

9. April 2018

Macro Overview

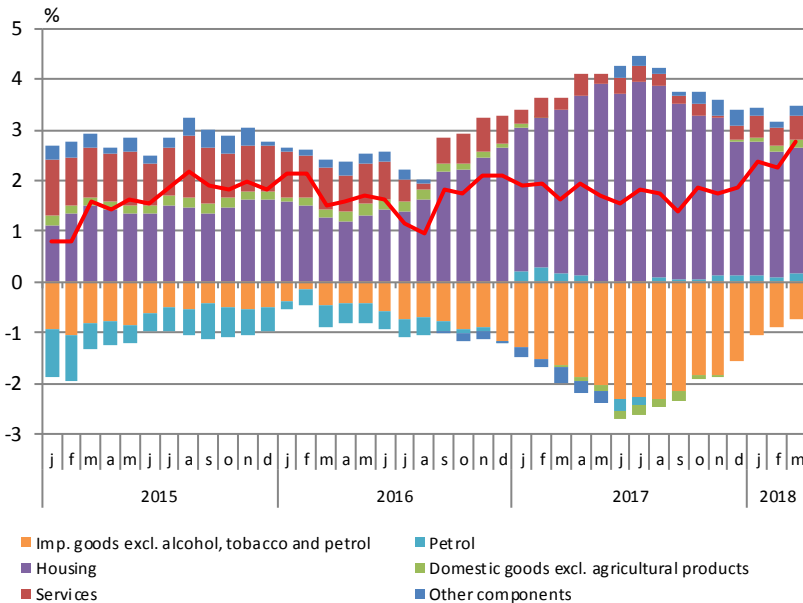
Landsbankinn Economic Research



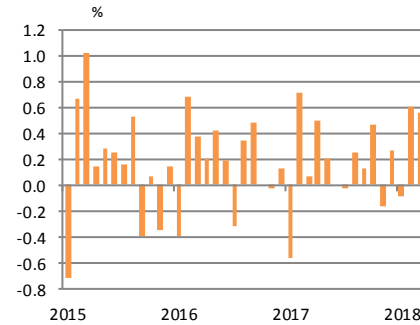
Inflation

	Mar 2018	Feb 2018	Mar 2017
CPI YoY	2.8	2.3	1.6
Contribution of individual components :			
Imp. goods excl. alcohol, tobacco and petrol	-0.7	-0.9	-1.7
Petrol	0.2	0.1	0.2
Housing	2.5	2.5	3.2
Domestic goods excl. agricultural products	0.1	0.1	0.0
Services	0.5	0.4	0.2
Other components	0.2	0.1	-0.3

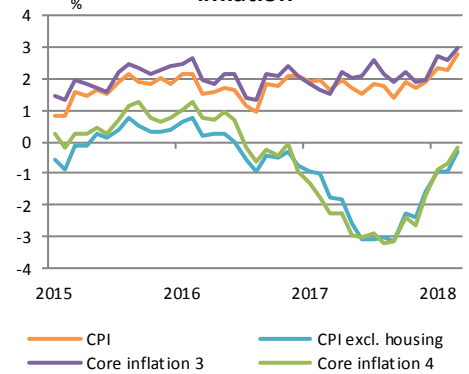
Contribution of individual components



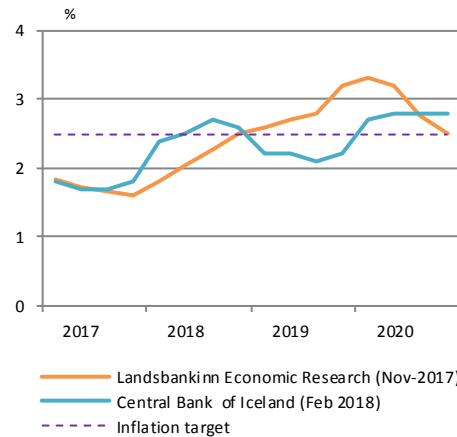
MOM change



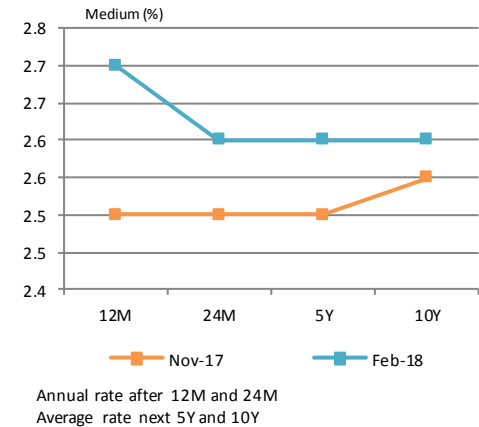
Various measures of underlying inflation



Forecast



Market expectation survey

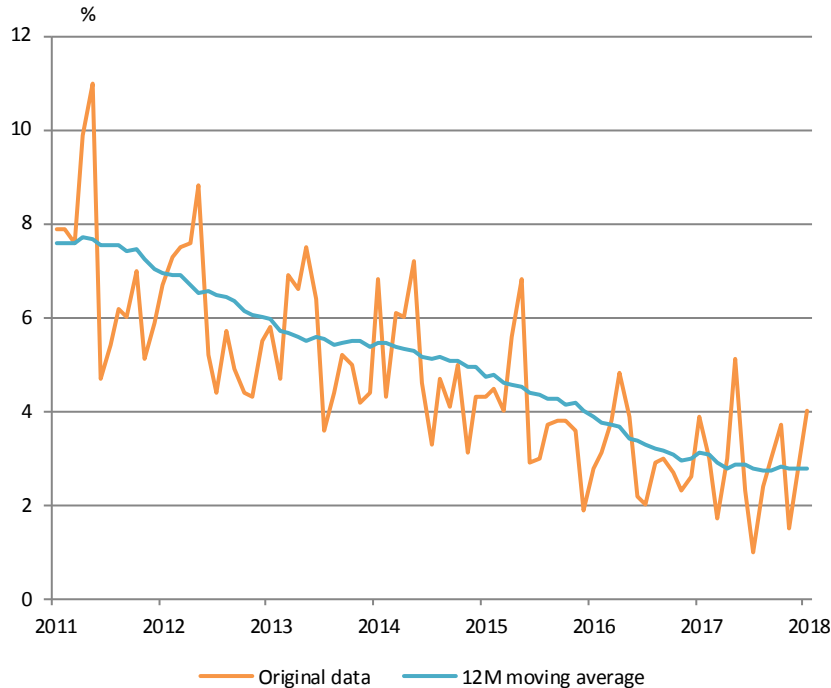


Labour Force Survey

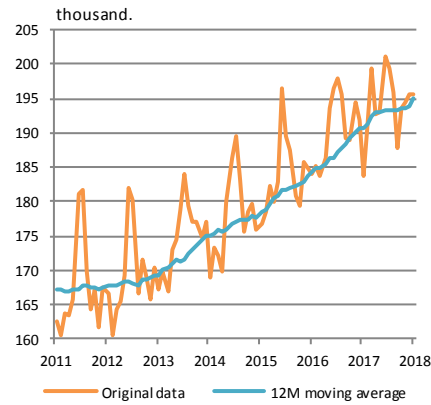
	Jan 2018	Dec 2017	Jan 2017
Activity rate (%)	81.7	81.7	80.4
Unemployment rate (%)	4.0	2.9	3.9
Employment rate (%)	78.5	79.3	77.3
Employed	195,500	195,600	183,700
Inactive	45,600	45,100	46,500
Unemployed	8,100	5,900	7,500
Average working hours	38.4	37.6	39.2

Source: Statistics Iceland

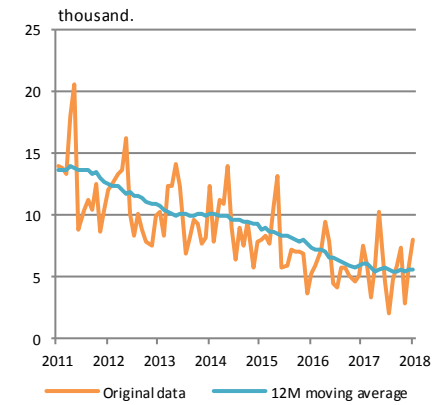
Unemployment rate



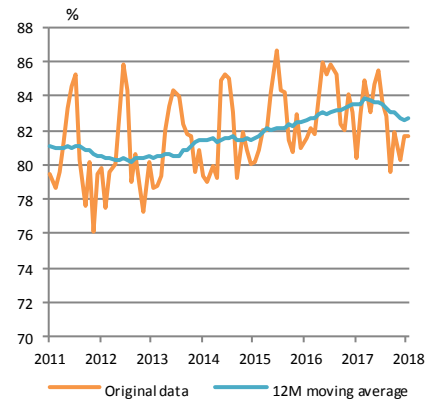
Employed



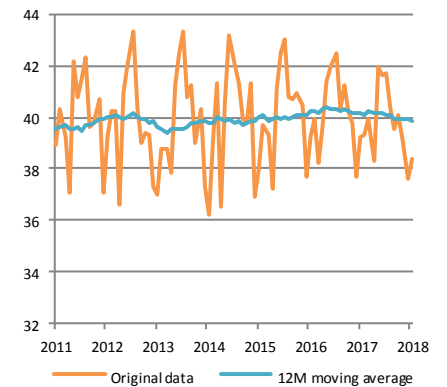
Unemployed



Activity rate



Average working hours

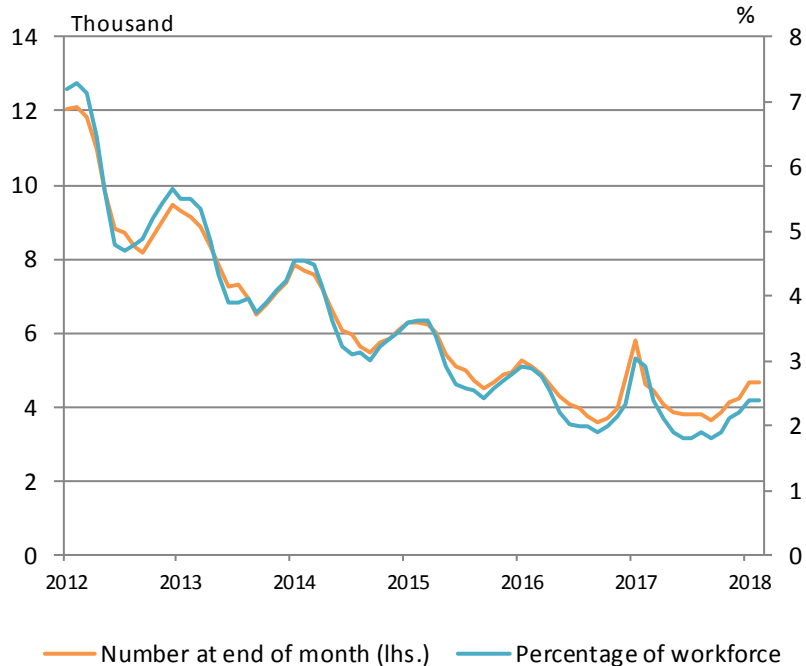


Registered unemployment

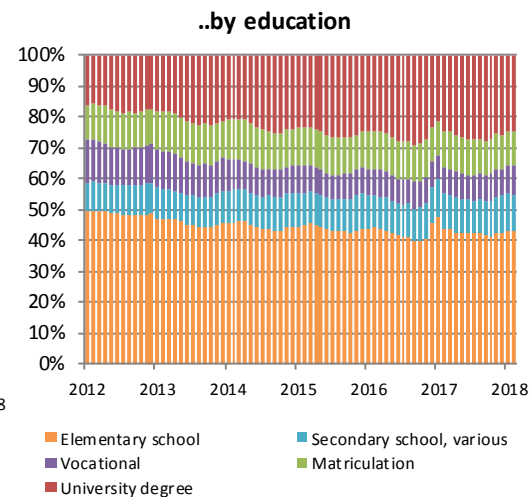
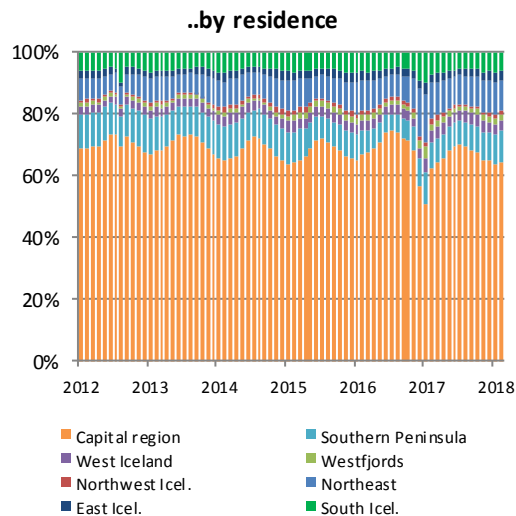
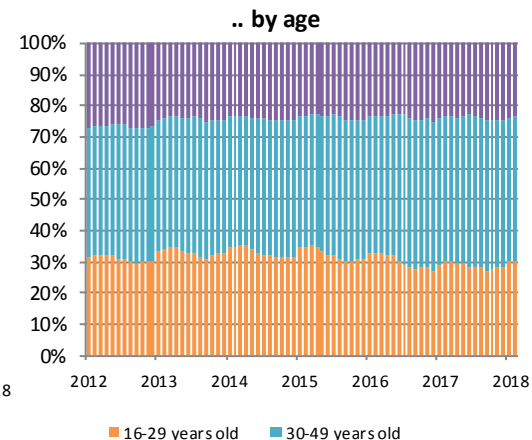
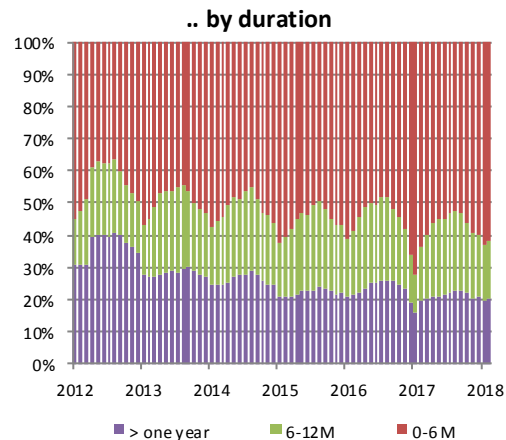
	Feb 2018	Jan 2018	Feb 2017
Total	2.4	2.4	2.9
Reykjavík area	2.4	2.4	2.5
Regional Iceland	2.4	2.4	3.8
Men	2.4	2.3	2.7
Women	2.5	2.5	3.3

Source: Department of Labour

Unemployment



Number at end of month ..

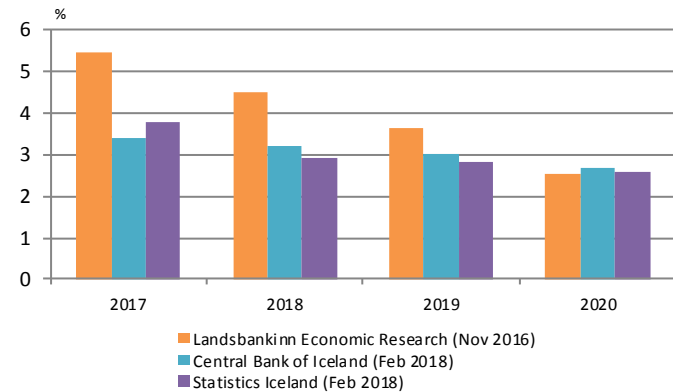


Gross Domestic Product

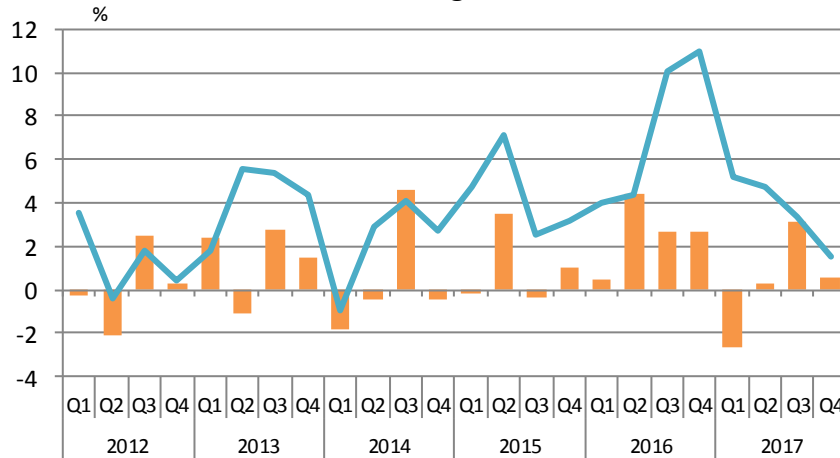
	2017Q4	2017Q3	2016Q4
YoY change	1.5	3.4	11.0
QoQ change (Seasonally adjusted)	0.6	3.1	2.7
Contribution to growth			
Private consumption	0.8	0.0	1.4
Government consumption	0.1	0.1	0.3
Gross capital formation	-1.1	0.8	1.9
Changes in inventories	-1.2	1.8	-0.2
Net trade	2.0	0.2	-0.8

Source: Statistics Iceland

Economic forecast

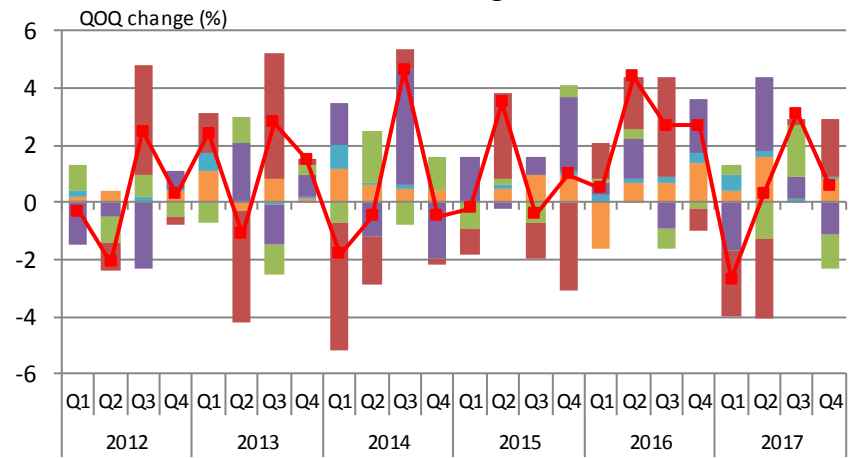


Economic growth



QoQ change (seasonally adjusted) YoY change

Contribution to growth



Private consumption Government consumption Gross capital formation
Changes in inventories Net trade GDP

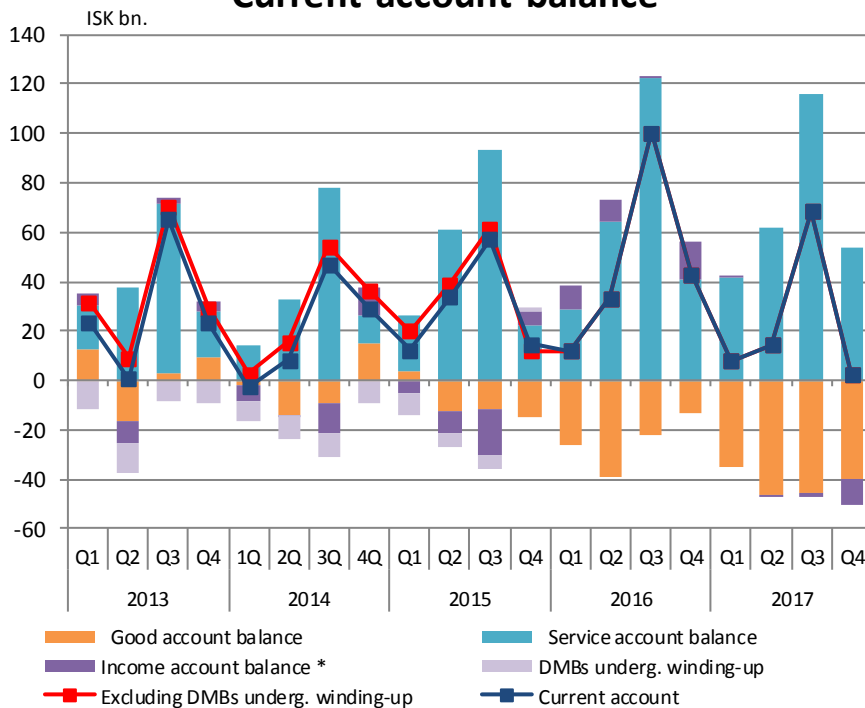


Current account

	2017Q4	2017Q3	2016Q4
Current account	2.8	68.4	43.1
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

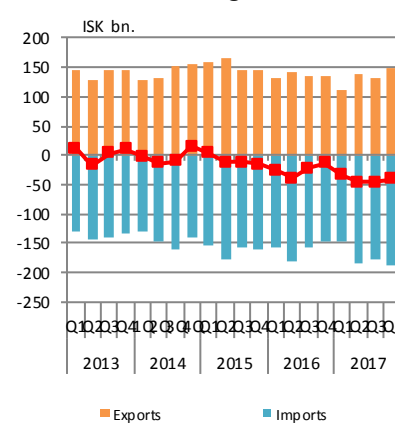
*)excluding DMBs undergoing winding-up

Current account balance

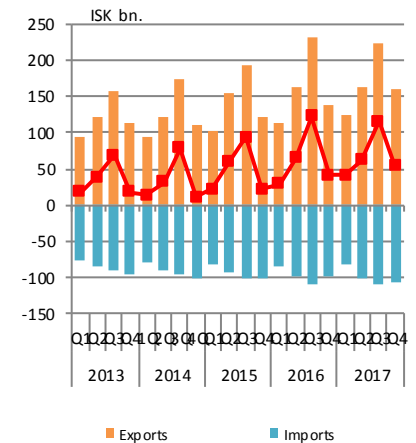


*) excluding DMBs undergoing winding-up

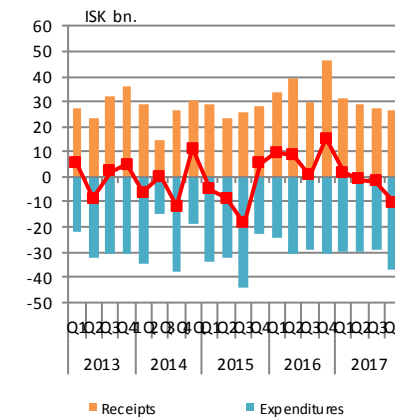
Trade in goods



Trade in services

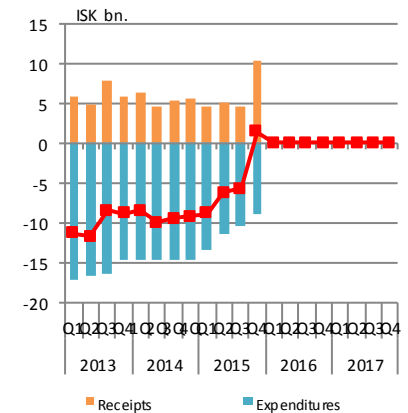


Income account



*) excluding DMBs undergoing winding-up proceedings

DMBs undergoing winding-up proceedings

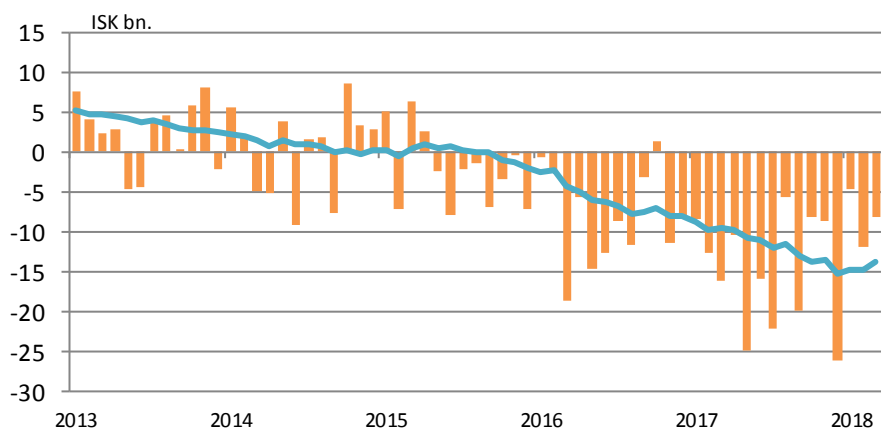


Trade in goods

	Mar '18	Feb '18	Mar '17	Cumulative	
				2018	2017
Exports, total	48.9	45.5	40.1	141.7	108.0
Marine products	17.8	18.6	15.7	53.9	37.2
Agricultural products	1.4	2.2	1.3	5.9	4.7
Manufacturing products	23.2	23.1	22.1	72.6	63.5
Other products	6.5	1.5	1.0	9.3	2.6
Imports, total	57.1	57.3	56.2	166.3	145.2
Food and beverages	4.7	4.6	4.4	13.3	11.8
Industrial supplies	17.1	17.6	16.9	46.5	41.2
Fuels and lubricants	6.6	4.3	6.6	20.4	14.0
Capital goods	11.8	11.5	12.0	37.3	33.4
Transport equipment	8.9	12.1	9.0	26.9	25.1
Consumer goods n.e.s.	7.9	7.0	7.3	21.5	19.7
Goods n.e.s.	0.0	0.2	0.0	0.2	0.1
Balance of trade	-8.2	-11.8	-16.1	-24.6	-37.2

Constant exchange rate (Feb 2018) Source: Statistics Iceland

Trade in goods

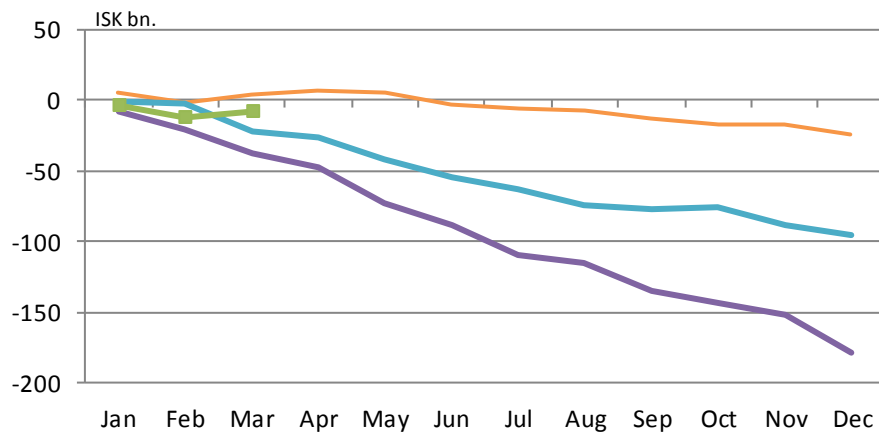


Balance of trade

12M moving average

Constant exchange rate

Cumulative balance



2015

2016

2017

2018

Constant exchange rate

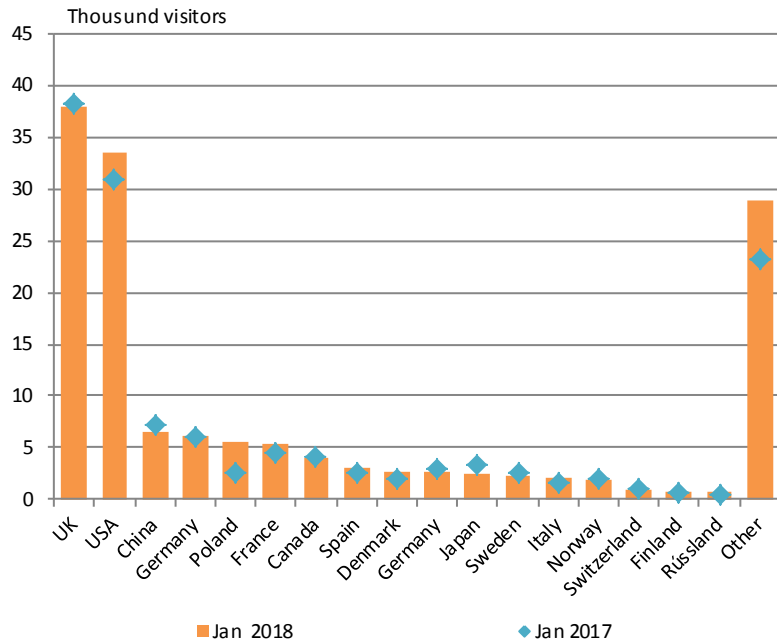


Tourism industry

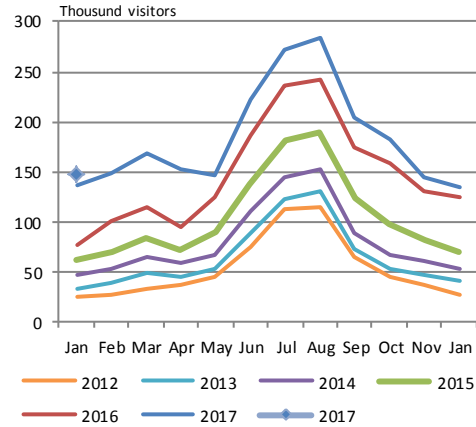
		YOY
Departures from Keflavik airport (Jan., thousand)	147.6	9%
Foreign payment card turnover (Jan, euro/visitors)	845	-20%
Overnight stays in Hotels-foreigners (Jan., thousnd)	259	-1%
Occupancy rate (Jan., %)	74.8	12.6

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

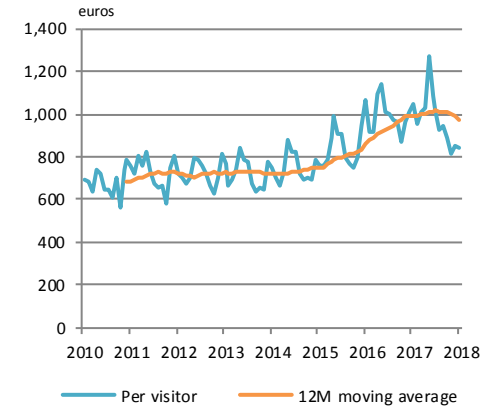
Departures from Keflavik by nationality



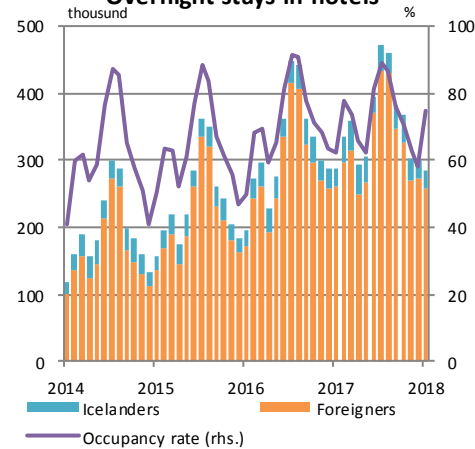
Departures from Keflavik Airport



Foreign payment card turnover



Overnight stays in hotels

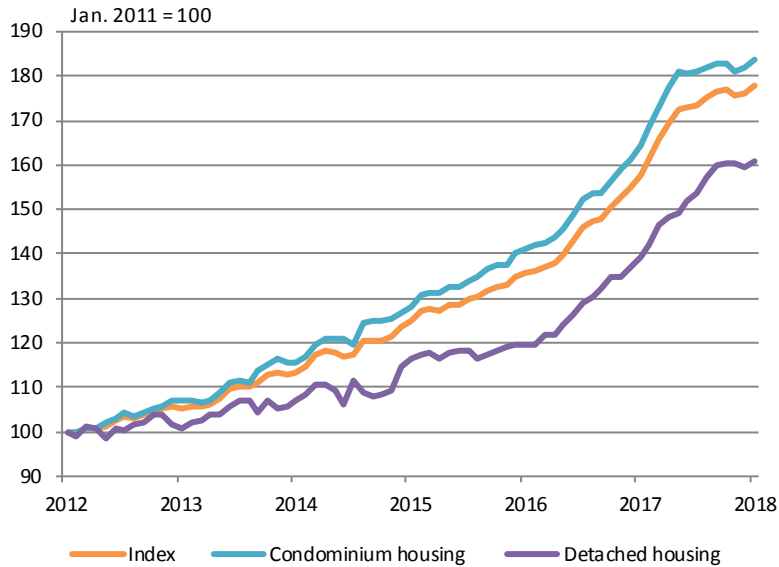


Real estate market

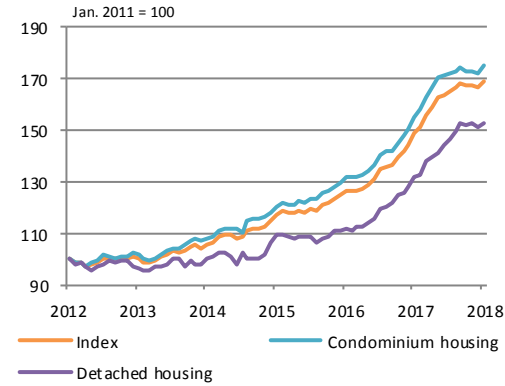
		YOY ch.
Housing price index (Jan)	-	12.8%
Rental price index (Jan)	-	9.2%
Turnover (Jan, ISK bn.)	30.6	-5.4%

Source: Register Iceland, Statistics Iceland

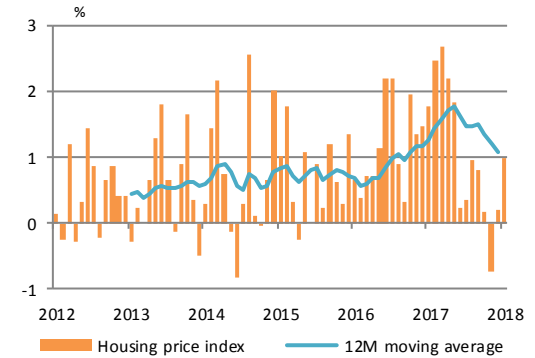
Home price index



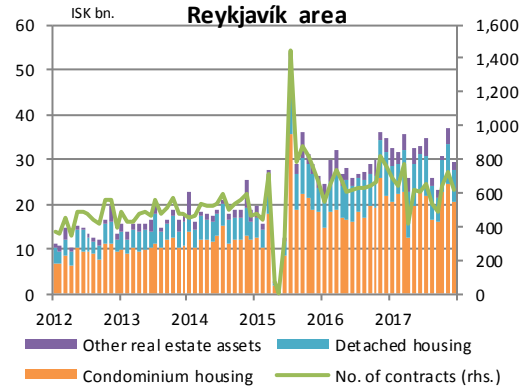
Inflation adjusted



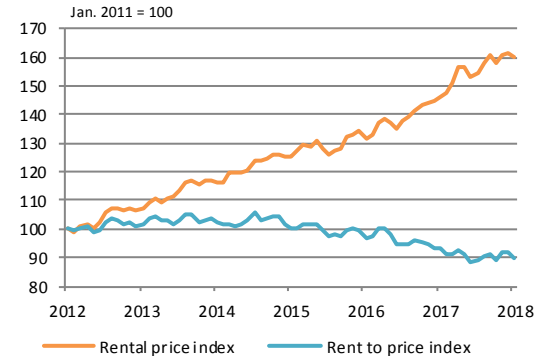
MOM change



Housing market turnover in greater Reykjavik area



Housing rental market



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