

5. March 2018

# Macro Overview

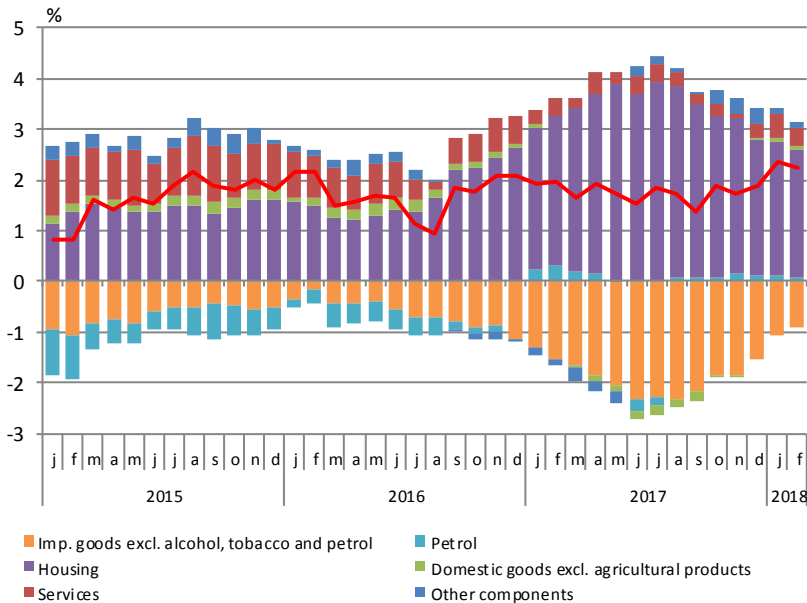
Landsbankinn Economic Research



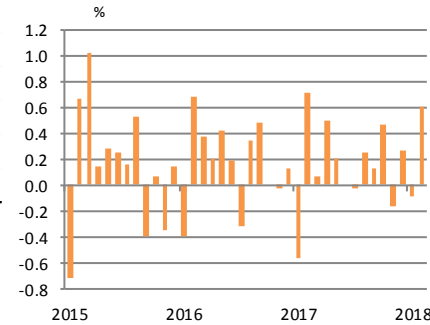
# Inflation

	Feb 2018	Jan 2018	Feb 2017
<b>CPI YoY</b>	<b>2.3</b>	<b>2.4</b>	<b>1.9</b>
Contribution of individual components :			
Imp. goods excl. alcohol, tobacco and petrol	-0.9	-1.1	-1.5
Petrol	0.1	0.1	0.3
Housing	2.5	2.6	2.9
Domestic goods excl. agricultural products	0.1	0.1	0.0
Services	0.4	0.4	0.4
Other components	0.1	0.1	-0.1

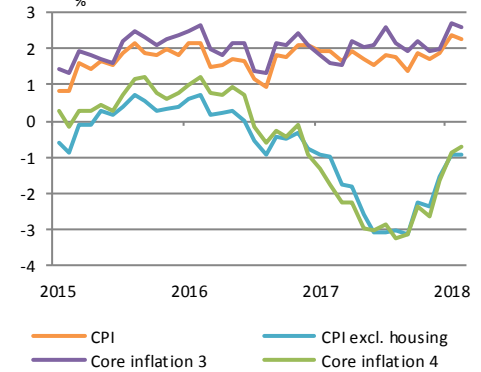
**Contribution of individual components**



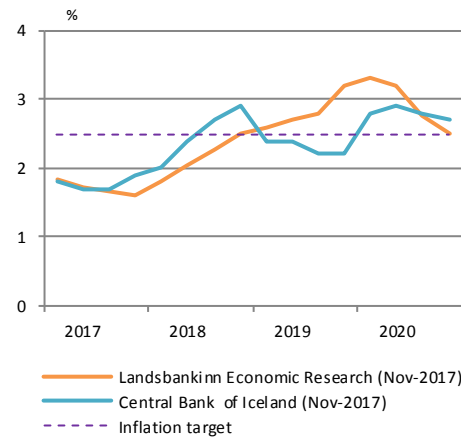
**MOM change**



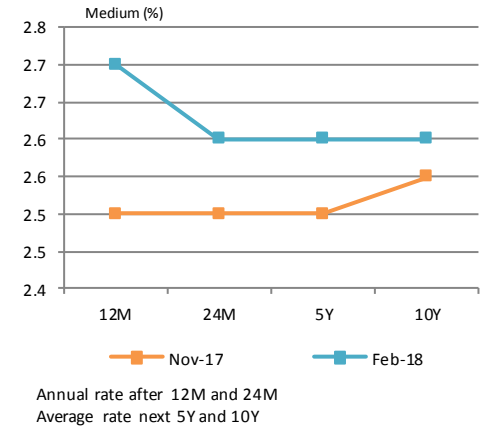
**Various measures of underlying inflation**



**Forecast**



**Market expectation survey**

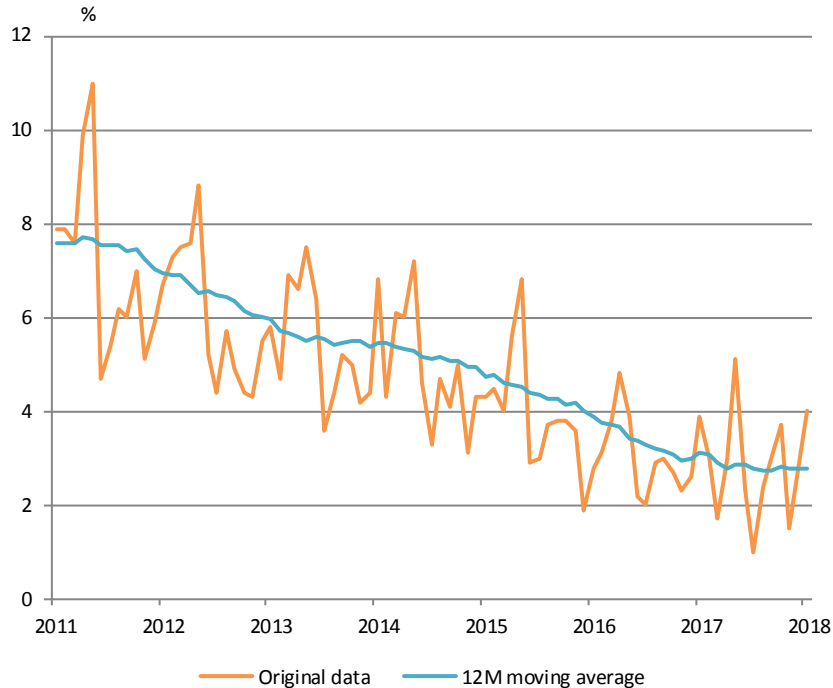


# Labour Force Survey

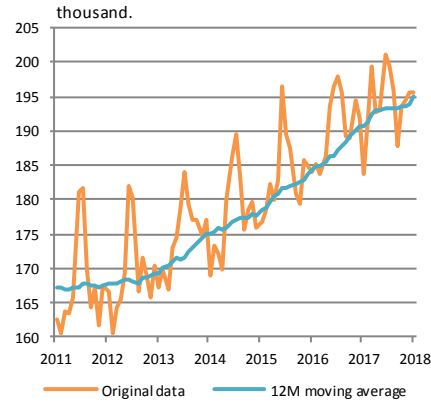
	Jan 2018	Dec 2017	Jan 2017
Activity rate (%)	81.7	81.7	80.4
Unemployment rate (%)	4.0	2.9	3.9
Employment rate (%)	78.5	79.3	77.3
Employed	195,500	195,600	183,700
Inactive	45,600	45,100	46,500
Unemployed	8,100	5,900	7,500
Average working hours	38.4	37.6	39.2

Source: Statistics Iceland

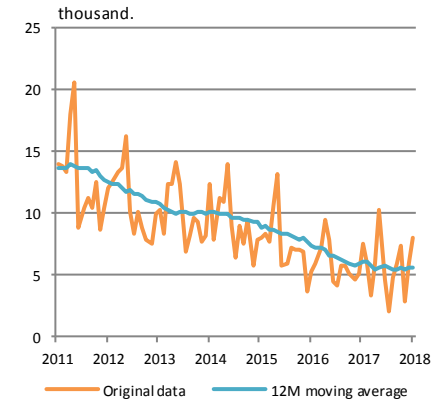
### Unemployment rate



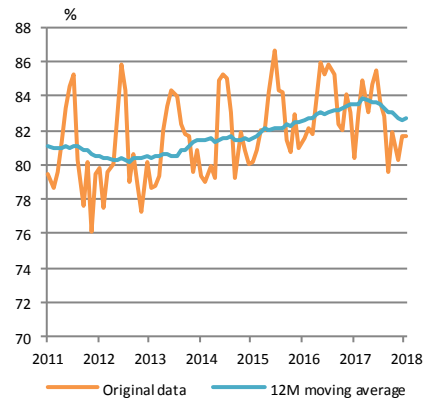
### Employed



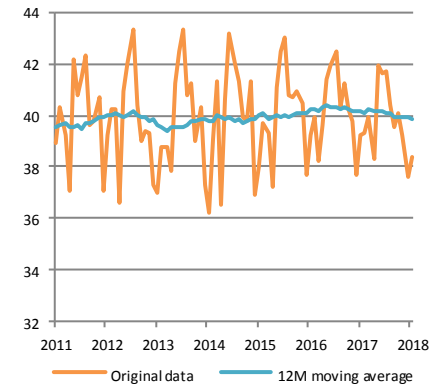
### Unemployed



### Activity rate



### Average working hours

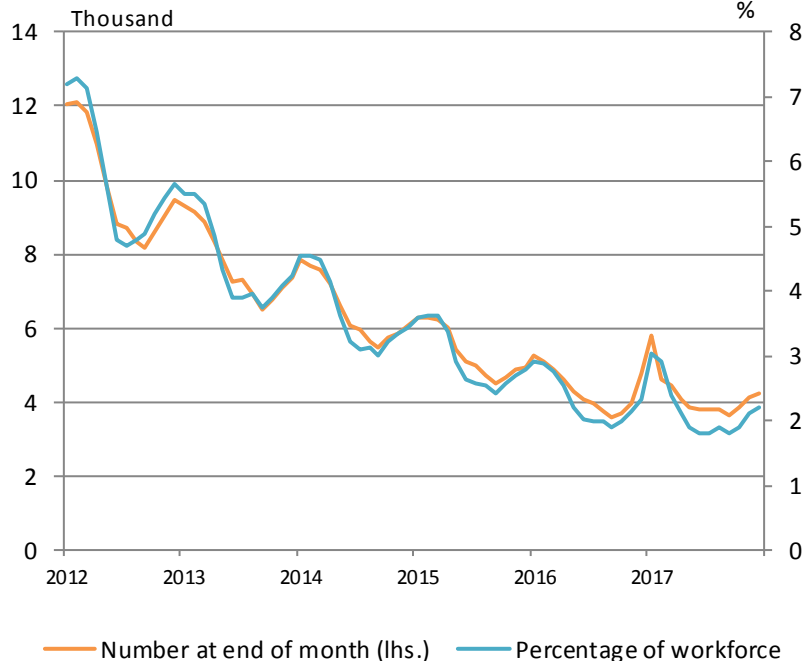


# Registered unemployment

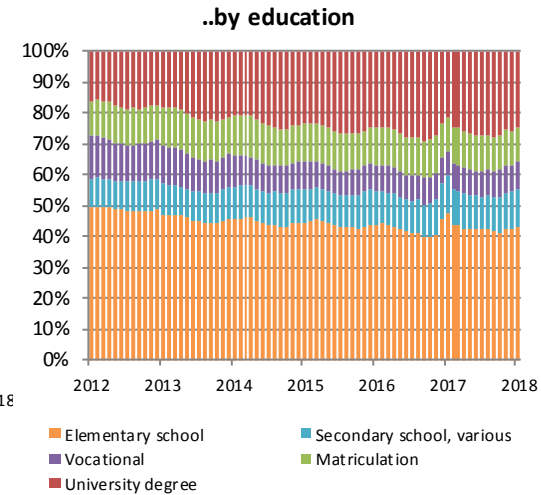
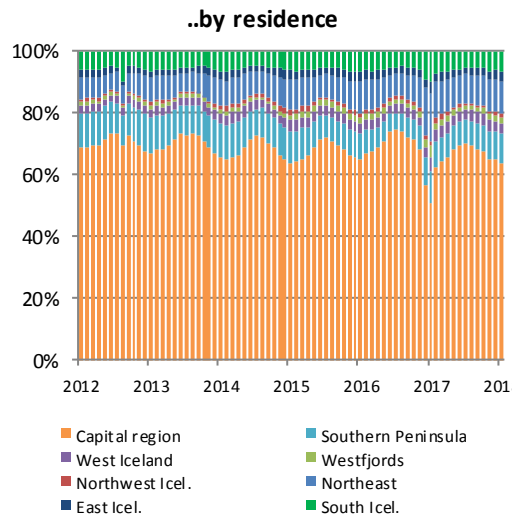
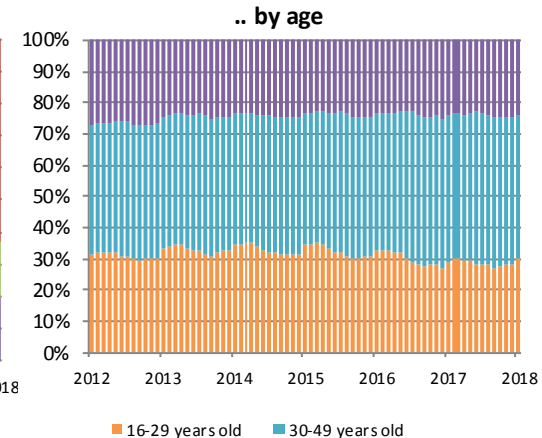
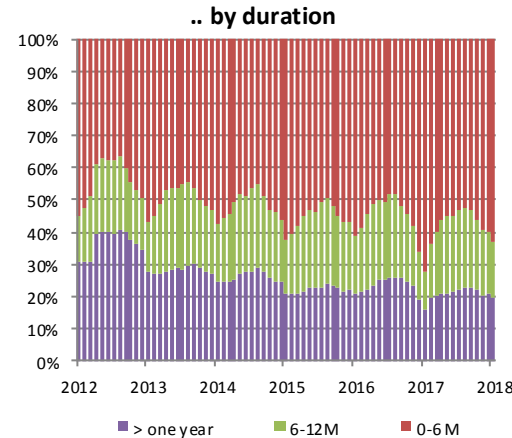
	Jan 2018	Dec 2017	Jan 2017
<b>Total</b>	<b>2.4</b>	<b>2.2</b>	<b>3.0</b>
Reykjavík area	2.4	2.2	2.4
Regional Iceland	2.4	2.1	4.1
Men	2.3	2.1	2.7
Women	2.5	2.3	3.4

Source: Department of Labour

## Unemployment



## Number at end of month ..

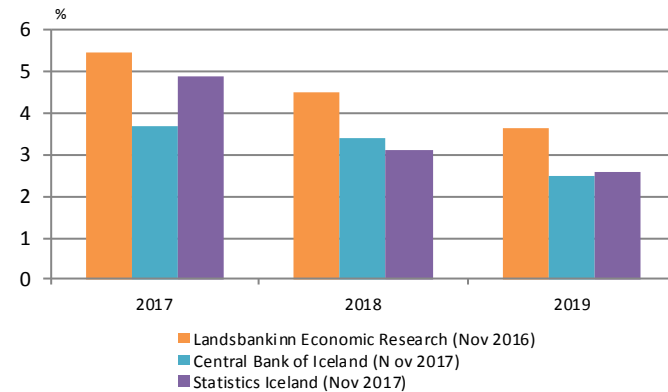


# Gross Domestic Product

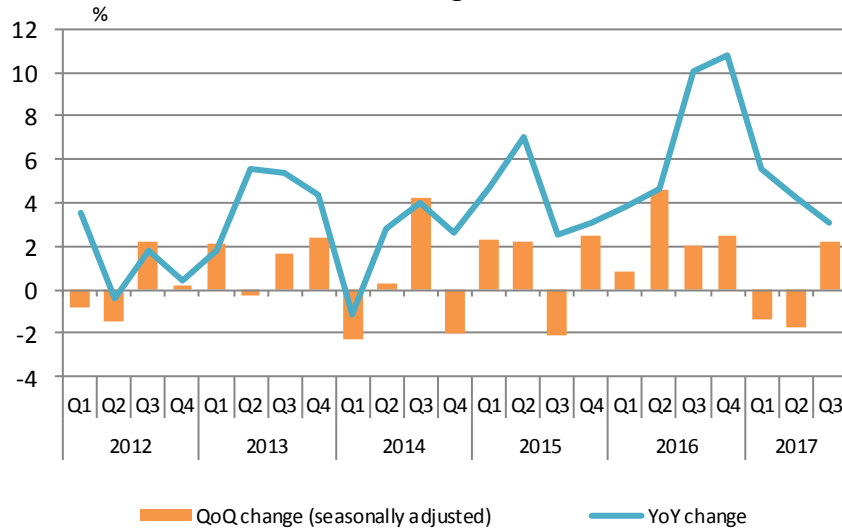
	2017Q3	2017Q2	2016Q3
<b>YoY change</b>	<b>3.1</b>	<b>4.3</b>	<b>10.1</b>
<b>QoQ change (Seasonally adjusted)</b>	<b>2.2</b>	<b>-1.7</b>	<b>2.0</b>
Contribution to growth			
Private consumption	1.5	1.5	0.4
Government consumption	0.3	0.3	0.2
Gross capital formation	1.5	1.5	-0.6
Changes in inventories	0.6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

Source: Statistics Iceland

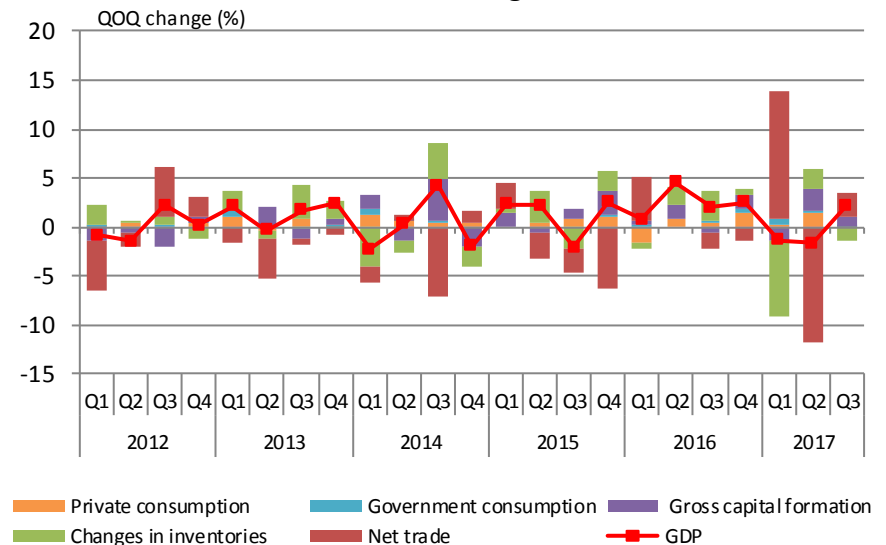
## Economic forecast



## Economic growth



## Contribution to growth

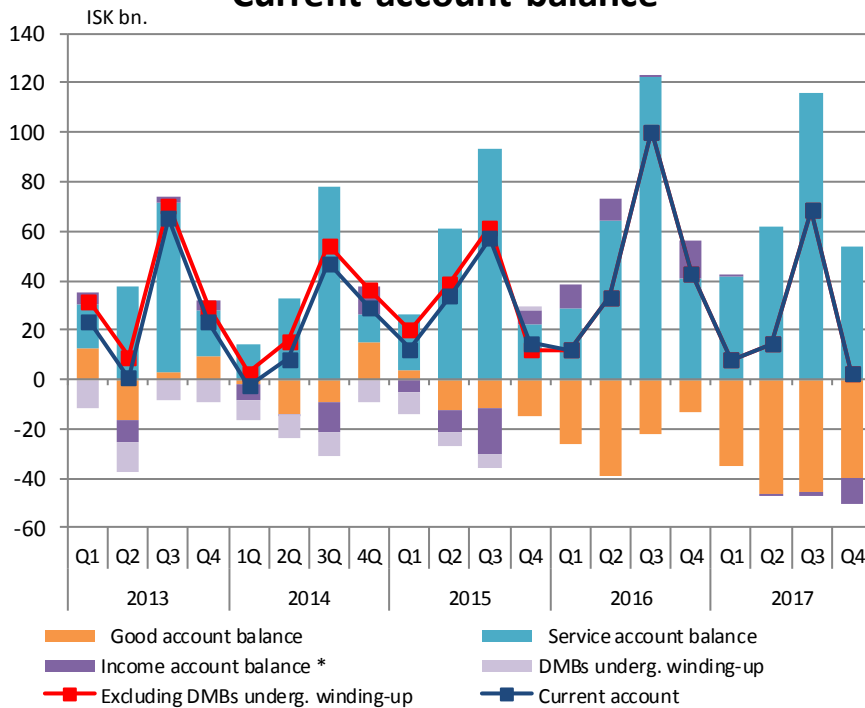


# Current account

	2017Q4	2017Q3	2016Q4
<b>Current account</b>	<b>2.8</b>	<b>68.4</b>	<b>43.1</b>
Goods account balance	-40.2	-45.7	-13.3
Service account balance	53.4	116.0	41.1
Income account balance*	-10.4	-1.9	15.2

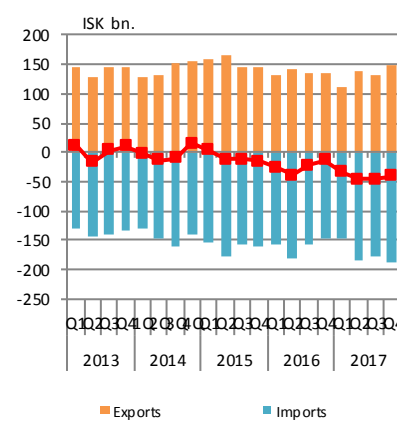
\*)excluding DMBs undergoing winding-up

## Current account balance

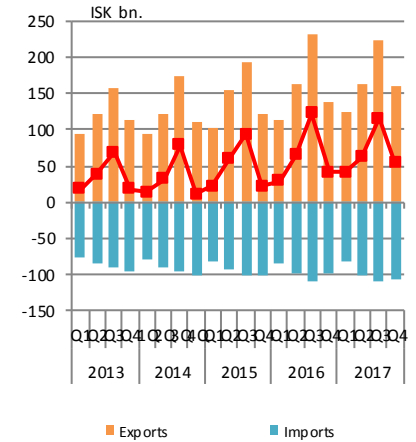


\*) excluding DMBs undergoing winding-up

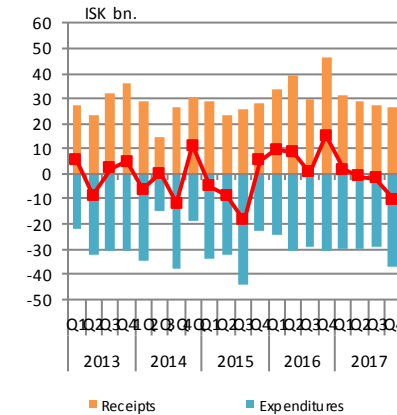
## Trade in goods



## Trade in services

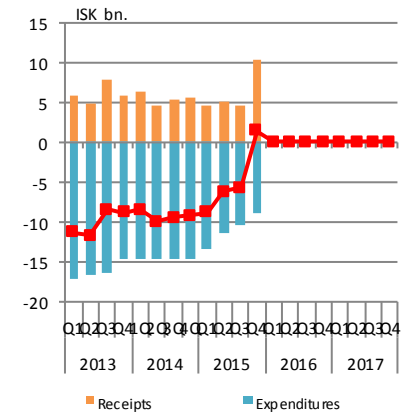


## Income account



\*) excluding DMBs undergoing winding-up proceedings

## DMBs undergoing winding-up proceedings

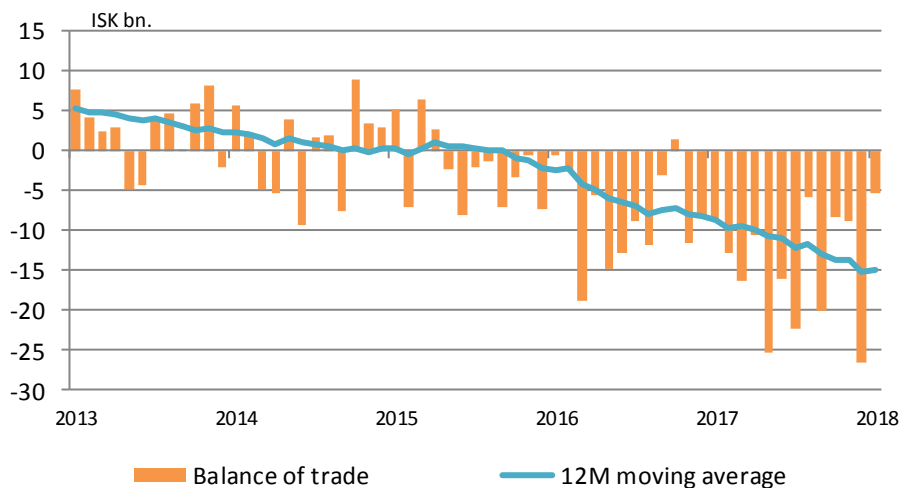


# Trade in goods

	Jan '18	Dec '17	Jan '17	Cumulative	
				2018	2017
<b>Exports, total</b>	<b>48.5</b>	<b>43.5</b>	<b>37.4</b>	<b>48.5</b>	<b>37.4</b>
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
<b>Imports, total</b>	<b>53.9</b>	<b>70.2</b>	<b>46.0</b>	<b>53.9</b>	<b>46.0</b>
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
<b>Balance of trade</b>	<b>-5.4</b>	<b>-26.6</b>	<b>-8.5</b>	<b>-5.4</b>	<b>-8.5</b>

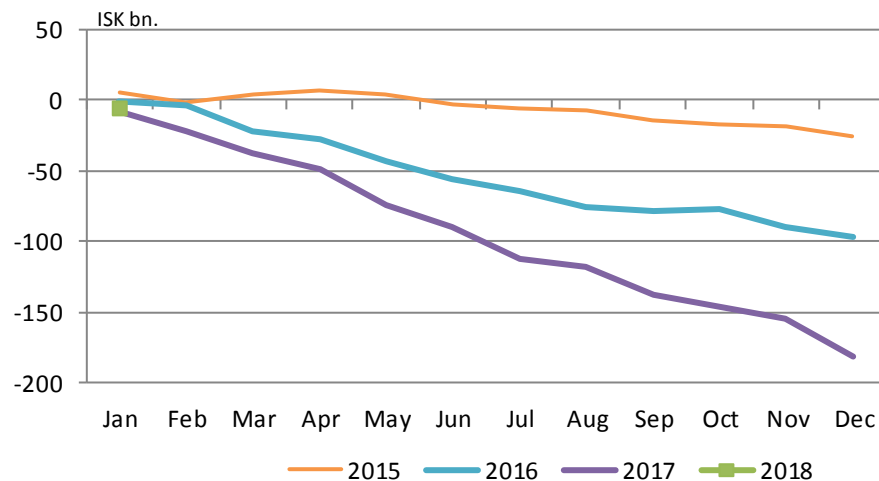
Constant exchange rate (Jan 2018) Source: Statistics Iceland

## Trade in goods



Constant exchange rate

## Cumulative balance



Constant exchange rate

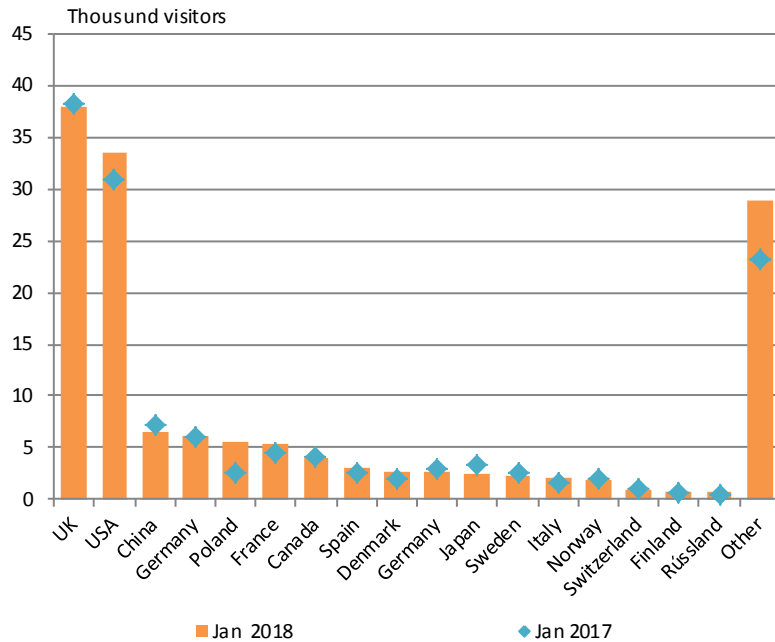


# Tourism industry

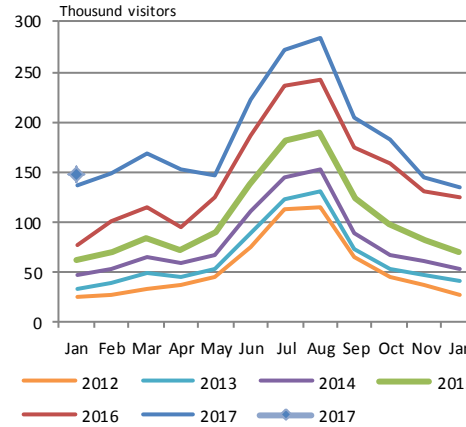
		YOY
Departures from Keflavík airport (Jan., thousand)	147.6	9%
Foreign payment card turnover (Jan, euro/visitors)	845	-20%
Overnight stays in Hotels-foreigners (Jan., thousnd)	259	-1%
Occupancy rate (Jan., %)	74.8	12.6

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

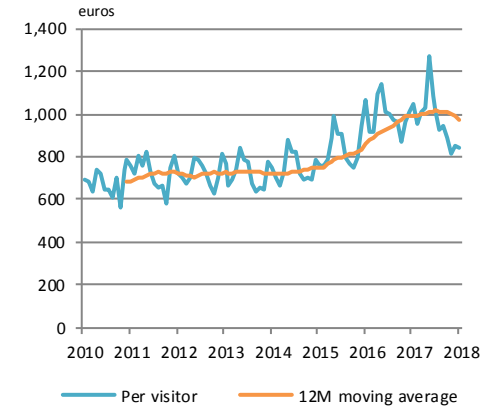
## Departures from Keflavik by nationality



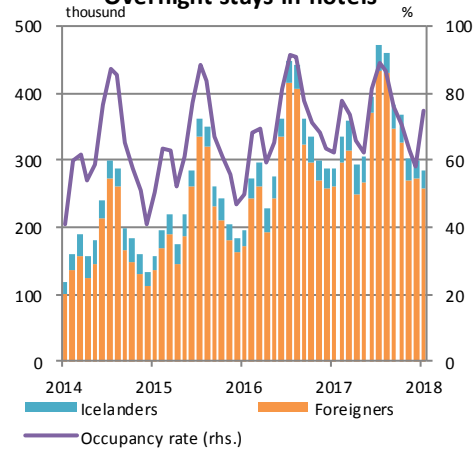
## Departures from Keflavik Airport



## Foreign payment card turnover



## Overnight stays in hotels



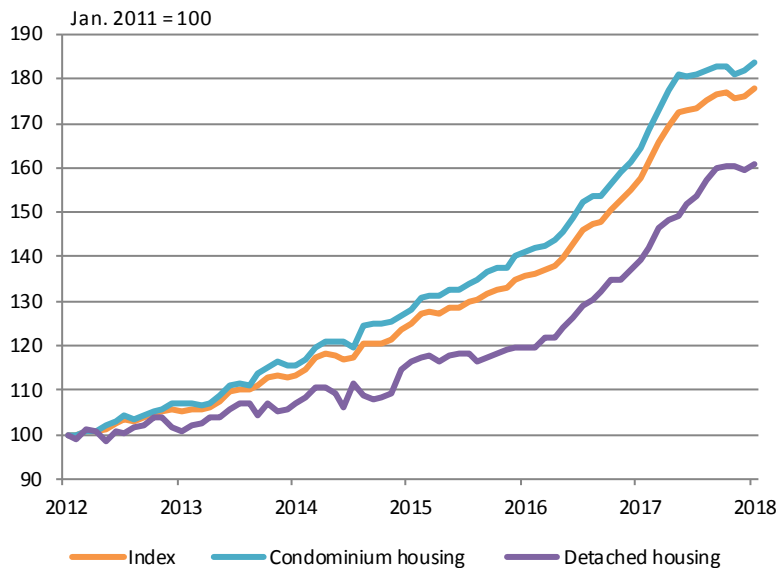


# Real estate market

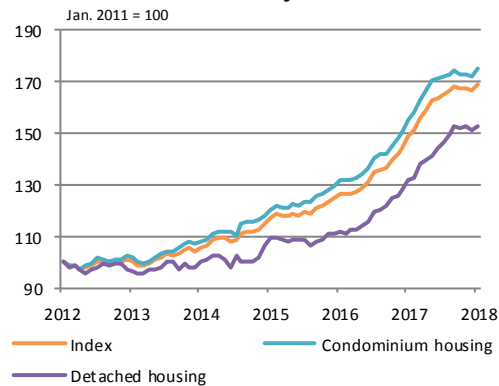
		YOY ch.
Housing price index (Jan)	-	12.8%
Rental price index (Jan)	-	9.2%
Turnover (Jan, ISK bn.)	30.6	-5.4%

Source: Register Iceland, Statistics Iceland

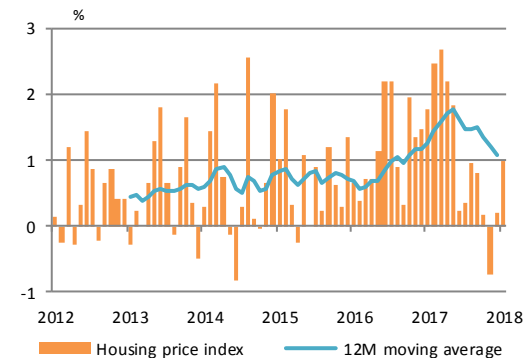
## Home price index



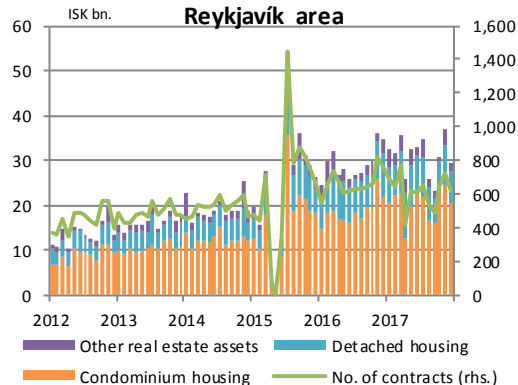
## Inflation adjusted



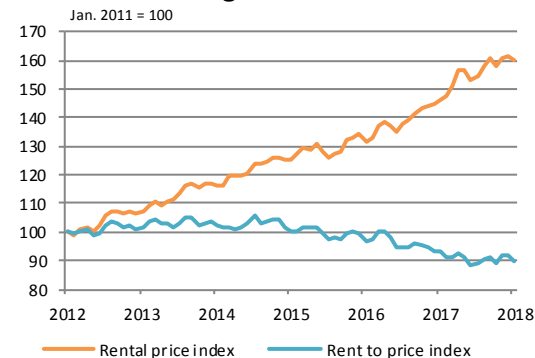
## MOM change



## Housing market turnover in greater Reykjavik area



## Housing rental market



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