



ISK appreciated in March

At the end of March, the EUR/ISK stood at 148.2, compared to 152.9 at the end of February, and the exchange rate index decreased (the króna strengthened) by 1.8%. The CBI will reduce its regular currency sales as of the beginning of April.

The Icelandic króna appreciated against the currencies of most of our main trading partners in March. At the end of the month, the euro stood at ISK 148.2, compared to ISK 152.9 at the end of February, and the US dollar stood at ISK 126.5, compared to ISK 126.2 at the end of February.

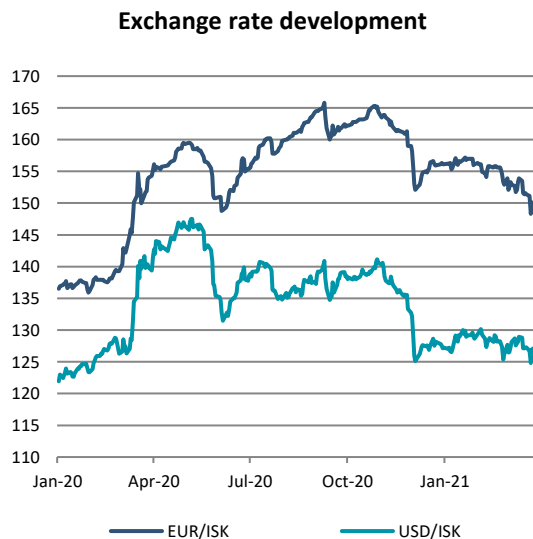
Turnover in the interbank foreign exchange market was ISK 51.5b. (EUR 341m.) in March. The CBI's share was ISK 12.2b. (EUR 81m.), which was 24% of total turnover.

In addition to regular sales of EUR 3m. each trading day in March, the CBI intervened three days in March. On Tuesday, March 23, it bought EUR 6 m., on Wednesday, March 24, it sold EUR 3 m. in excess of regular sales and on Friday, March 30, it bought EUR 3 m.

The Central Bank has announced that it intends to reduce regular foreign exchange sales. From the beginning of April, the CBI will sell EUR 3m. to market makers three times a week, on Monday, Wednesday and Friday.

	30.3.2021	YTD	1M	3M	12M
TWI	194.2	-3.1%	-1.8%	-3.1%	-2.8%
EUR	148.5	-4.9%	-2.9%	-4.9%	-3.8%
USD	126.5	-0.6%	0.2%	-0.6%	-9.3%
GBP	173.9	0.2%	-1.0%	0.2%	0.6%
DKK	20.0	-4.8%	-2.9%	-4.8%	-3.4%
NOK	14.8	-1.1%	0.4%	-1.1%	11.8%
SEK	14.5	-6.9%	-3.9%	-6.9%	3.6%
CHF	134.3	-7.0%	-3.5%	-7.0%	-7.9%
JPY	1.15	-7.1%	-3.4%	-7.1%	-11.2%

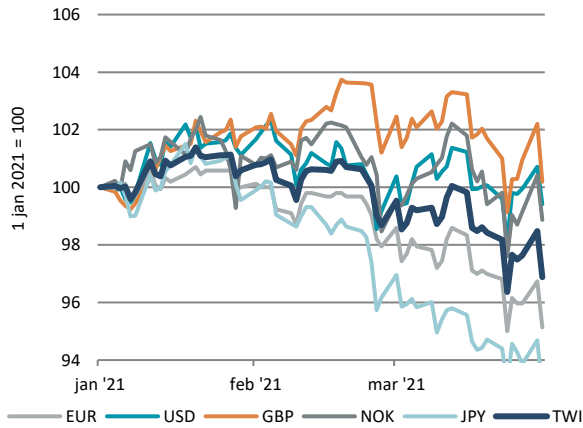
Source: Kodiak



Last date 31.3.2021
Source: Kodiak

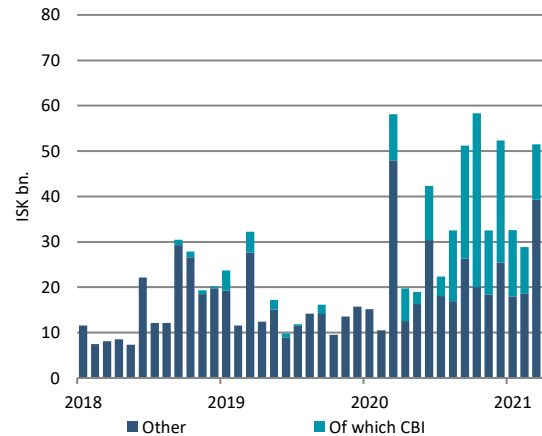


The Icelandic *króna* has appreciated against the currencies of most of Iceland's main trading partners year to date.



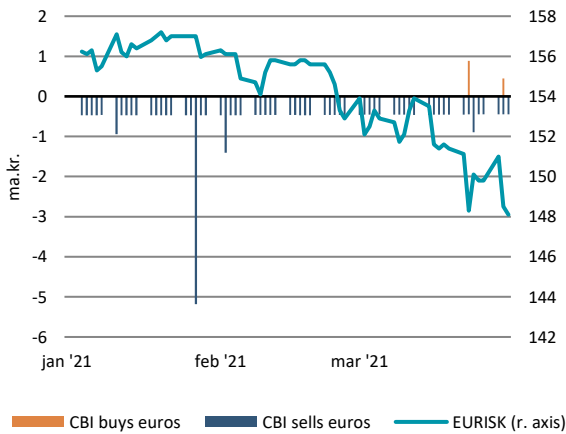
Last date 31.3.2021
Source: Kodiak

Turnover in the FX market in March totalled ISK 51.5bn (EUR 341m). The CBI's share was 24%.



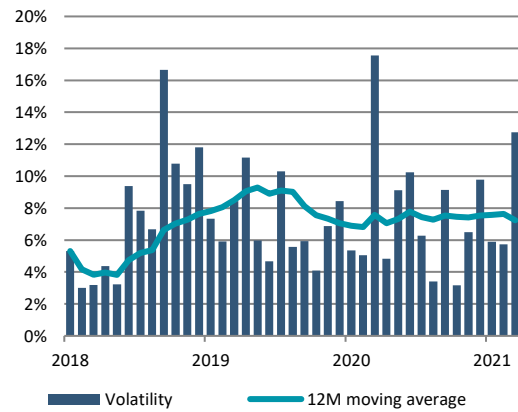
Monthly data, last date March 2021
Source: CBI

In addition to regular sales of EUR 3m. each trading day, the CBI intervened three days in March.



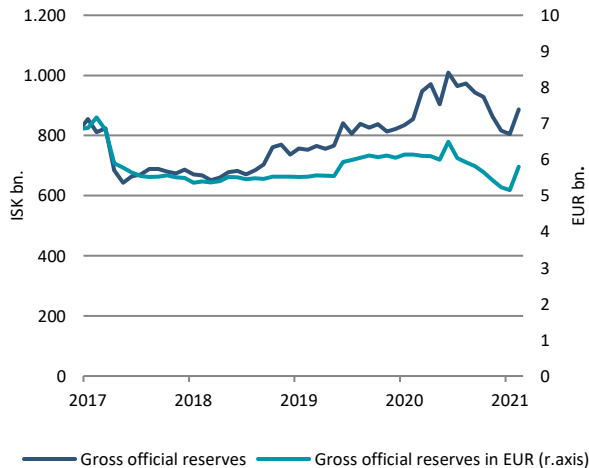
Last date 31.3.2021
Source: Kodiak Excel

Fluctuations of the ISK against the EUR increased between months in March



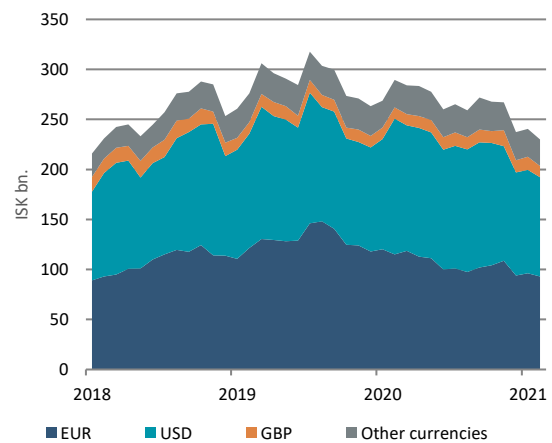
Monthly data, last date March 2021
Source: CBI, own calculations

Gross foreign exchange reserves increased by EUR 640m in February, mainly due to the Treasury's sale of EUR 750m bonds at the end of January.



End of month. Last date 28.2.2021
Source: CBI

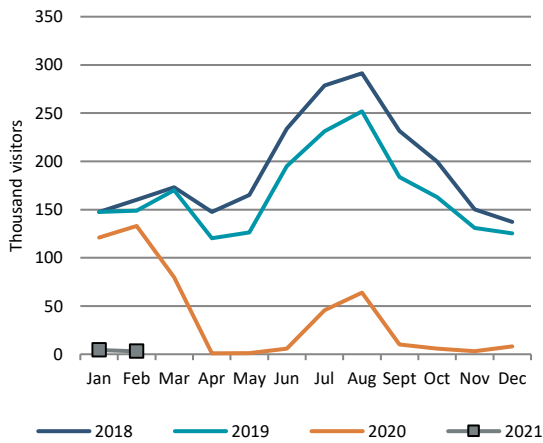
Domestic deposits on FX accounts, measured at a fixed rate, decreased by ISK 10.6b (4.4%) in February.



End of month. Fixed rate (28.2.2021)
Source: CBI



3,000 foreign visitors travelled through Keflavik International Airport in February.



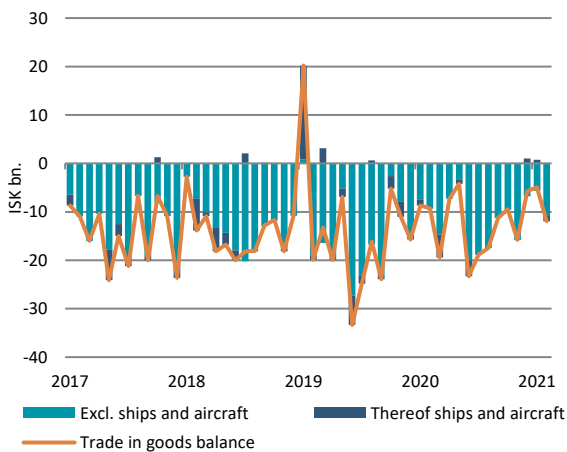
Source: Icelandic Tourist Board

Foreign travellers through Keflavik International Airport decreased by 90% YoY.



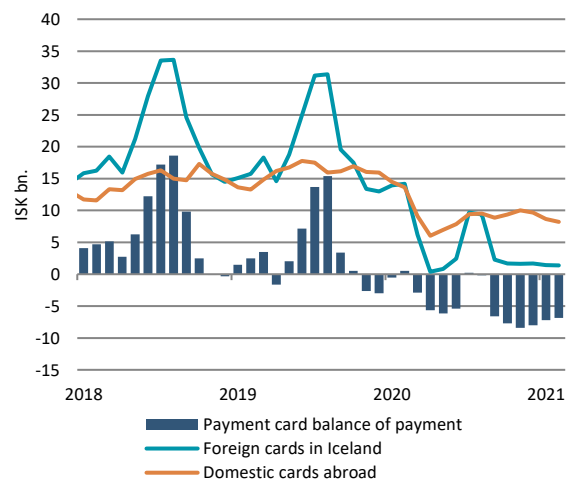
Monthly data, last date February 2021
Source: Icelandic Tourist Board

The foreign trade deficit was ISK 10.8 bn in February, less vessels and aircraft.



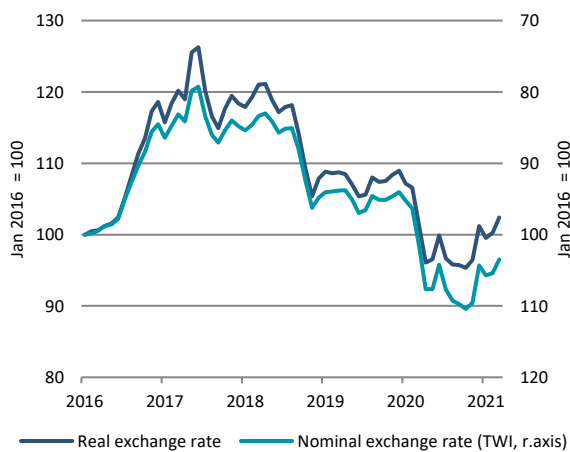
Monthly data, last date February 2021
Source: Statistics Iceland

The payment card balance was negative by ISK 6.8 bn in February.



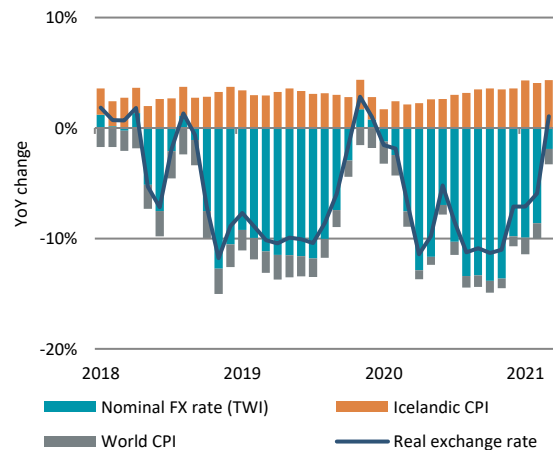
Monthly data, last date February 2021
Source: CBI

The real exchange rate based on price levels was 1.1% higher in February than in the same month of 2020.



Last date March 2021.
Source: CBI, Statistics Iceland, Landsbankinn Economic Research

The contribution of nominal exchange rate changes to the 12M change in March is -1.9%, the contribution of Icelandic CPI is 4.3% and world CPI is -1.4%



Last date March 2021.
Source: CBI, Statistics Iceland, Landsbankinn Economic Research



The contents and form of this document were produced by employees of Landsbankinn Economic Research (hagfraedideild@landsbankinn.is) and are based on information available to the public when the analysis was compiled. Assessment of this information reflects the views of Economic Research's employees on the analysis date, which may change without notice.

Neither Landsbankinn hf. nor its personnel can be held responsible for transactions based on the information and opinions expressed here as the content is not provided as personal advice on individual transactions.

Attention should be drawn to the fact that Landsbankinn hf. may, at any time, have direct or indirect interests at stake either on its own behalf or through its subsidiaries or customers, for instance as an investor, creditor or service provider. Nonetheless, all