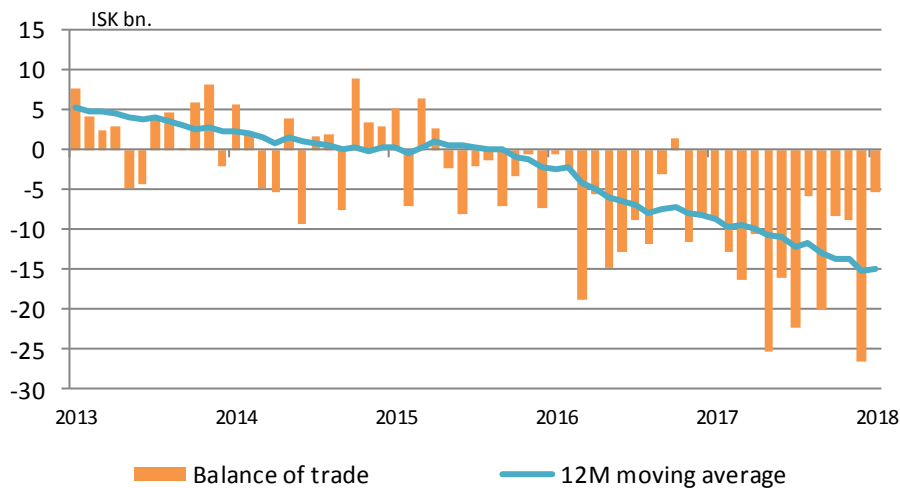


Trade in goods

	Jan '18	Dec '17	Jan '17	Cumulative	
				2018	2017
Exports, total	48.5	43.5	37.4	48.5	37.4
Marine products	17.9	13.9	13.7	17.9	13.7
Agricultural products	2.3	2.1	1.6	2.3	1.6
Manufacturing products	26.9	25.1	21.4	26.9	21.4
Other products	1.3	2.4	0.8	1.3	0.8
Imports, total	53.9	70.2	46.0	53.9	46.0
Food and beverages	4.0	4.2	3.7	4.0	3.7
Industrial supplies	12.0	20.3	12.1	12.0	12.1
Fuels and lubricants	7.5	6.7	4.3	7.5	4.3
Capital goods	14.4	13.2	11.2	14.4	11.2
Transport equipment	9.1	15.9	8.2	9.1	8.2
Consumer goods n.e.s.	6.8	9.9	6.5	6.8	6.5
Goods n.e.s.	0.0	0.1	0.0	0.0	0.0
Balance of trade	-5.4	-26.6	-8.5	-5.4	-8.5

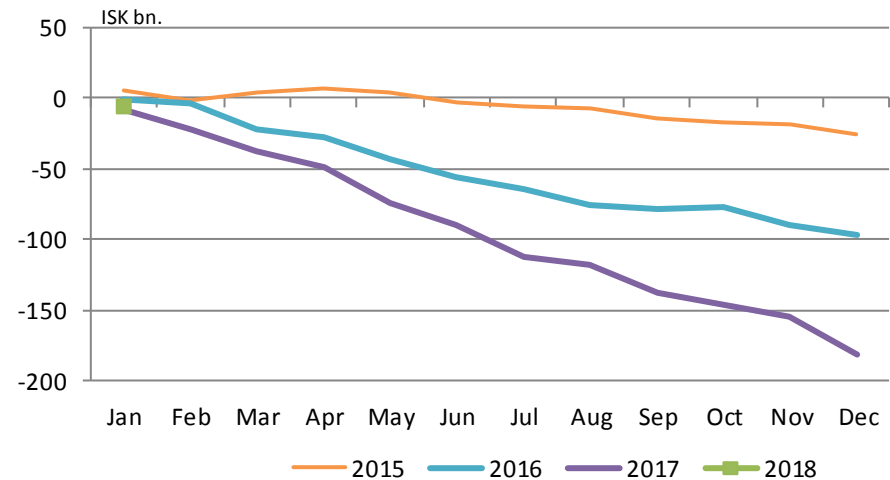
Constant exchange rate (Jan 2018) Source: Statistics Iceland

Trade in goods



Constant exchange rate

Cumulative balance



Constant exchange rate

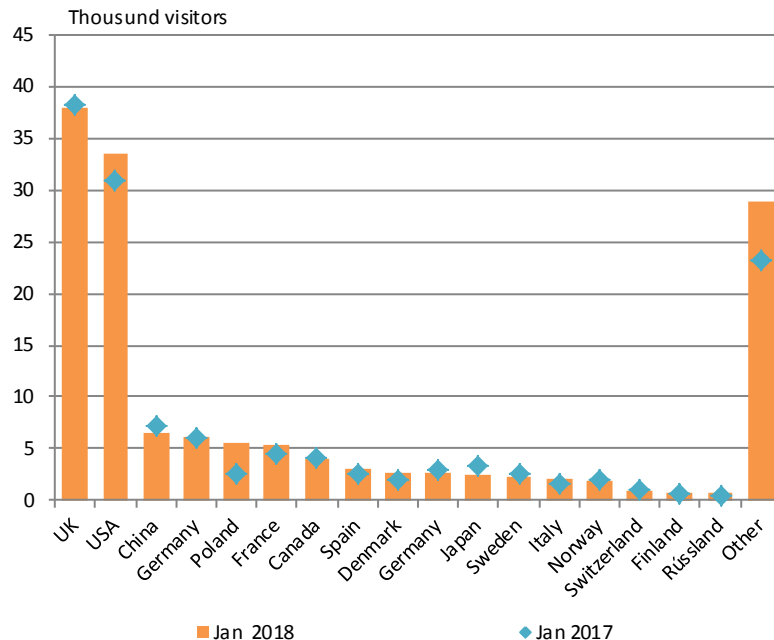


Tourism industry

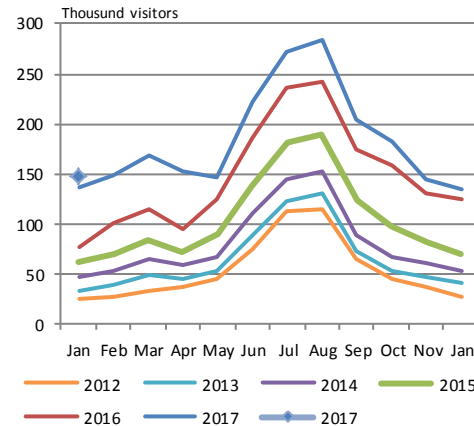
		YOY
Departures from Keflavík airport (Jan., thousand)	147.6	9%
Foreign payment card turnover (Jan, euro/visitors)	845	-20%
Overnight stays in Hotels-foreigners (Des., thousnd)	272	5%
Occupancy rate (Des., %)	58.0	-5.6

Source: Statistics Iceland, Central Bank of Iceland, Icelandic Tourist Board

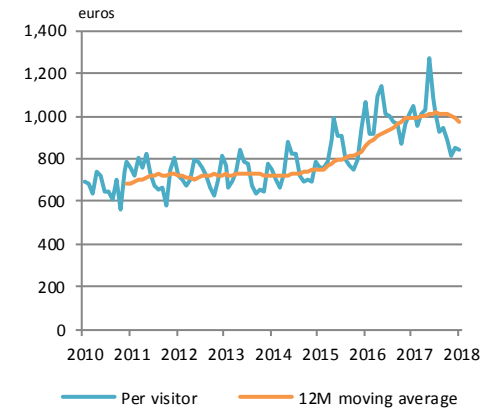
Departures from Keflavik by nationality



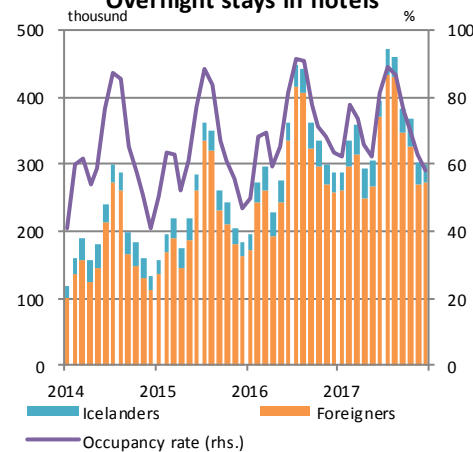
Departures from Keflavik Airport



Foreign payment card turnover



Overnight stays in hotels

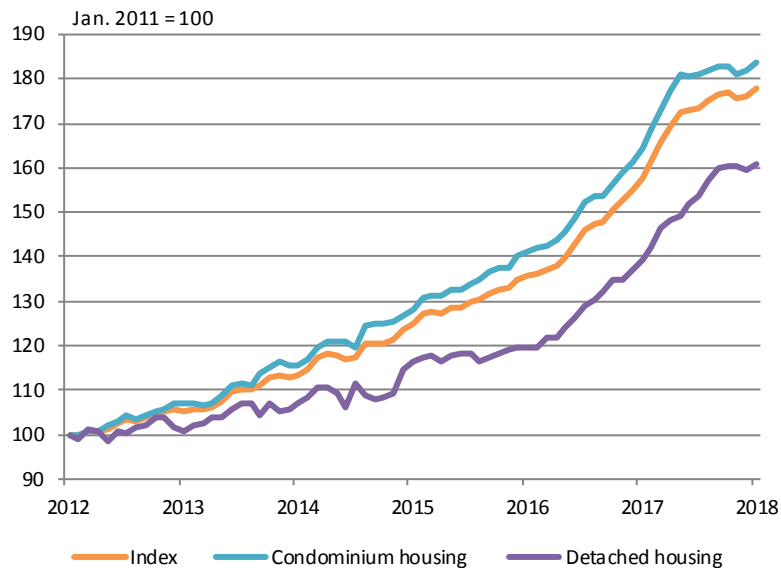


Real estate market

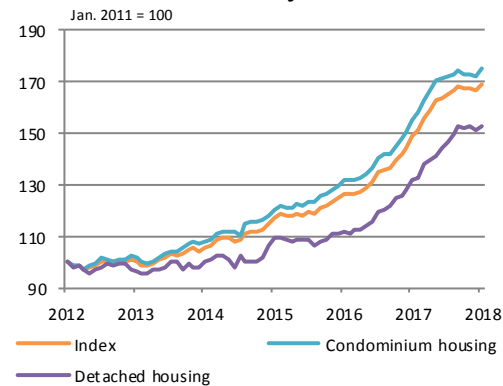
		YOY ch.
Housing price index (Jan)	-	12.8%
Rental price index (Jan)	-	9.2%
Turnover (Jan, ISK bn.)	30.6	-5.4%

Source: Register Iceland, Statistics Iceland

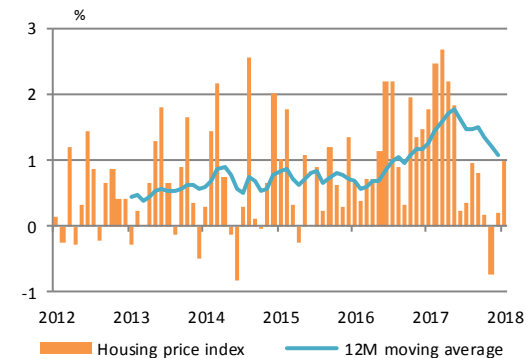
Home price index



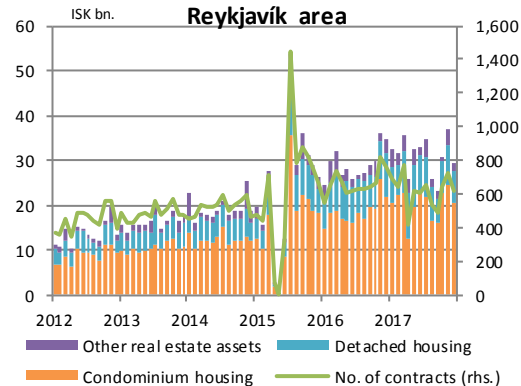
Inflation adjusted



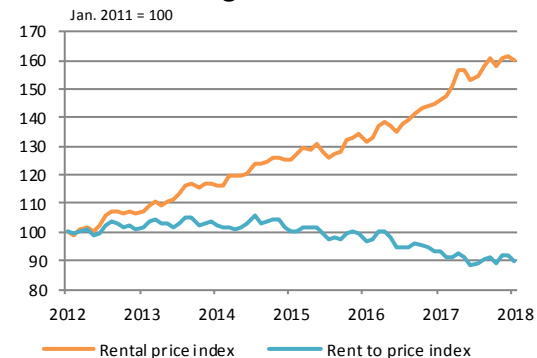
MOM change



Housing market turnover in greater Reykjavik area



Housing rental market



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