



The CBI's largest purchase of foreign currency since February 2017

The Icelandic króna appreciated against the Euro in June but depreciated against the US dollar. Out of 18 trading days in June, CBI intervened in the market six days, buying euros. In total, CBI bought euros for ISK 18.2 bn, which is the largest purchase in one month since February 2017.

The Icelandic króna strengthened against the euro in June. At the end of the month, the euro stood at ISK 146.5, compared to ISK 147.6 at the end of May. The US dollar stood at ISK 123.2 at the end of June, compared to ISK 121.0 at the end of May.

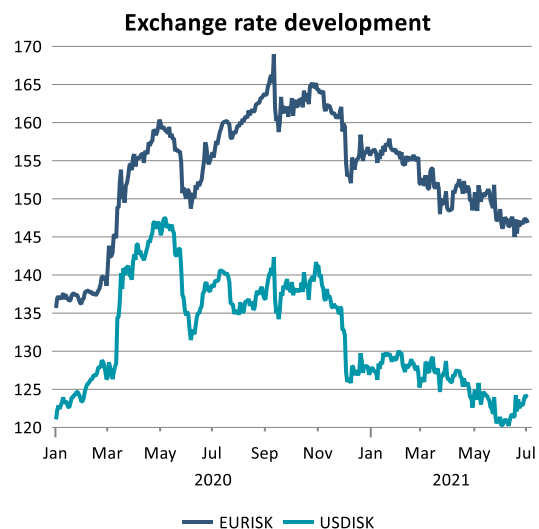
Turnover in the foreign exchange market was ISK 41.4bn. (EUR 282m) in June, an increase of 17% month-on-month. The CBI's share was 18.2 b.kr. (44%).

Out of 18 trading days in June, CBI intervened in the market on six days, buying euros. In total, the CBI bought euros for 18.2 b.kr. (EUR 124m). Thereof ISK 12.7bn (EUR 87m) the two days following the Íslandsbanki IPO. Those purchases were likely in connection with the participation of foreign investors in that offering.

Despite these purchases, the CBI's net sale of foreign currency since the beginning of the covid-19 epidemic are ISK 152bn, or about 18% of the CBI foreign reserves at the beginning of the epidemic.

	30.6.2021	YTD	1M	3M	12M
TWI	191.1	-4.7%	-0.2%	-1.4%	-5.4%
EUR	146.5	-6.1%	-0.7%	-1.1%	-5.7%
USD	123.2	-3.1%	1.9%	-2.4%	-11.1%
GBP	170.7	-1.6%	-0.5%	-1.8%	0.3%
DKK	19.7	-6.1%	-0.7%	-1.1%	-5.5%
NOK	14.4	-3.5%	-0.3%	-2.8%	1.1%
SEK	14.5	-6.9%	-0.7%	0.2%	-2.1%
CHF	133.4	-7.6%	-0.7%	-0.3%	-8.5%
JPY	1.12	-9.7%	1.1%	-2.2%	-13.3%

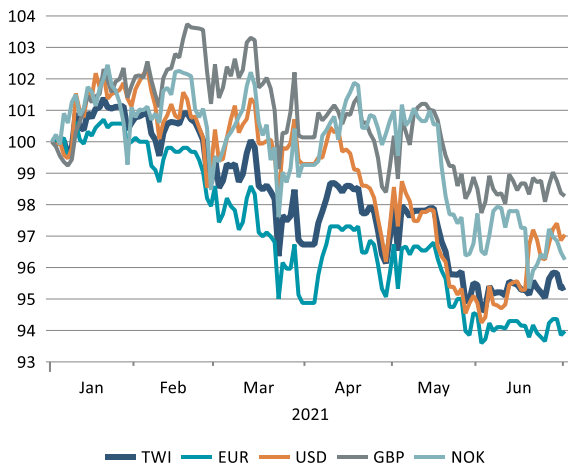
Source: Kóðíak



Source: Macrobond

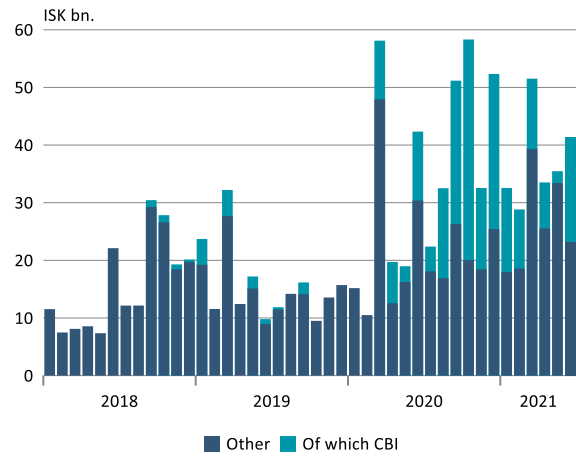


The Icelandic *króna* has appreciated against the currencies of most of Iceland's main trading partners year to date.



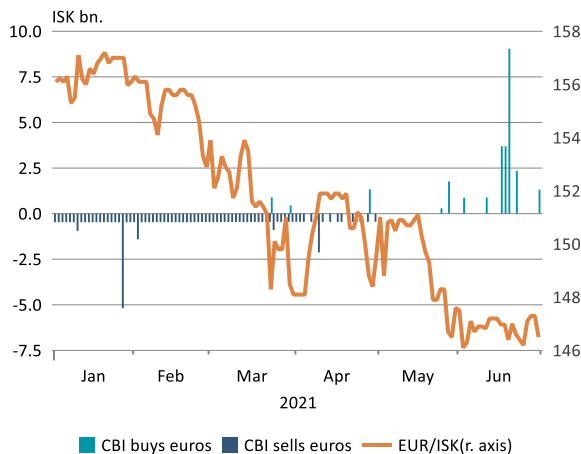
Source: Macrobond

Turnover in the FX market was ISK 41.4bn (EUR 282m) in June. The CBI's share was ISK 18.2bn (44%).



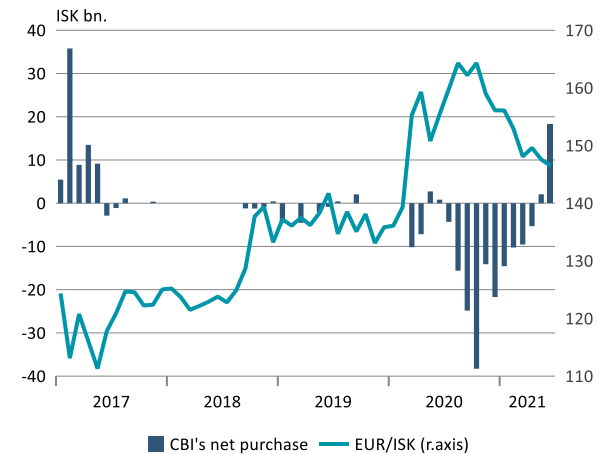
Source: Macrobond

Out of 18 trading days in June, CBI intervened in the market six days.



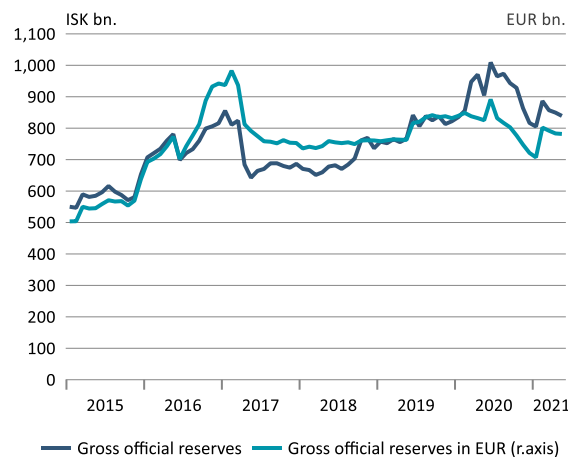
Source: Macrobond

The CBI's net purchase of foreign currency was ISK 18.2bn (EUR 124m) in June.



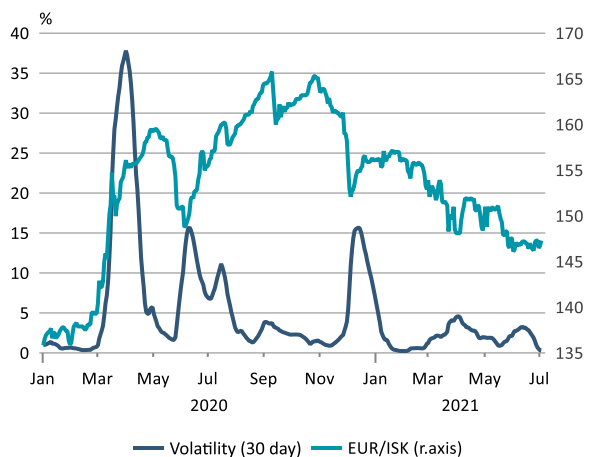
Source: Macrobond

Gross foreign exchange reserves were ISK 839 (EUR 5.7bn) at end of May.



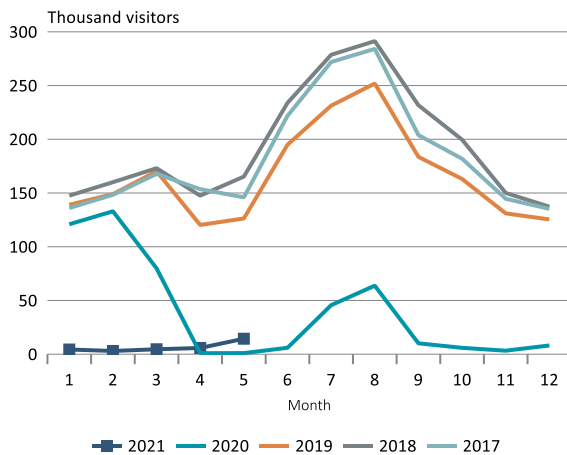
Source: Macrobond

The volatility of the Icelandic *króna* decreased in June.



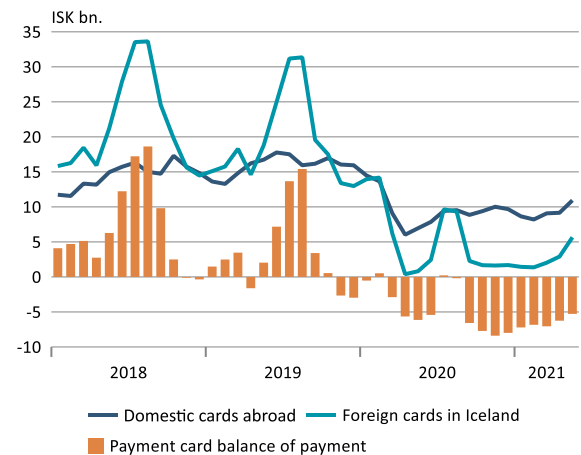
Source: Macrobond

14,400 foreign visitors travelled through Keflavík International Airport in May.



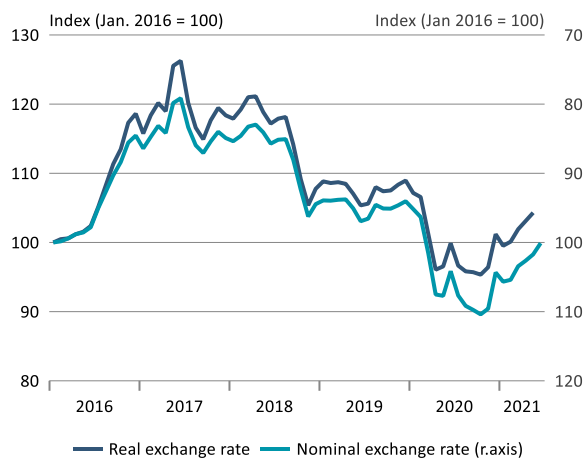
Source: Macrobond

The payment card balance was negative by ISK 5.3bn in April.



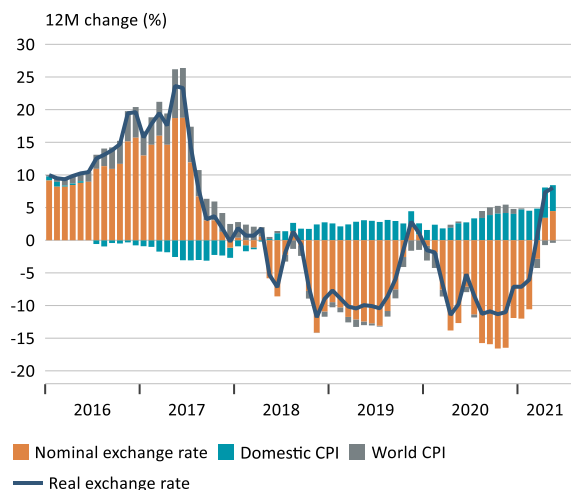
Source: Macrobond

The real exchange rate was 8.0% higher in June 2021 than in May June; the nominal exchange rate 4.5% stronger.



Source: Macrobond

The contribution of domestic inflation to changes in the real exchange rate was +4.0%; the contribution of international inflation was -0.4%.



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