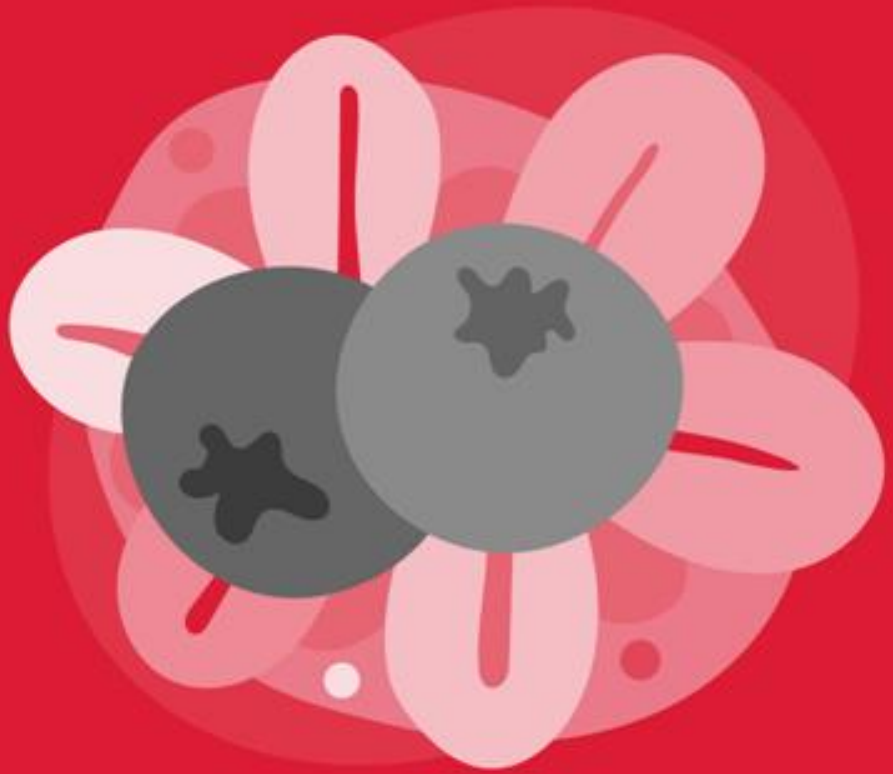


Economic equinox

Macroeconomic forecast 2025-2027

September 2025

Íslandsbanki Research

Economic equinox

Summary

New business cycle, modest output growth

GDP growth

Robust private consumption and brighter prospects for exports drive growth over the forecast horizon

Investment will stimulate output growth in 2025 and 2027, but the pace will ease slightly in 2026

2.2% GDP growth in 2025

1.7% GDP growth in 2026

2.4% GDP growth in 2027

CA deficit early on, but equilibrium further ahead

External trade

Tourism to grow slowly over the forecast horizon

Intellectual property and aquaculture among key drivers of export growth

Imports will outpace exports in 2025, but the situation will reverse in 2026 and 2027

Current account deficit 1.8% of GDP in 2025

Improving current account balance culminating in zero deficit by 2027

Inflation to ease slowly before levelling off

Inflation

Inflation will keep declining incrementally early in the forecast horizon

Housing market to rebalance in the near future; real house prices to rise modestly during the period

Moderate inflation abroad, reduced demand pressures, and relatively temperate wage agreements promote slower disinflation

Inflation to average 4.1% in 2025, 3.9% in 2026, and and 3.7% 2027

Temporary labour market slack but robust wage growth

Labour market

Labour importation has slowed, and worker shortages have subsided

Unemployment to average 3.8% in 2025, 3.9% in 2026, and 3.5% in 2027

Moderate real wage gains over the forecast horizon despite slower growth in nominal wages

Wages to rise 7.8% in 2025, 5.4% in 2026, and 5.3% in 2027

Interest rates set to fall over time

Interest rates

Policy rate cuts to resume in early 2026 following a pause in 2H 2025

Policy rate to remain at 7.5% at end-2025 and decrease to 5.5 -6.0% by 2027

Long-term rates will fall in the wake of policy rate cuts

The outlook is for 10-yr nominal rates to measure 5.7% and 10-yr real rates to measure 2.2% at the end of the forecast period

ISK likely to weaken later in the forecast horizon

The ISK

Current account deficit financed with net inflows via the financial account

Improvements in external trade and the interest rate differential will support the ISK in the coming term

An ISK depreciation will grow steadily more likely over the forecast period

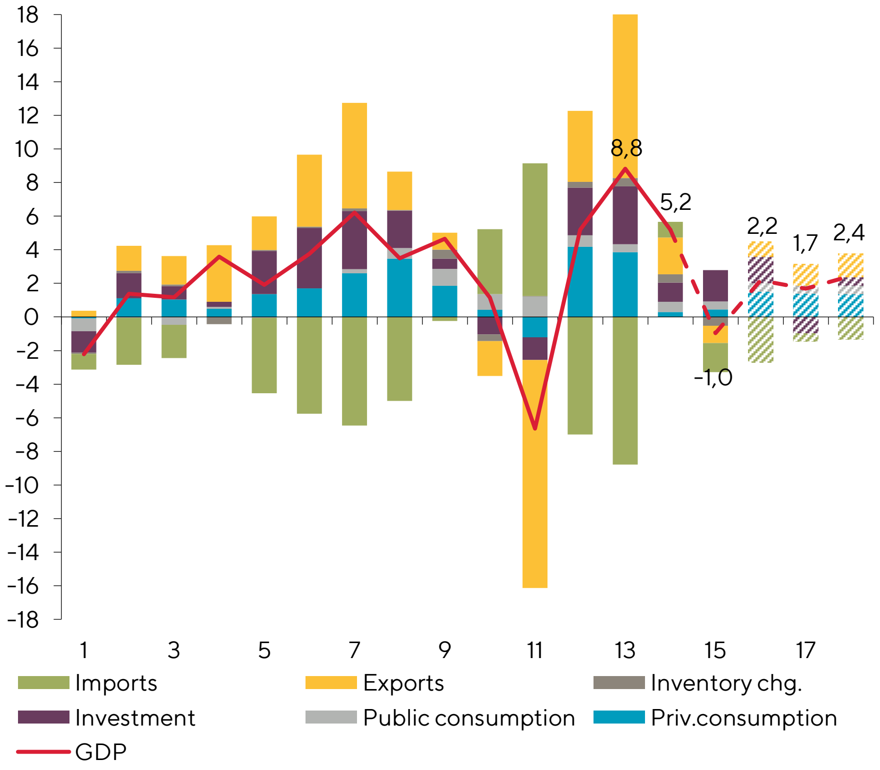
A euro could cost around ISK 147 at the end of 2026, roughly ISK 150 by the end of the horizon

This equates to a depreciation of about 4-5% over the period as a whole

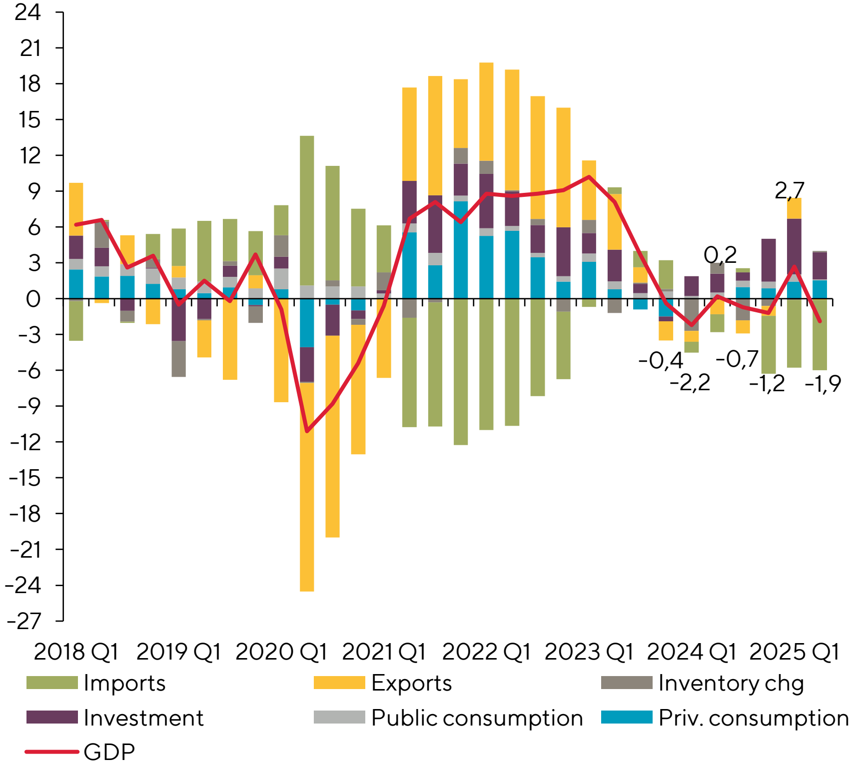
New business cycle with subdued growth after a contraction

Fluctuations in investment dominate the growth pattern over the horizon, but exports will pick up again

GDP and contribution of its subcomponents
Volume change from prior year (%)



GDP and contribution of subcomponents, by quarter
Volume change from prior year (%)



Sources: Statistics Iceland, ÍSB Research.

A short but spiky 2021-2023 GDP growth episode ended in 2024, when GDP shrank 1.0%, the first full-year contraction since 2020.

A turnaround in the contribution of net trade to output growth was the main driver of the change between 2023 and 2024. Domestic demand as reflected in consumption and investment grew at broadly similar pace in both years. In 2023, however, exports grew and imports shrank, while the reverse happened in 2024.

The past seven quarters have seen five contractions and only two growth periods. But the situation has beenincreasingly affected by strong importation of investment goods, which apparently is not fully captured in investment growth data. Exports have been beset by headwinds as well.

For 2025, we forecast 2.2% GDP growth driven equally by private consumption and investment but dampened by a negative contribution from net trade, as in 2024.

GDP growth looks set to ease to 1.7% in 2026, mainly because of a contraction in investment, although export growth will gather pace. For 2027, we expect output growth of 2.4%, with investment picking up again and exports and private consumption broadly holding their ground.

Although this forecast provides for relatively modest swings in output growth, various uncertainties could change the outlook in the quarters ahead. The ultimate impact of rising tariffs and international trade tensions has yet to surface. We assume that tariffs will not rise much more than they already have.

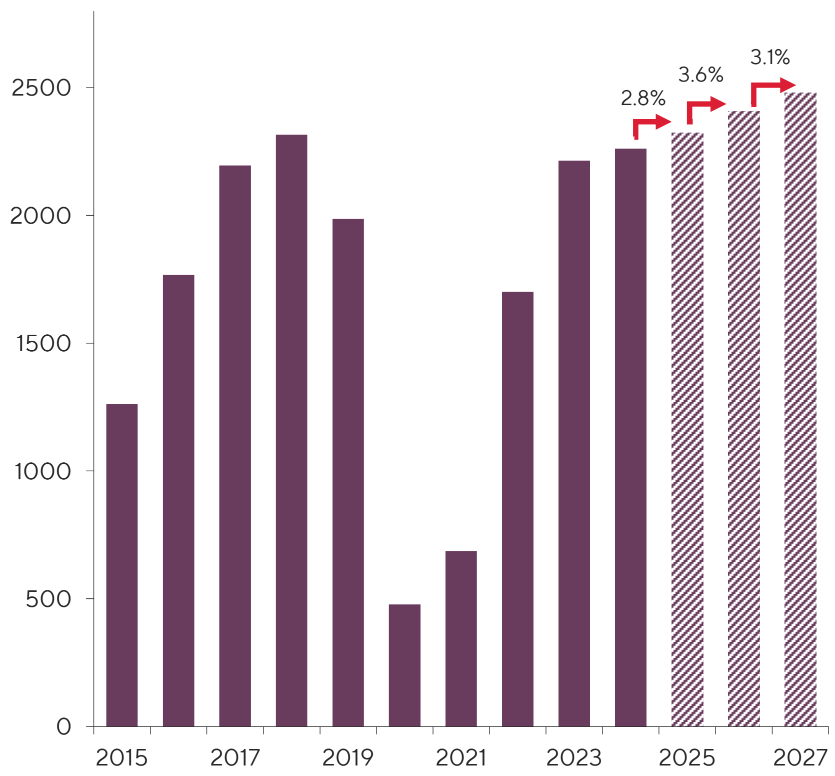
Nor is it clear whether the wars in Europe and the Middle East will escalate further in the coming term.

As before, domestic uncertainties include developments in the seismic activity on Reykjanes peninsula. Delays in energy procurement later in the forecast horizon could impede investment growth – and ultimately, export growth. The interplay between supply and demand in the housing market, which is strongly affected by population growth and real interest rates, is also highly uncertain as well.

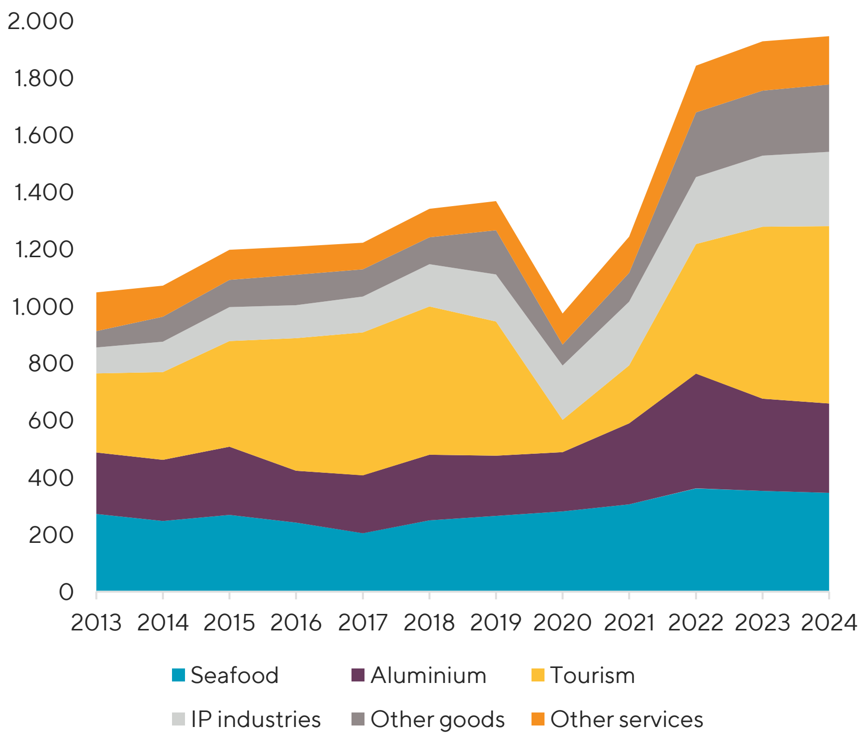
New sources of export growth

Intellectual property and aquaculture will drive export growth, with legacy export sectors lagging behind

Foreign nationals travelling through Keflavík Airport
Thousands



Export revenues, by key sector
ISK bn at current prices



Tourism gained momentum after a lacklustre Q1. Visitor numbers picked up strongly year-on-year during the peak season. Foreign nationals' departures via Keflavík Airport were up by an average of roughly 10% YoY during the summer.

The coming winter is highly uncertain for the sector. Even so, we expect an increase of nearly 3% YoY in 2025 as a whole. With the same proviso about uncertainty this winter, we expect visitor numbers to rise nearly 4% in 2026 and more than 3% in 2027. The high real exchange rate and a global economic setback could have a negative impact, however.

Tourism's contribution to total FX revenue generation grew by leaps and bounds in the 2010s, from 19% in 2010 to 35% by 2019. The sector generated nearly a third of total export revenues in 2024 and is expected more or less to retain that share throughout the forecast horizon.

Other sources of growth will probably take the lead in the future. One is aquaculture, which is expanding rapidly at present, particularly land-based salmon farming. In 2024, the sector generated ISK 54bn in export revenues, or 5.6% of total goods exports.

That share is expected to rise markedly over the forecast period. Domestic value added will also account for a far larger share of growth, as the leading land-based aquaculture companies are domestically owned, while sea-based aquaculture companies are largely foreign-owned.

Furthermore, exports of intellectual property products – i.e., goods and services based mostly on the harnessing of human intelligence and R&D – have been growing apace in the recent past. Exports from these sectors generated a total of ISK 261bn in 2024, more than 13% of total export revenues for the year, as compared with 7% in 2010.

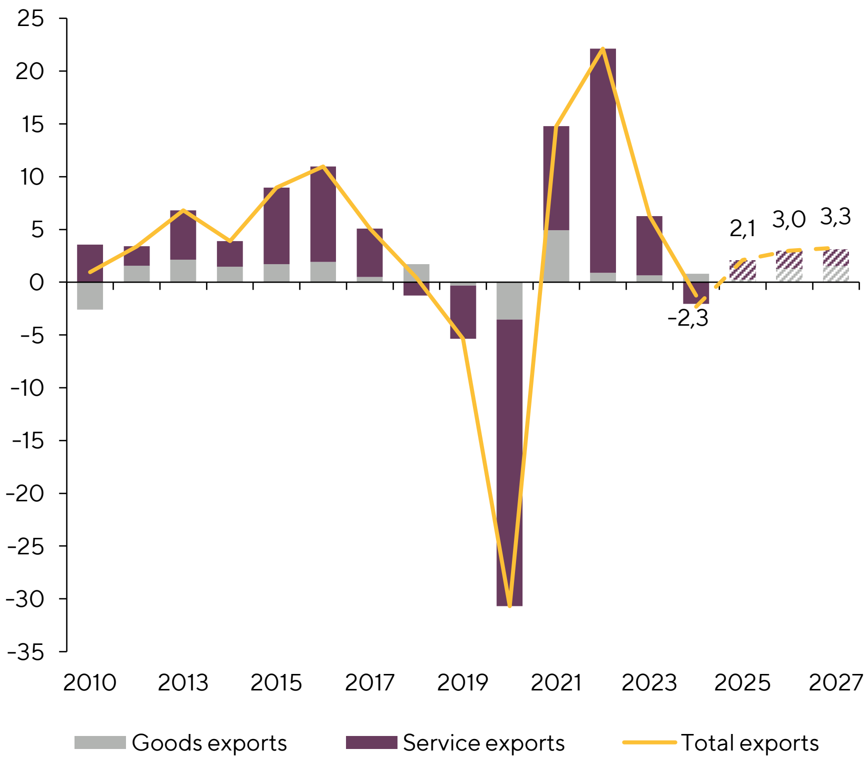
The intellectual property sector includes a cornucopia of companies ranging from medical equipment manufacturers to creators of television content and computer games. Among the drivers of growth in the sector is the pharmaceuticals industry, where activity is expected to surge. The large-scale development of data centres currently underway will also generate substantially increased revenues for the intellectual property sector in the coming term.

Sources: Icelandic Tourist Board, Statistics Iceland, ÍSB Research.

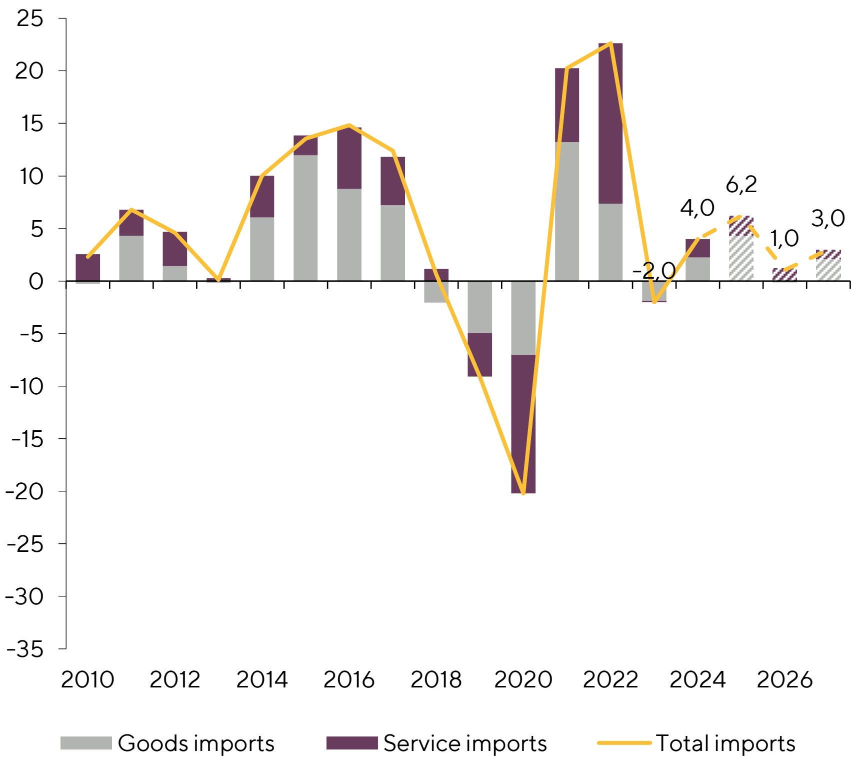
Turnaround in external trade in the offing

Fluctuations in investment will affect imports, while exports will regain momentum

Exports, YoY change, and contributions from key subcomponents
%



Imports, YoY change, and contributions from key subcomponents
%



Goods and services exports shrank by just over 2% in 2024, after a three-year growth spurt. The capelin catch failure, electricity rationing to aluminium smelters, and a weak Q2 for tourism were the main reasons for the contraction. Actually, goods exports increased marginally during the year, but a fairly sharp contraction in services exports weighed more heavily.

Services exports will be the main driver of year-2025 export growth, which we project at just over 2%. This, in turn, will be fuelled by modest growth in tourism and stronger revenues from intellectual property services. On the goods side, increased exports of aquaculture products and manufactured goods will slightly outweigh the contraction in marine product exports.

Export growth will then gather pace in the two years to follow. We project it at 3% in 2026 and just over 3% in 2027. One of the main reasons for more rapid growth in the latter two years is our expectation of moderate growth in tourism alongside faster growth in intellectual property and aquaculture exports.

Our stance on year-2025 imports has changed somewhat since our last forecast. We now expect just over 6% growth in total import volumes this year, not least because of the data centre-related surge in investment goods imports in 1H25. By the same token, investment goods imports will probably shrink noticeably in 2026, largely explaining that year's slowdown in import growth. In the final year of the forecast horizon, import growth will accelerate once again.

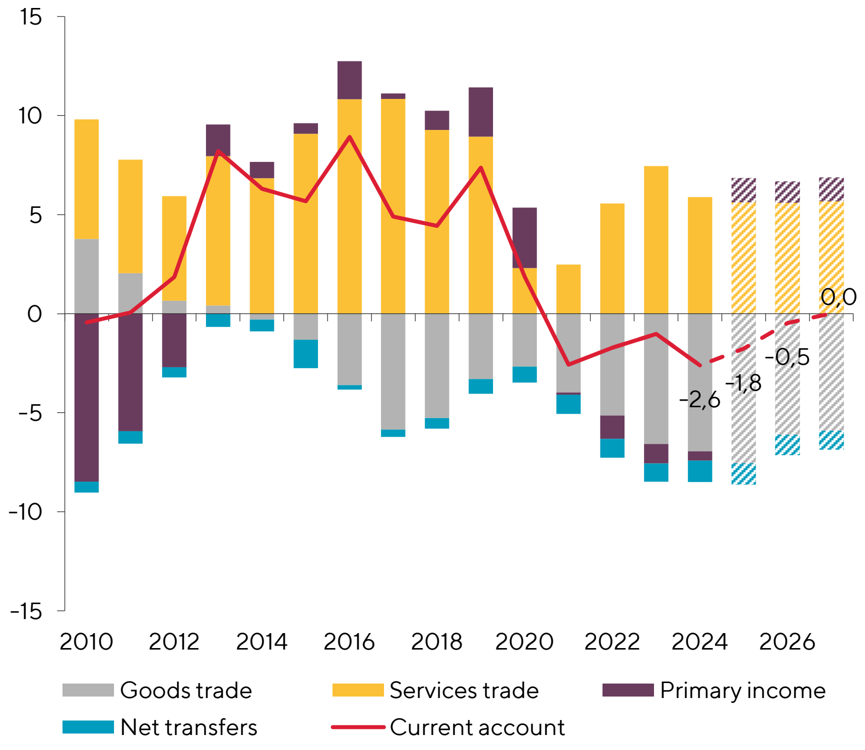
The contribution of net trade to GDP growth will therefore be quite negative this year but significantly positive next year, and more or less neutral in 2027.

Sources: Statistics Iceland, ÍSB Research.

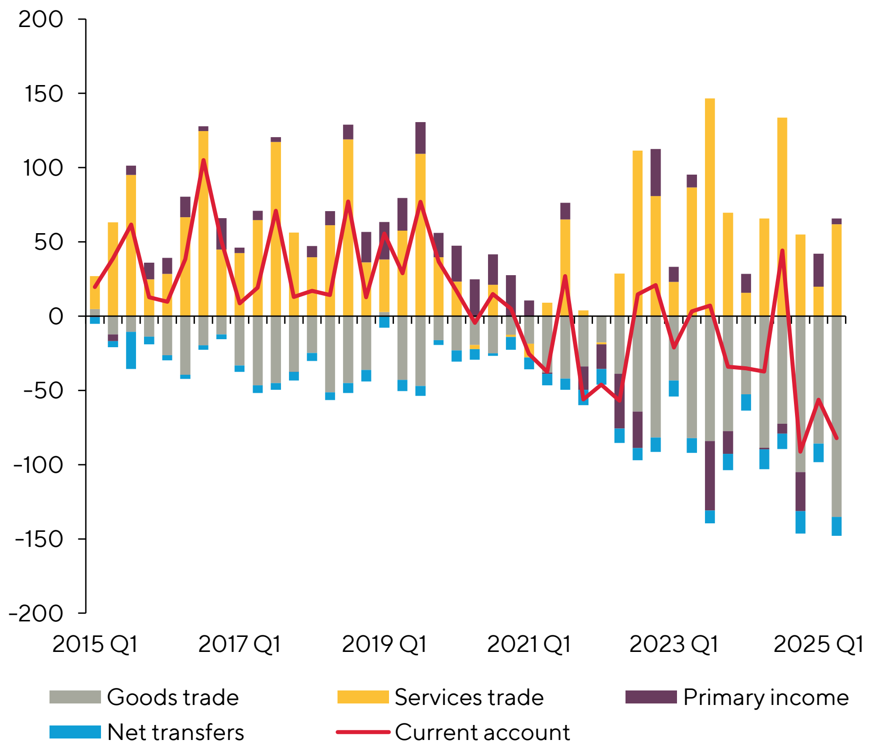
Current account deficit in 2025, with a better balance further ahead

Improved CA balance due to a shrinking goods account deficit and a modest surplus on primary income

Current account balance and key subcomponents
% of GDP



Current account balance and key subcomponents, by quarter
ISK bn



After sustained surpluses for most of the 2010s, the current account has been persistently in deficit since 2021. The average deficit for 2021-2024 was 2% of GDP. In 2024 it measured ISK 120bn, or 2.6% of GDP, Iceland's largest CA deficit since 2008. A handsome surplus on services trade did not fully offset the large goods account deficit and a modest deficit on net transfers to and from the country. There was also a narrow deficit on primary income.

1H2025 also saw a hefty CA deficit measuring ISK 139bn. The fat deficits of the past three quarters are due primarily to deficits on goods trade, which stem mainly from large-scale importation of data centre equipment.

The outlook for 2H2025 is brighter. The peak tourist season generated abundant services revenues, and imports of investment inputs look set to ease. We assume that the CA deficit will measure just under 2% of GDP, or approximately ISK 86bn.

In the latter two years of the forecast horizon, however, the CA balance looks set to improve. We estimate that it will show a deficit of 0.5% of GDP in 2026 and be close to neutral in 2027.

Together with export growth outpacing import growth in the coming term, we expect terms of trade to improve slightly, supporting the CA balance.

If external trade is to improve, however, the ISK must not strengthen more than it already has. Furthermore, a setback in tourism this coming winter could put a spanner in the works, at least temporarily.

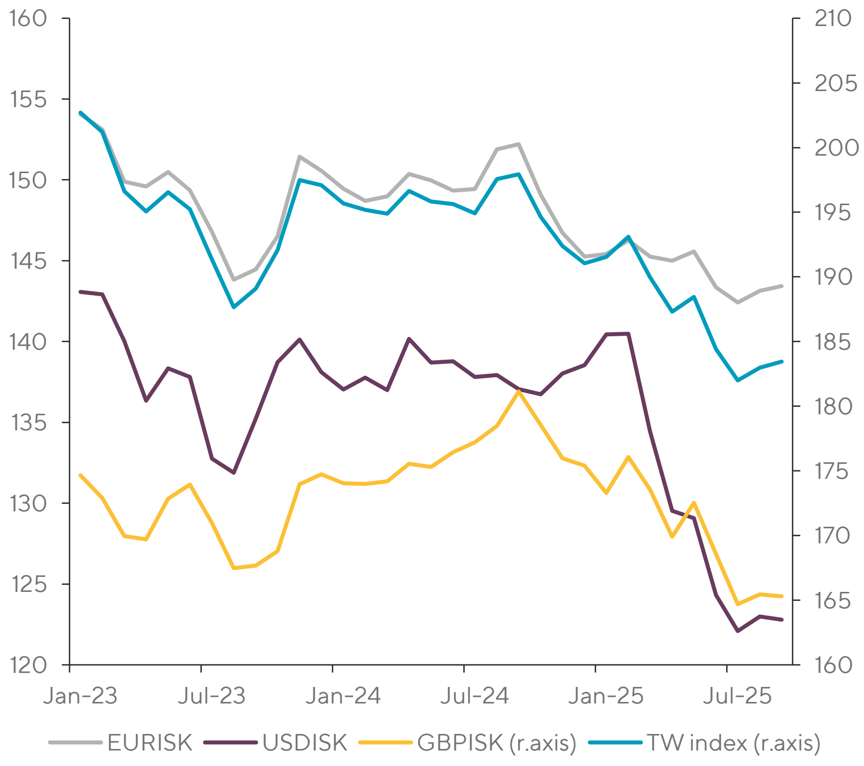
Iceland's net external assets totalled ISK 2,089bn, or 44% of GDP, in mid-2025. This robust asset position provides vital support for the ISK, as it is highly unlikely that capital flight would cause significant instability or require a new round of capital controls. As long as the CA deficit does not grow excessively large, the outlook is for the NIIP to remain strong.

Sources: Central Bank of Iceland, Statistics Iceland, ÍSB Research.

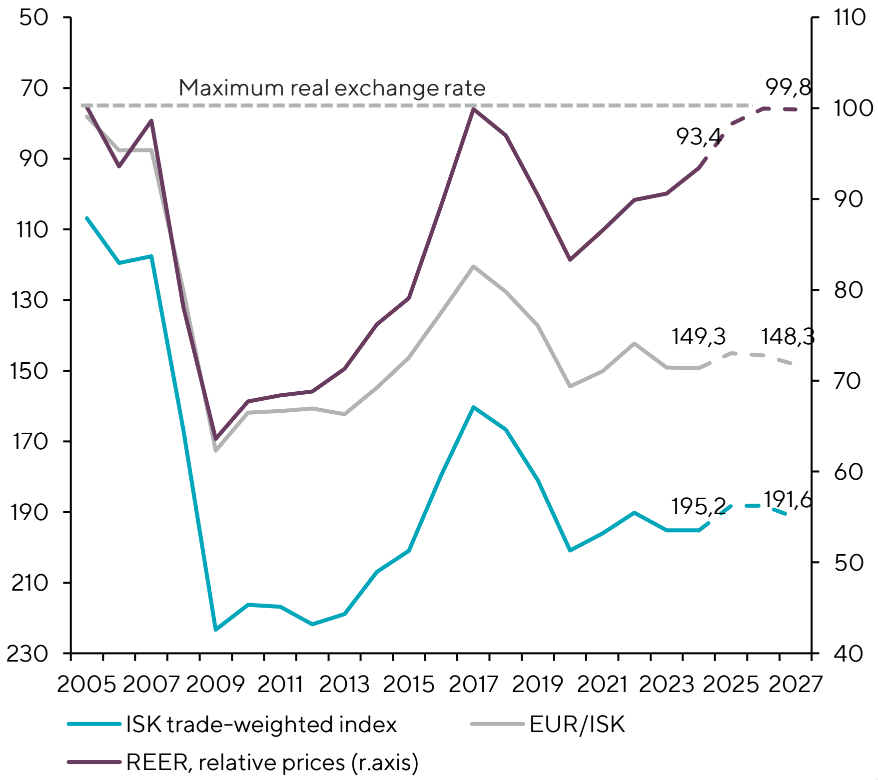
Modest ISK depreciation likely later on

The high real exchange rate is a growing challenge, making a nominal ISK depreciation likely further ahead

ISK exchange rate
Major currency exchange rates against the ISK and index values



Nominal and real ISK exchange rate
Yearly averages, EURISK and indices



Sources: Central Bank of Iceland, Statistics Iceland, ÍSB Research.

Despite a sizeable CA deficit and global turbulence, the ISK has been remarkably stable in the recent term. In terms of the Central Bank's (CBI) trade-weighted exchange rate index (TWI), it was virtually flat in 2023 and 2024 despite some intrayear fluctuations.

In 2025 to date, the ISK has appreciated slowly and steadily. In terms of the TWI, it was about 4% stronger in early September than in December 2024. Of all major currencies, the ISK has gained the most ground against the US dollar. On average, it has been nearly 13% stronger versus the dollar in September to date than in December 2024. By the same measure, it has appreciated nearly 6% against the pound sterling but only 1% or so against the euro.

There are several explanations for this. Trade-related FX flows have been more favourable than might appear at first glance. In recent quarters, for instance, FX outflows due to the CA deficit have been limited, as most of the deficit has been financed directly by non-residents. The peak tourist season this year affected the FX market more than it would have otherwise because forward currency sales were relatively limited. In addition, the pension funds have bought little currency this year, and firms have taken fairly sizeable FX loans in recent months.

The outlook is for the ISK to be relatively strong in the near future, buoyed up by improvements in external trade and the interest rate differential with abroad, together with Iceland's strong international investment position. It could weaken, however, if tourism suffers a significant setback this winter.

The real exchange rate is quite high, though, and while the export sector still appears resilient to the challenge, if it rises any further, whether due to a nominal ISK appreciation or a faster increase in wages or prices than in trading partner countries, Iceland's competitive position and external balance will quickly deteriorate.

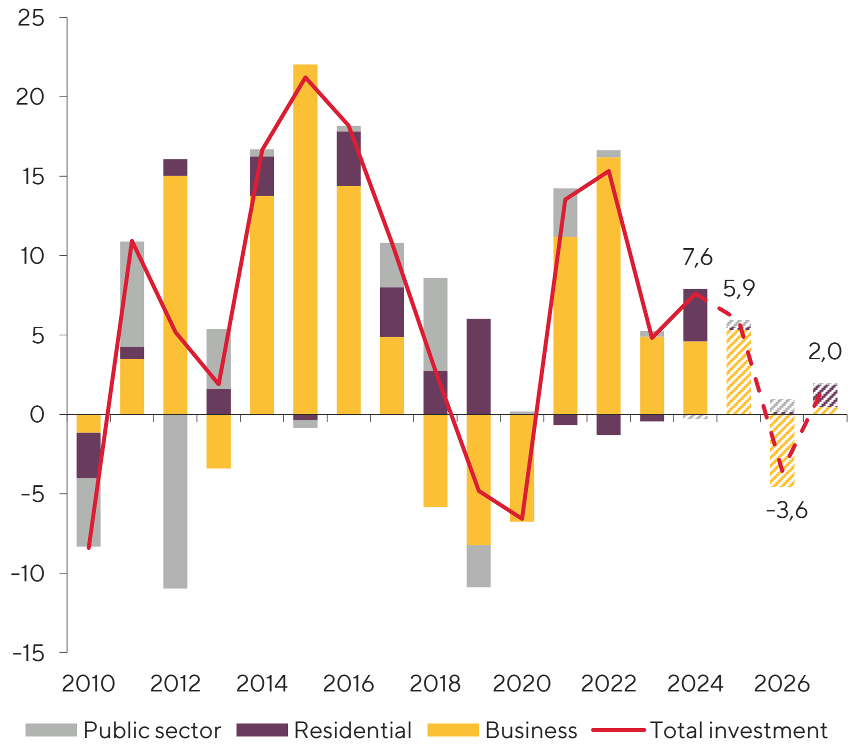
The ISK is therefore likely to weaken somewhat later on. Based on our wage and price assumptions, a depreciation of 4-5% from the current level would hold the real exchange rate relatively stable over the forecast horizon. This would yield an EURISK exchange rate of approximately 150 at the end of 2027.

Investment cycle determined by large-scale projects

The surge in data centre and aquaculture investment carries significant weight in overall investment

Business investment and related indicators
Year-on-year change (left) and index (right)

Investment, real change, and contribution of subcomponents
%



Iceland has seen a strong upswing in investment in recent years. The mainstay of growth has been business investment, particularly in tourism, fishing, and IT. Although rising real interest rates and increased challenges for export sectors have dampened the growth rate overall, strong development in specific industries such as data centres and aquaculture have offset the general slowdown in recent quarters.

In 2025, the outlook is for continued growth fuelled mainly by a hefty increase in business investment.

Total investment grew by 13% in 1H2025, driven by just over 16% growth in business investment, while residential and public investment increased by slightly more than 5% and nearly 8%, respectively. Although these figures represent handsome growth, they do not appear to capture in full the surge in investment goods imports during the half.

The outlook is for total investment to grow by almost 6% in 2025 as a whole. The jump in business investment is due primarily to large data centre and aquaculture projects. Residential and public investment look set to grow marginally this year.

For 2026, the outlook is for investment to shrink by almost 4%, owing mainly to a nearly 7% contraction in business investment. Slower data centre development and continued high real interest rates will affect the growth rate. An increase in public investment will pull in the opposite direction.

In the last year of the forecast horizon, we expect investment to pick up again to 2%, boosted by lower real interest rates. Growth will be driven mainly by residential construction.

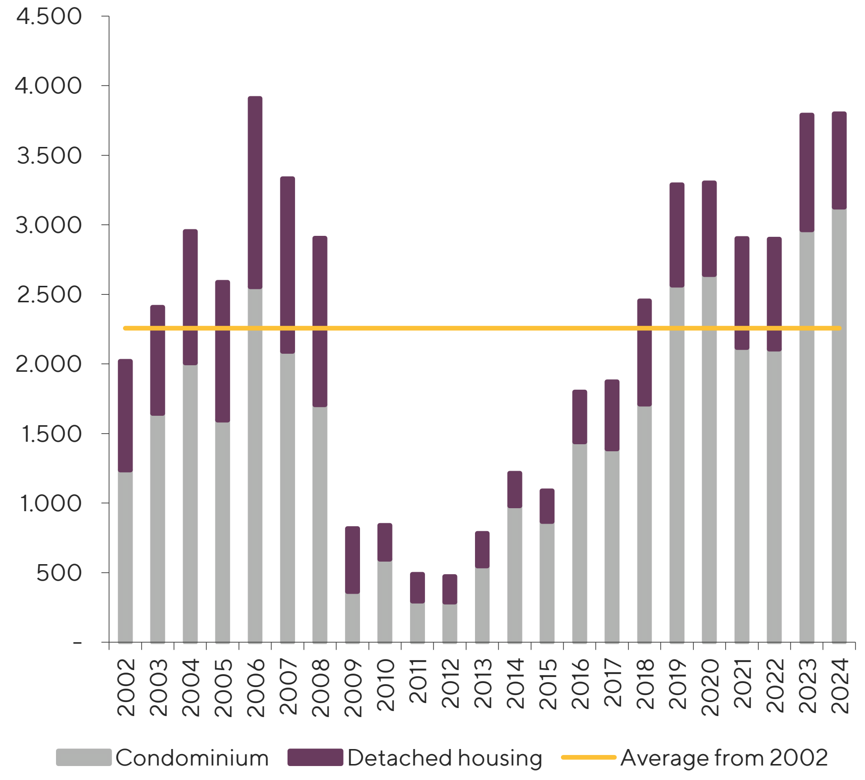
There are numerous risks, both domestic and foreign, chiefly to include disruptions in world trade, the effects of increased domestic taxation and a high real exchange rate on export sectors, the growing impact of high real interest rates, and delays in energy procurement, which could slow investment significantly later on.

Sources: Central Bank of Iceland, Statistics Iceland, ÍSB Research.

Housing market finally in balance after steep price hikes

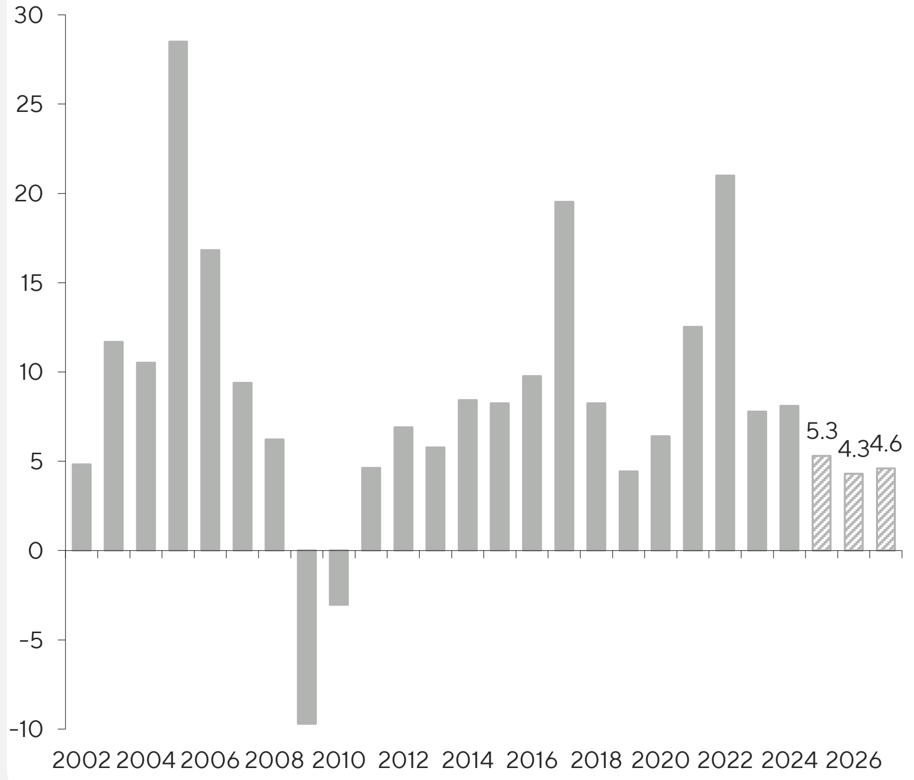
Lower interest rates and brisker activity boost demand – supply the key to maintaining equilibrium

Number of new homes, by construction year



Nominal house prices

% change between years



House prices have surged in recent years, with the house price index up 60% since the start of 2021. In late 2023, the market seemed to be cooling, but the "Grindavík effect" warmed it up again in 2024, pushing house prices up 8% that year.

The market has turned a corner in 2025 and has finally cooled off. Residential investment was strong in 2024, and the housing supply mushroomed as a result. Our measurements indicate some 4,500 dwellings listed for sale in greater Reykjavík as of September, 54% of them new builds. The average time-to-sale has grown longer, particularly for newly built homes.

The housing market appears far healthier than before. It is neither a buyer's nor a seller's market, and most indicators suggest that it is well balanced at present.

We expect smaller price hikes this year than in our previous forecast, and we project the YoY increase for 2025 at 5.3%. Factors that will dampen demand in the coming term include slower population growth, high mortgage lending rates, and tight borrower-based measures. On the other hand, faster real wage growth and strong household savings will support demand.

Developments in 2026 look set to be broadly alike, with prices rising 4.3% YoY. The change over the two years is similar, but because the measure is between annual averages, the difference between 2025 and 2026 projections totals 1 percentage point.

In the final year of the horizon, we expect reduced inflation, lower interest rates, and brisker economic activity to stimulate demand. We project a 4.6% YoY rise in house prices, but little change would be needed to push prices higher than this. It is important to ensure that the new housing supply is sufficient to satisfy demand once it picks up again. Experience of weak supply and the ensuing surge in prices underscores how vital this is

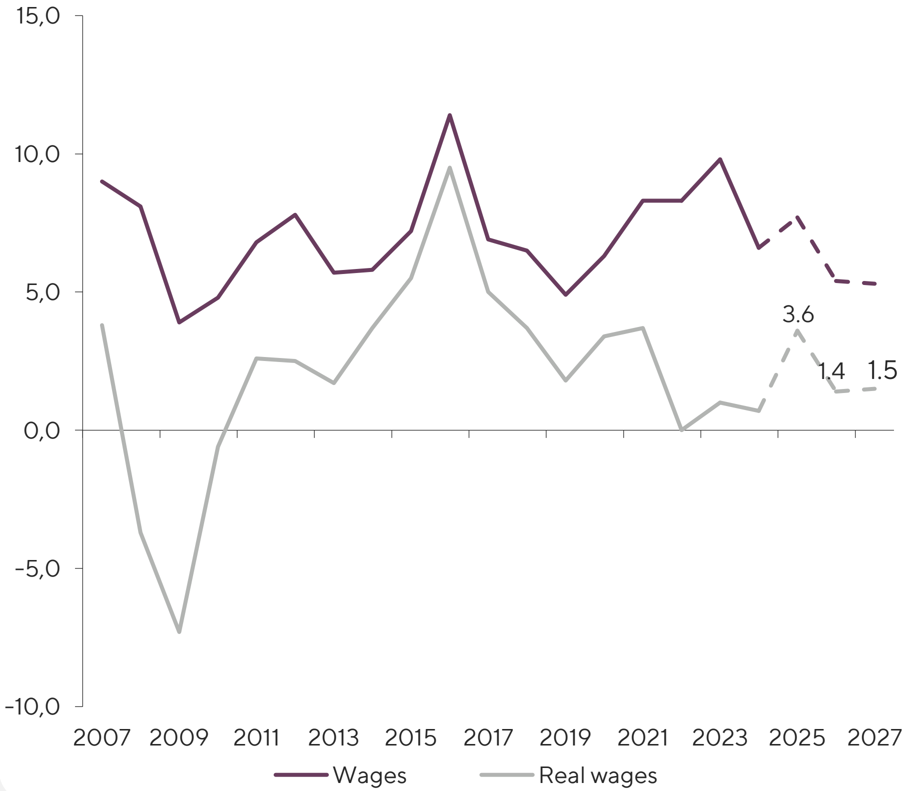
Based on our inflation and house price forecasts, real price increases will be modest over the forecast horizon, especially in comparison with the price hikes of recent years.

Sources: Housing and Construction Authority, Central Bank of Iceland, Statistics Iceland, ÍSB Research.

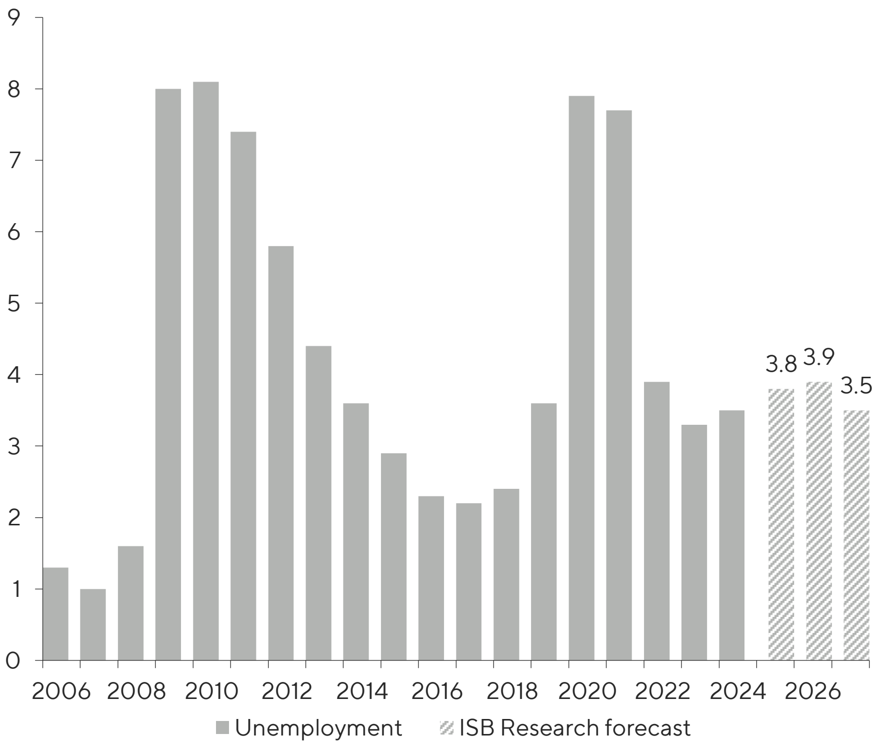
More stable labour market in the offing

Cooling labour market, with more modest wage gains than before

Nominal and real wages
% change between years



Unemployment as a share of the labour force
%



geThe labour market has been very tight in recent years. This has now changed, and there are signs of an increased slack in the market. Unemployment has risen steadily, and growth in the number of employed persons has slowed in recent quarters. Most indicators suggest greater labour market stability in the coming term.

Immigration is perhaps the best barometer of the labour market. When the market was tightest, about 2,000-3,000 individuals moved to Iceland each quarter. The influx started to slow significantly in late 2024 and has continued to lose pace in 2025. In 1H2025, for instance, 1,500 individuals moved to the country, 37% fewer than in 1H2024 and 60% fewer than in 1H2023.

According to the Gallup survey among Iceland's 400 largest firms, only 21% of company executives now consider themselves short-staffed, the lowest rate reported since 1Q2021. In mid-2022, when the labour shortage was most acute, 56% of executives considered their firms understaffed.

Unemployment looks set to average 3.8% this year. We expect it to hold broadly at that level in 2026, but in 2027 it will ease as economic activity gains steam. We forecast average unemployment at 3.9% in 2026 and 3.5% in 2027.

Long-term wage contracts were signed in 2024, when the market was still quite tight. This will affect wage developments in coming years despite the increased slack in the labour market. Long-term wage agreements have greatly reduced uncertainty, however. Wages have risen by an average of 7.5% per year over the last decade, and in 2024 they rose 6.6% YoY.

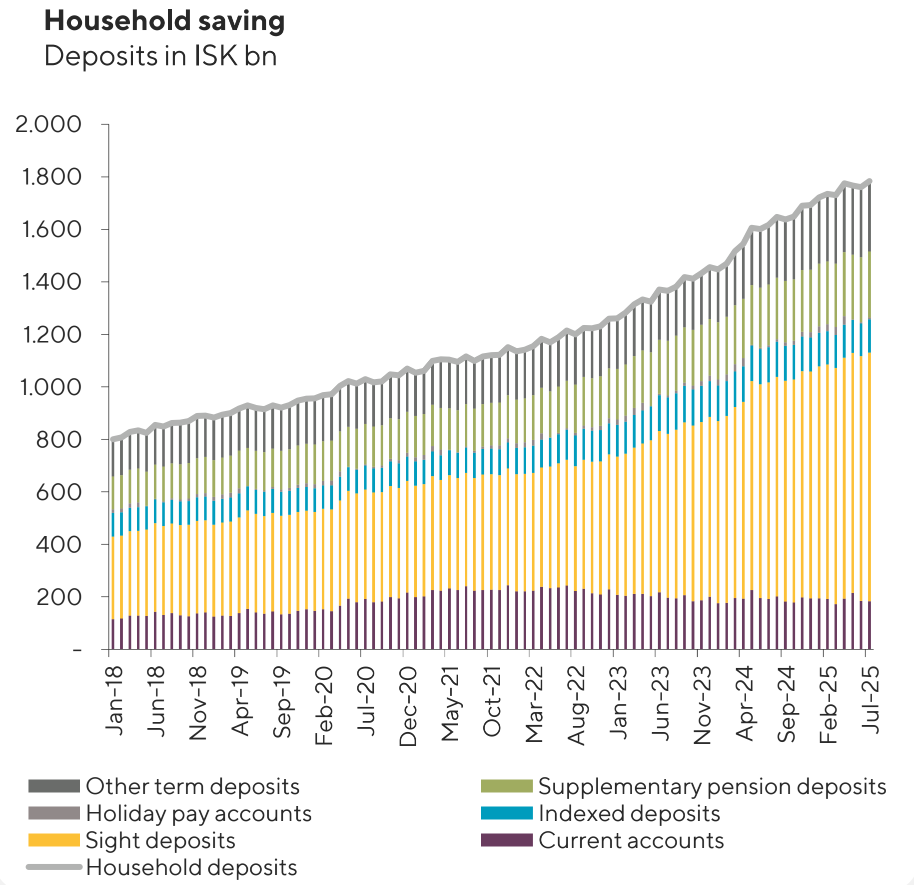
The outlook for 2025 is for an increase of 7.8%, most of which has already materialised. Most contractual pay hikes have already taken effect, as have private sector pay scale increases and public sector wage supplements.

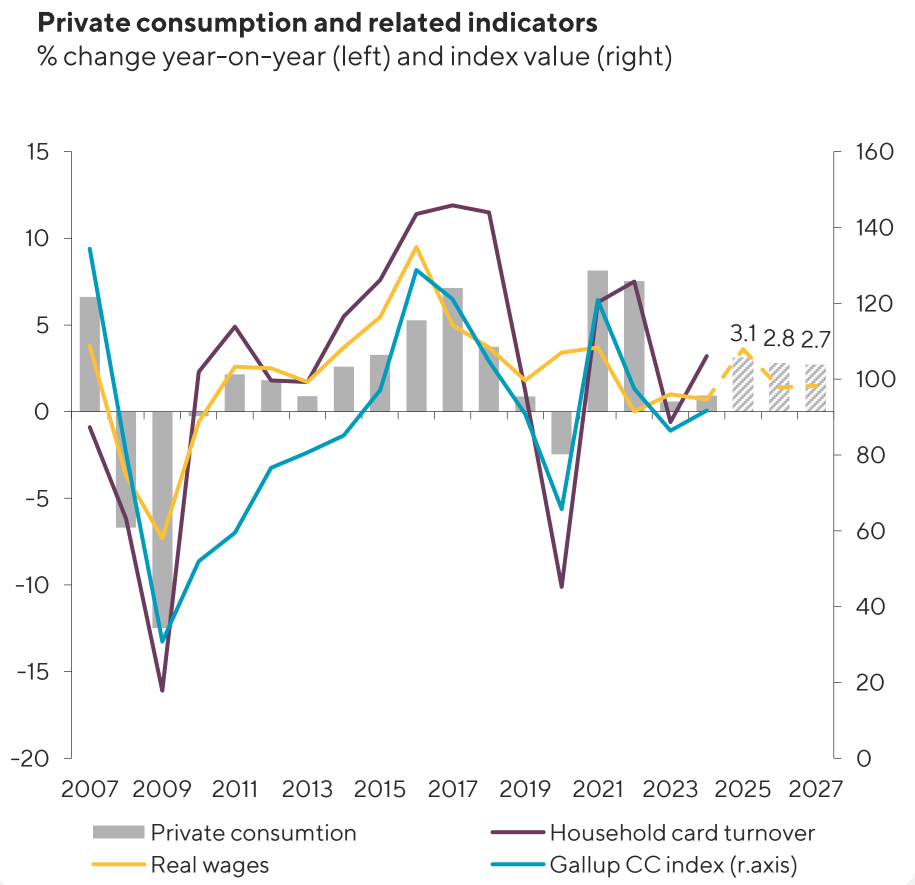
We expect wages to rise 5.4% in 2026 and 5.3% in 2027, thereby falling short of the recent average during the last two years of the forecast period. If this forecast holds, real wage growth will measure 3.6% this year, 1.4% next year, and 1.5% in 2027.

Sources: Directorate of Labour, Statistics Iceland, ÍSB Research.

Households open their wallets: from saving to spending

Real wage gains and a high saving rate foster increased consumption in the near term





Household consumption has been sluggish in the wake of the post-pandemic boom. High interest rates dampened domestic demand, and private consumption growth measured only 0.6% in 2023 and 0.9% in 2024. At the same time, high interest rates have made saving an attractive option, and the household saving rate is still historically high.

Private consumption has been reasonably brisk thus far in 2025, growing in H1 by 3% YoY in real terms, its fastest in two years.

Icelandic households have been spending apace so far this year. Real card turnover has grown, particularly card turnover abroad, which has hit record highs. Icelanders are enthusiastic travellers, and their trips abroad were up 20% YoY in the first eight months of 2025. They have also been buying cars at a rapid pace, after last year's steep downturn in new vehicle registrations.

Even though travel and consumption levels are up, households do not appear to be taking on debt to finance their spending. Consumption has correlated well with developments in real wages and population. What takes us by surprise is how resilient households have been: their financial position is generally strong, and they do not appear to be drawing down their savings to any significant degree. Because of this, we think private consumption will keep rising steadily in the coming term, with households using real wage gains and savings to cover increased consumption spending.

Private consumption has grown by an average of 2.3% over the past decade, albeit with wide fluctuations. For 2025, we expect the pace set in H1 to continue, with growth measuring 3.1% for the year as a whole. It will be a bit slower in the next two years, but still above the historical average. We forecast private consumption growth at 2.8% in 2026 and 2.7% in 2027.

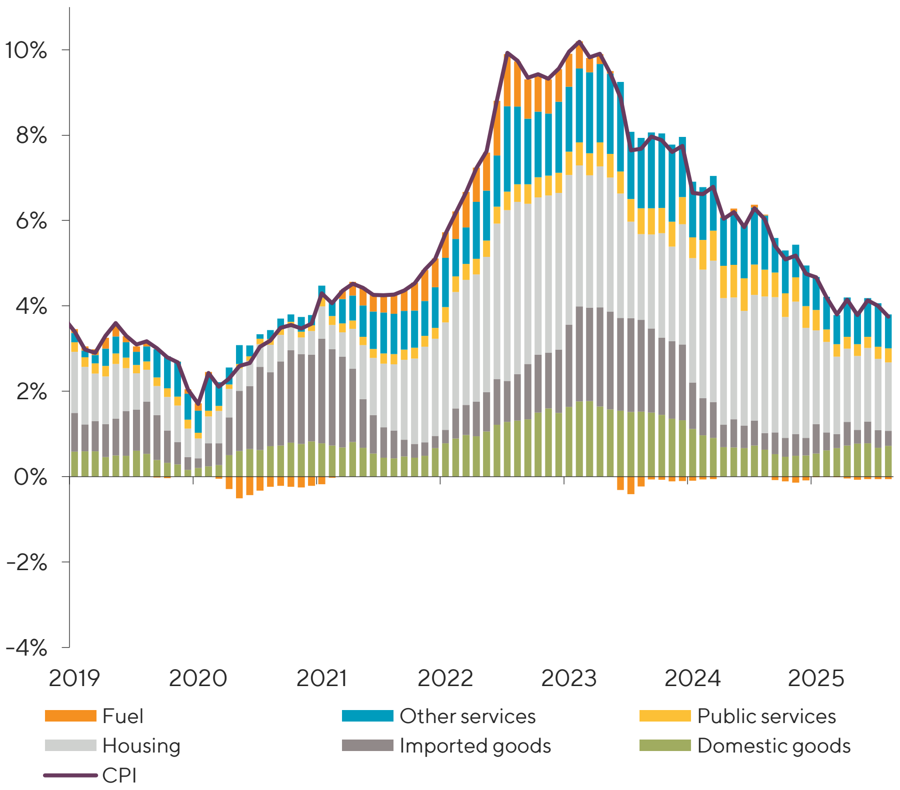
Sources: Central Bank of Iceland, Gallup, Statistics Iceland, ÍSB Research.

Inflation is hovering around the upper tolerance limit …

… and the last lap of the race to target could prove difficult

Developments in headline inflation and the inflation forecast

Inflation by type and source



Sources: Central Bank of Iceland, Statistics Iceland, ÍSB Research.

Headline inflation has plummeted from its February 2023 peak of 10.2%. It fell fastest in 2024, owing mainly to reduced imported inflation and a slower rise in the housing component. Months with hefty increases dropped out of twelve-month measurements, and one-off public sector items had a disinflationary impact as well. Most of these effects have now tapered off, and inflation has been dancing around the 4% upper deviation limit of the CBI's target since the beginning of the year.

Twelve-month inflation looks set to be about 4% in 3Q25. We expect it to hover just above the upper deviation limit until 2026 and then start easing again in the spring. Even though the contribution from the housing component has diminished, housing is one of the main drivers of inflation, together with services. The weight of domestic goods has risen this year, as unit labour costs are up sharply, partly because of higher wage costs. A stronger ISK and lower fuel prices have helped keep inflation in check but have had less impact than previously hoped.

In May, we projected average 2025 inflation at 3.9%, but we have revised that forecast slightly upwards, and now we estimate it at 4.1%. Higher inflation in the current forecast is due mainly to a poorer initial position.

We think the final push to the 2.5% inflation target could be a difficult one, and we do not expect inflation to reach the target during the forecast horizon. Wage developments align poorly with the target, and households and businesses appear relatively robust despite persistent inflation and high interest rates.

In 2026 we expect inflation to subside a little from the current level. Our forecast assumes that it will average 3.9% in 2026 and 3.7% in 2027.

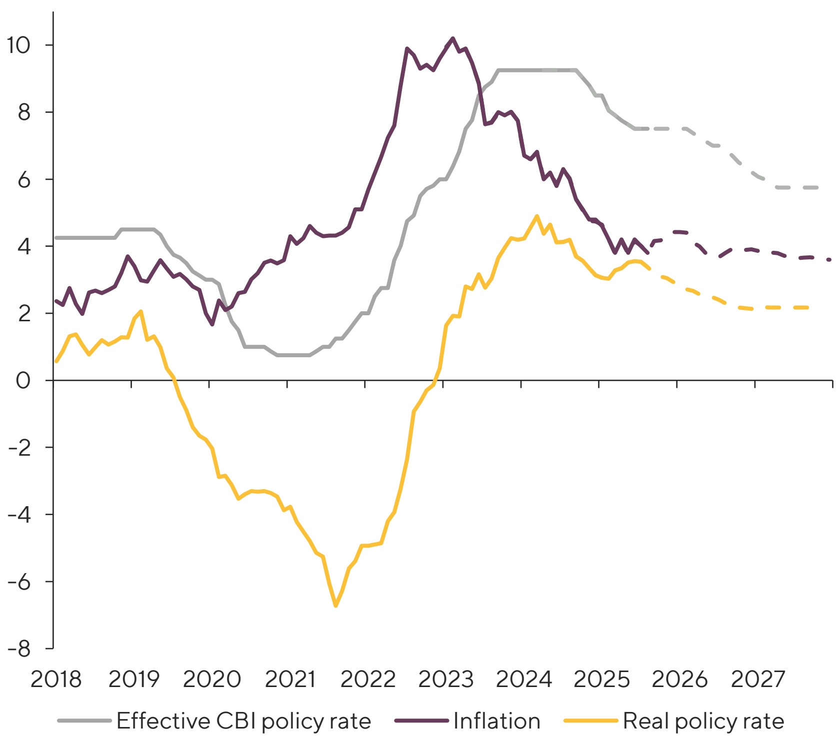
The presence of uncertainties at home and abroad need hardly be mentioned. If the economic outlook deteriorates significantly, inflation could fall more rapidly than is forecast here. On the other hand, if the ISK depreciates markedly or the housing market takes off again, it could prove even more persistent.

Interest rate cuts set to resume in 2026

The CBI's monetary stance will remain fairly tight, but long-term interest rates will ease later on

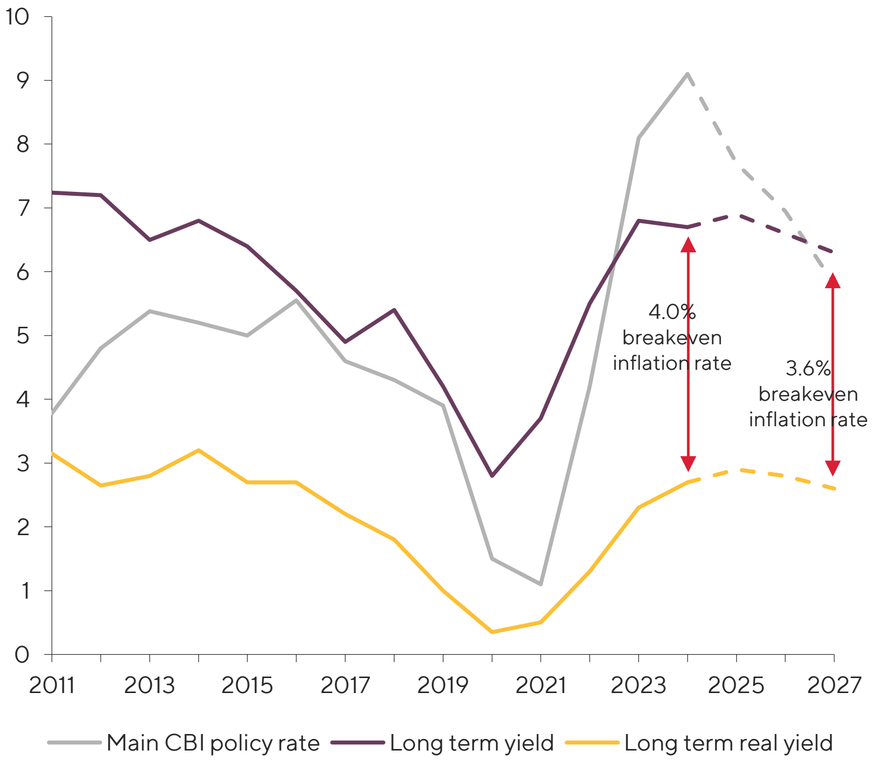
Policy rate, inflation, and real policy rate

% Real policy rate in terms of inflation forecast and policy rate forecast



Interest rates

% Long-term interest rates are rates on Treasury bonds with an average duration of 10 years



Sources: Central Bank of Iceland, Kodiak, Statistics Iceland, ÍSB Research.

After holding the policy rate steady at 9.25% from spring 2023 until early October 2024, the CBI began unwinding interest rates in 4Q2024, in response to falling inflation and signs of slower economic activity. Since then, the policy rate has been cut by 1.75 percentage points, to the current 7.5%.

In August, the CBI held the policy rate unchanged and signalled that additional rate cuts could be expected only if inflation fell further. Based on our inflation forecast and that of the CBI itself, no additional rate cuts are on the horizon for 2025.

It is possible, though, that the CBI might loosen its disinflation requirement if clearer signs of a cooling economy and reduced inflation expectations come to the fore, thereby warranting a lower real rate. We expect the CBI to start unwinding interest rates again in spring 2026 and keep easing them cautiously until the beginning of 2027.

That said, if inflation does not fall more than we have forecast, and if a sizeable slack does not develop in the economy, there are limits to how far the policy rate will fall. Based on the current outlook, the unwinding phase will probably conclude when the policy rate hits 5.5-6.0%.

Although the rate-cutting phase is advanced by now, long-term rates remain high. Based on Treasury yield curves, nominal ten-year base rates are now around 6.7%, and the corresponding real rate on indexed bonds is 3.0%. Thus Iceland's real interest rate is still high by nearly all measures.

We estimate that long-term nominal rates could fall to just over 6% and real rates to 2.6% over the forecast horizon. The long-term breakeven inflation rate would then be 3.6%, as compared with the current rate of nearly 4.0%. It should be noted, however, that long-term inflation expectations in the market are probably lower than this, as the breakeven rate includes an uncertainty premium. On the other hand, we expect the equilibrium real rate to be somewhat higher than we have previously estimated, as is reflected in our changed policy rate and long-term interest rate forecasts.

Macroeconomic forecast summarised

GDP and its components

Volume change from prior year %	2024 in ISK m	2023	2024	Forecast 2025	Forecast 2026	Forecast 2027
Private consumption	2,249,981	0.6	0.9	3.1	2.8	2.7
Public consumption	1,188,661	2.4	1.9	1.9	1.9	2.0
Investment	1,222,429	4.8	7.6	5.9	-3.6	2.0
– business investment	795,882	7.7	7.0	8.2	-6.8	0.8
– residential investment	244,258	-2.2	18.2	0.8	1.0	7.0
– public investment	182,288	2.1	-1.7	2.9	5.5	0.5
Changes in inventories	-24,473	0.5	-0.5	0.0	0.0	0.0
Domestic demand, total	4,636,598	2.1	1.8	4.0	0.9	2.3
Exports of goods and services	1,947,620	4.7	-2.3	2.1	3.0	3.3
– marine product exports (including aquaculture products)	400,352	-2.8	0.4	-3.4	2.6	4.2
– aluminium products	312,664	-19.7	-3.4	3.0	1.0	1.0
– other goods exports	251,888	8.9	12.7	3.6	4.3	4.2
– services exports	982,716	9.0	-5.8	3.7	3.4	3.4
Imports of goods and services	1,996,399	3.5	4.0	6.2	1.0	3.0
– goods imports	1,283,894	1.0	3.4	6.7	-0.2	3.3
– services imports	712,505	-0.4	5.0	5.3	3.4	2.4
Gross domestic product	**4,587,819**	**5.2**	**-1.0**	**2.2**	**1,7**	**2.4**

Sources: Statistics Iceland, ÍSB Research.

Macroeconomic forecast summarised

Other economic variables

% of GDP	2023	2024	Forecast 2025	Forecast 2026	Forecast 2027
Investment	24.7	27.9	28.3	26.7	26.6
Current account balance	-0.1	-2.6	-1.8	-0.5	0.0
Trade account balance	0.9	-1.1	-2.0	-0.5	-0.2
Change between annual averages (%)					
Consumer prices	8.7	5.9	4.1	3.9	3.7
Wages	9.8	6.6	7.8	5.4	5.3
Real wages	1.0	0.7	3.6	1.4	1.5
Real exchange rate, relative consumer prices	2.0	3.4	5.2	1.8	-0.1
House prices	7.8	8.1	5.2	4.2	4.6
Annual average (%)					
Unemployment	3.2	3.5	3.8	3.9	3.5
Trade-weighted exchange rate index	195.4	195.3	188.3	188.2	191.6
EUR/ISK	149.1	149.3	145.1	145.7	148.3
CBI policy rate (7-day term deposits)	8.1	9.1	7.7	6.9	5.8
Long-term nominal interest rates (10-yr nominal Treasury bonds)	6.8	6.7	6.9	6.6	6.3
Long-term real interest rates (10-yr indexed Treasury bonds)	2.3	2.7	2.9	2.8	2.6

Sources: Central Bank of Iceland, Directorate of Labour, Statistics Iceland, ÍSB Research.

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