



ISK appreciated in May

The Icelandic króna appreciated against the currencies of our main trading partners in May and has not been that strong since Mars 2020. Turnover in the interbank foreign exchange market was ISK 35.5bn in May. The CBI's share of this was ISK 2.1 bn, or 5.8% of total turnover.

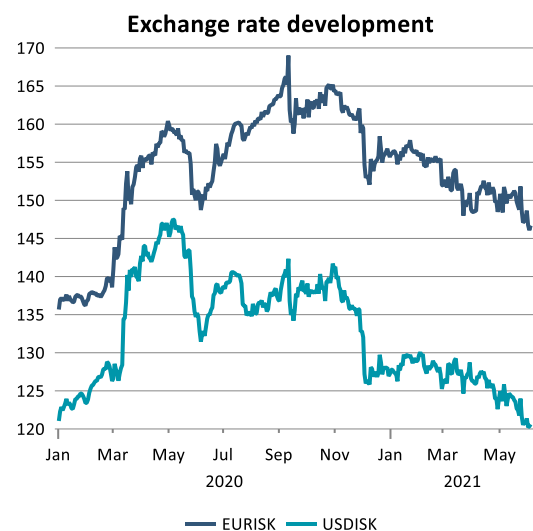
The Icelandic króna appreciated against the currencies of our main trading partners in May. At the end of the month, the euro stood at ISK 147.6, compared to ISK 149.6 at the end of April. The US dollar stood at ISK 121.0 at the end of May, compared to ISK 123.8 at the end of April.

Turnover in the interbank foreign exchange market was ISK 35.5bn (EUR 237m) in May, which is similar to April. The CBI's share of this amount was ISK 2.1 bn (EUR 14m), or 5.8% of total turnover. This is the CBI's lowest involvement since February 2020, when the CBI did not intervene in the market at all.

The CBI intervened two days in May, on Tuesday 25 May it bought EUR 2m (ISK 0.3 bn) and on Thursday 27 May it bought EUR 12m (ISK 1.8bn).

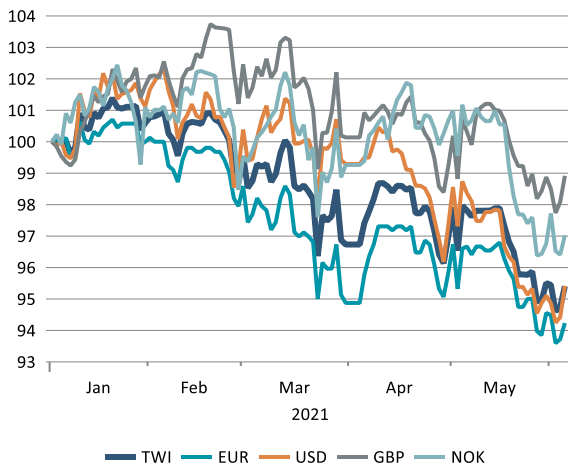
	31.5.2021	YTD	1M	3M	12M
TWI	191.4	-4.5%	-1.5%	-3.2%	-2.6%
EUR	147.6	-5.4%	-1.3%	-3.5%	-2.1%
USD	121.0	-4.9%	-2.3%	-4.1%	-10.7%
GBP	171.6	-1.1%	-0.4%	-2.3%	2.7%
DKK	19.8	-5.4%	-1.3%	-3.5%	-1.9%
NOK	14.4	-3.2%	-3.9%	-1.7%	3.5%
SEK	14.6	-6.3%	-0.9%	-3.3%	1.5%
CHF	134.4	-6.9%	-1.2%	-3.4%	-4.6%
JPY	1.10	-10.6%	-2.9%	-7.0%	-12.6%

Source: Kódiak



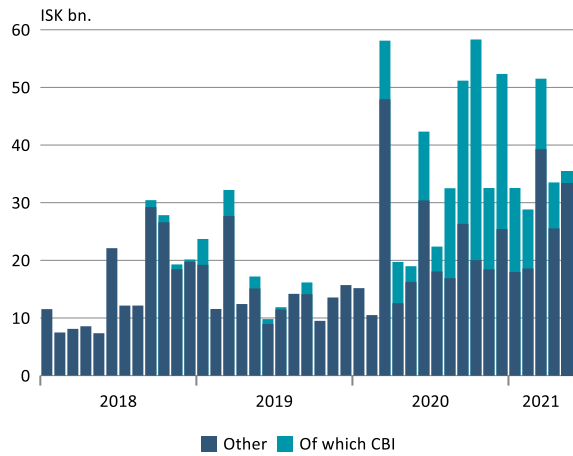
Source: Macrobond

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



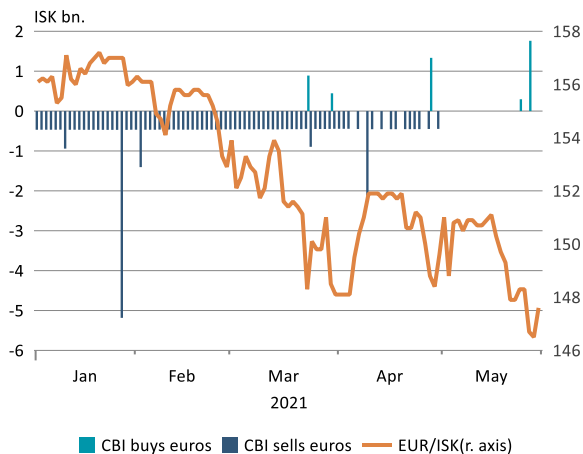
Source: Macrobond

Turnover in the FX market was ISK 35.4bn (EUR 237m) in May. The CBI's share was ISK 2.1bn (5.8%).



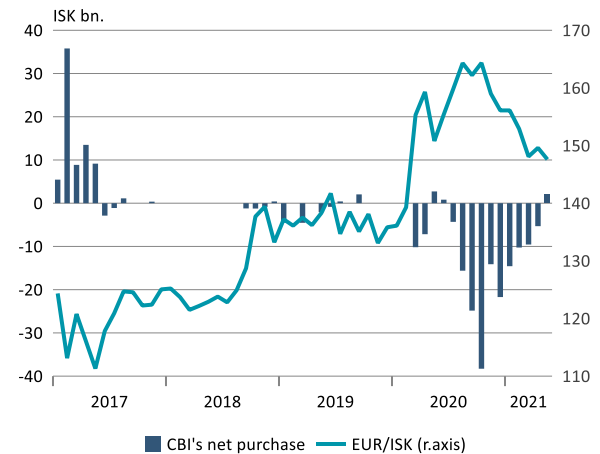
Source: Macrobond

The CBI intervened two days in May, both times buying euros.



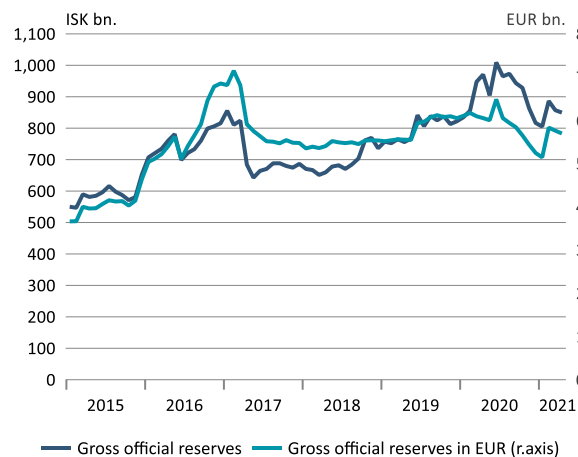
Source: Macrobond

The CBI's net purchase of foreign currency was ISK 2.1bn (EUR 14m) in May.



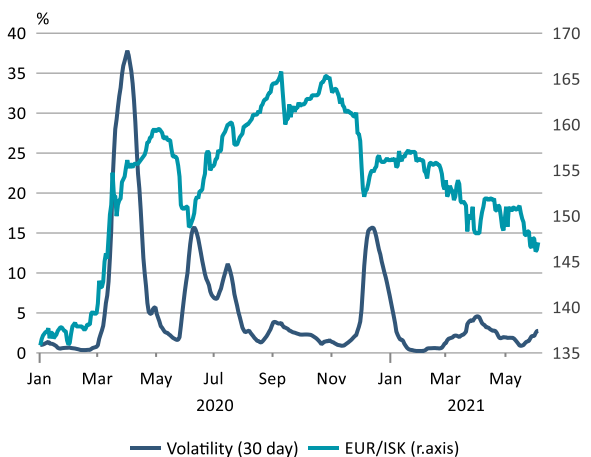
Source: Macrobond

Gross foreign exchange reserves were ISK 850bn (EUR 5.7bn) at end of April.



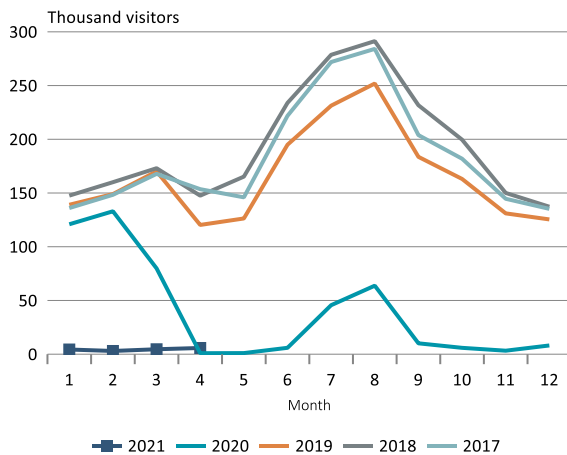
Source: Macrobond

The volatility of the Icelandic *króna* decreased in the first half of May, increasing again in the second half.



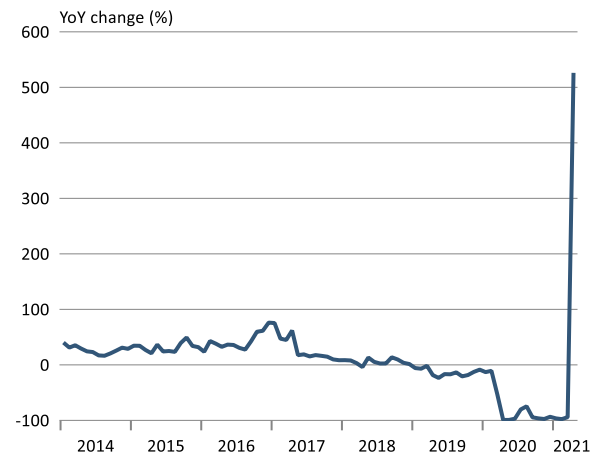
Source: Macrobond

5,800 foreign visitors travelled through Keflavík International Airport in April.



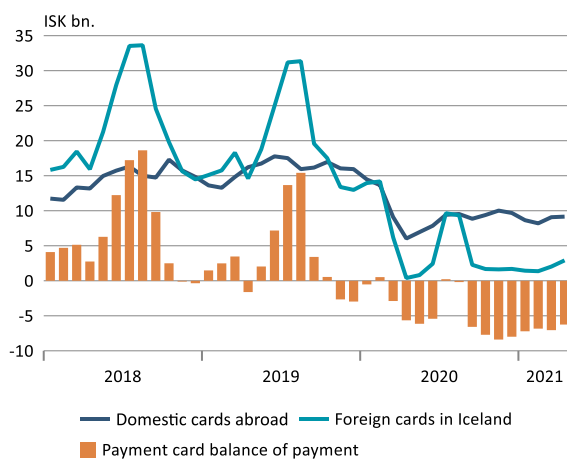
Source: Macrobond

This is a 530% increase between years, as only 920 foreign tourists passed through in April 2020.



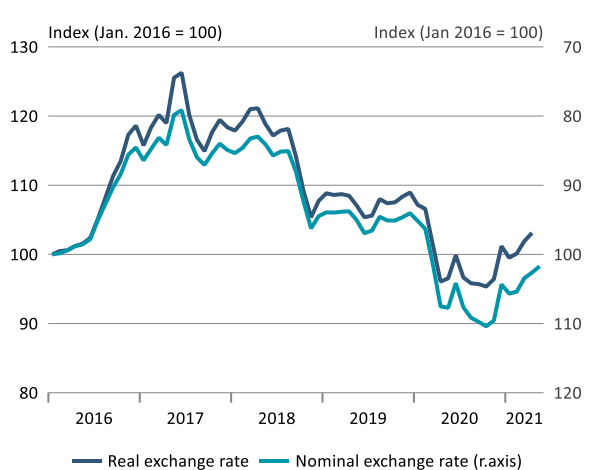
Source: Macrobond

The payment card balance was negative by ISK 6.5bn in April.



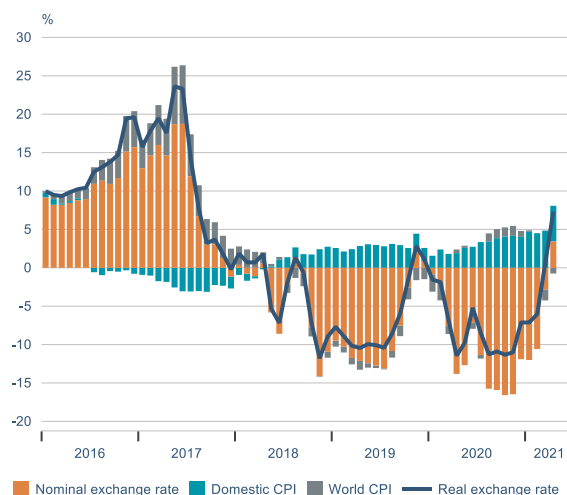
Source: Macrobond

The real exchange rate was 7.3% higher in April 2021 than in April 2020; the nominal exchange rate 3.4% stronger.



Source: Macrobond

The contribution of domestic inflation to changes in the real exchange rate was +4.6%; the contribution of international inflation was -0.7%.





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.

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