January 2025

Tailwinds picking up speed

Macroeconomic forecast
2025-2027

Íslandsbanki Research

Tailwinds picking up speed

Summary

A new upswing is starting after a mild contraction

GDP growth

- Consumption and exports to deliver modest output growth in 2025
- Investment to regain steam in 2026 and 2027, alongside continued growth in exports and private consumption
- 2.2% GDP growth in 2025
- 2.5% GDP growth in 2026
- 2.6% GDP growth in 2027

From current account deficit to equilibrium

Current account

- Slow growth in tourism over the forecast horizon
- Intellectual property and aquaculture among drivers of export growth
- Exports will outpace imports in 2025, but balanced growth is expected in 2026 and 2027
- Current account deficit 0.3% of GDP in 2025
- Balanced current account in 2026 and a modest surplus in 2027

Inflation eases as the economy cools

Inflation

- Inflation has receded after remaining stubbornly high in the recent term
- Housing market holds its ground; real prices to rise further during the forecast horizon
- More stable prices abroad, reduced demand pressures, and modest wage agreements foster disinflation
- Inflation to average 3.6% in 2025, 3.0% in 2026, and 3.2% in 2027

Labour market tightness continues to recede

Labour market

- Labour importation has slowed, and labour shortages have shrunk
- Unemployment to average 3.8% in 2025, 3.6% in 2026, and 3.5% in 2027
- Moderate real wage growth over the forecast horizon despite slower growth in nominal wages
- Wages to rise 5.1% in 2025, 4.7% in 2026, and 4.4% in 2027

Monetary easing began this winter, but interest rates remain high

Interest rates

- Monetary easing finally underway after a long period of high interest rates
- Policy rate cuts to continue until mid-2026
- Policy rate set to reach 6.5% at the end of 2025 and 5.0-5.5% in the latter half of the forecast horizon
- Long-term rates will fall in the wake of policy rate cuts
- 10-yr nominal rates to reach 5.7% and 10-yr real rates 2.2% at the end of the period

Some ISK appreciation likely over the forecast horizon

The ISK

- Improvements in CA balance and investment-related FX inflows to support the ISK during the forecast period
- Pension funds’ foreign investment and other investment-related outflows will pull in the opposite direction
- Marginal ISK appreciation early in the period
- Weaker ISK more likely further ahead, with a rising real exchange rate and a weaker competitive position in the export sector

After a surge in 2021-2022, GDP growth lost steam as 2023 advanced, in what can be called a steady shift from expansion to adjustment.

This trend characterised the first three quarters of 2024 as well, with GDP shrinking by an average of 1% over the period.

We estimate the year-2024 contraction in GDP at 0.5% in real terms. While this is a mild contraction in most senses of the term, it marks a turn in the business cycle. However, domestic demand grew modestly in 2024, although in our assessment, an unfavourable contribution from net exports along with the negative contribution from inventory changes due to the failed capelin catch weighed somewhat more heavily.

We forecast GDP growth for 2025 at 2.2%, driven mainly by growing consumption, private consumption in particular, which in turn is due to more rapid growth in real wages and population, plus drawdowns of accumulated savings. A positive contribution from net trade also contributes to growth.

In the latter two years of the forecast horizon, the outlook is for output growth to pick up a bit more, to 2.5% in 2026 and 2.6% in 2027. The main catalyst of brisker growth is a rebound in investment alongside lower interest rates and a stronger investment need in the export sector. According to our forecast, private consumption growth will soften marginally at the same time.

Our current forecast is somewhat different from the previous one, issued in September 2024. To a large extent, this represents a shift between years, with base effects from last year's contraction causing stronger measured GDP growth in 2025.

One of the chief uncertainties in the forecast is the global situation. We expect moderate effects from a potential tariff war, although the impact could prove stronger and could impede growth later on. Furthermore, the wars in Eastern Europe and the Middle East could escalate further.

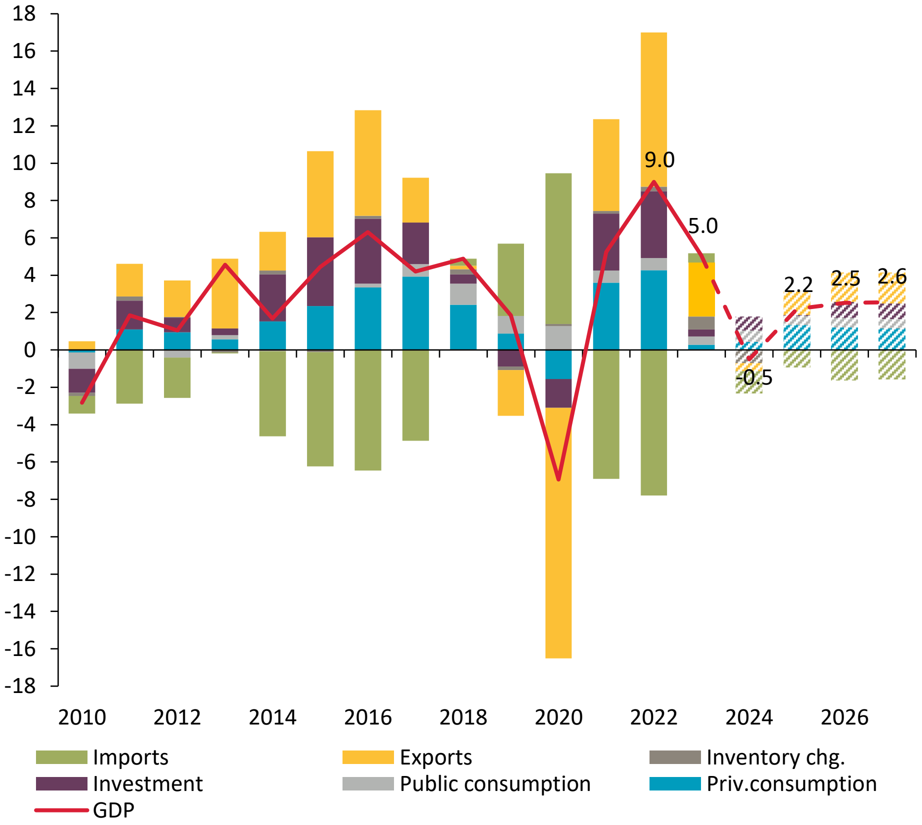
Domestic uncertainties include geological developments on the Reykjanes peninsula, possible delays in increased energy production later in the forecast period, and interactions between supply and demand in the housing market further ahead.

GDP growth picks up again after a mild contraction

A fairly smooth upward path for the economy, driven equally by exports and domestic demand

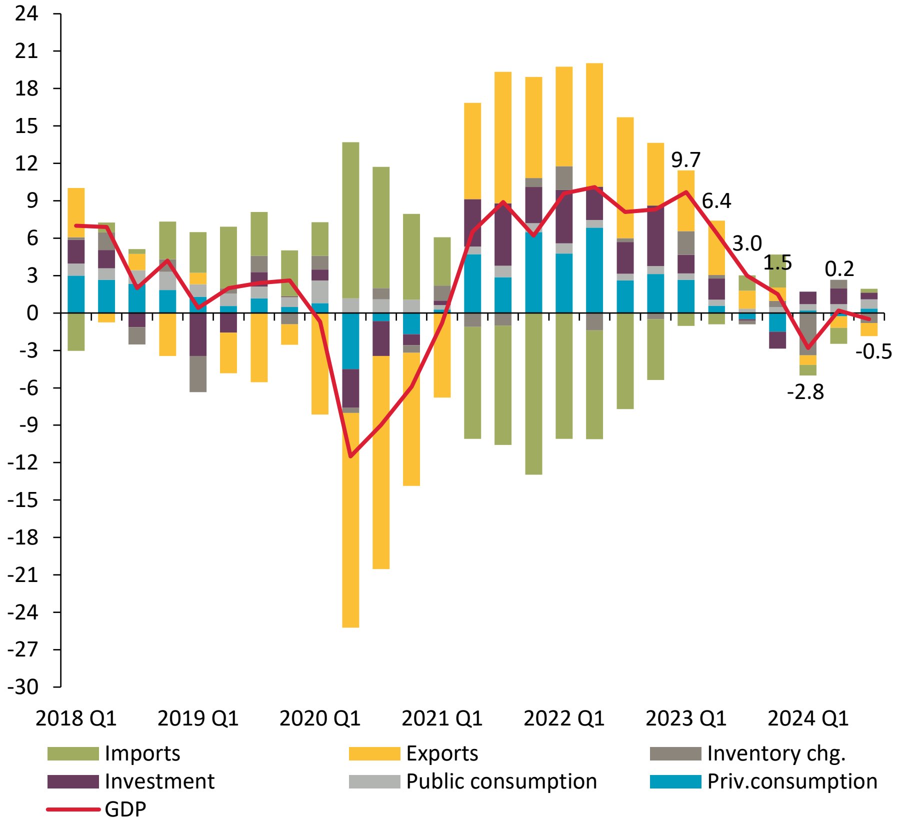
GDP and the contribution of subitems

YoY volume change (%)



GDP and the contribution of subitems by quarter

YoY volume change (%)



Source: Statistics Iceland, Islandsbanki Research

After a contraction in visitor numbers in H1/2024, the tourism sector righted itself in H2. According to the tally carried out by Isavia and the Icelandic Tourist Board, 2.26 million tourists arrived in Iceland via Keflavík Airport in 2024, a year-on-year rise of just over 2%.

Indicators of tourist numbers in 2025 are a bit ambiguous. Google search data suggest more muted interest in travel to Iceland than in 2024, while recent forecasts from Isavia and the Icelandic Tourist Board imply a modest increase in 2025.

We expect a marginal increase in visitor numbers this year, although it is uncertain whether this will materialise. The big picture seems to be that the industry has matured and is positioned for moderate growth in the period ahead. Presumably, emphasis will be placed on maximising added value, streamlining operations, and maintaining market share amid stiff international competition for visitors to the Far North.

In a departure from the overarching pattern of the past 15 years, tourism will probably not be the top generator of export revenues during the forecast horizon. Instead, a number of sectors that have been gaining ground in recent years look set to take the lead.

Intellectual property is an umbrella term covering various exporters of goods and services based on human resources and R&D. This sector has seen rapid growth in the past several years. According to Statistics Iceland (SI), gross export revenues from companies in the sector totalled ISK 264bn in 2023. A recent Federation of Icelandic Industries estimate suggests that the sector generated over ISK 320bn in 2024, placing it roughly on a par with fishing and aluminium in terms of its share in total export revenues. The outlook is still for handsome growth in revenues from intellectual property exports during the forecast horizon.

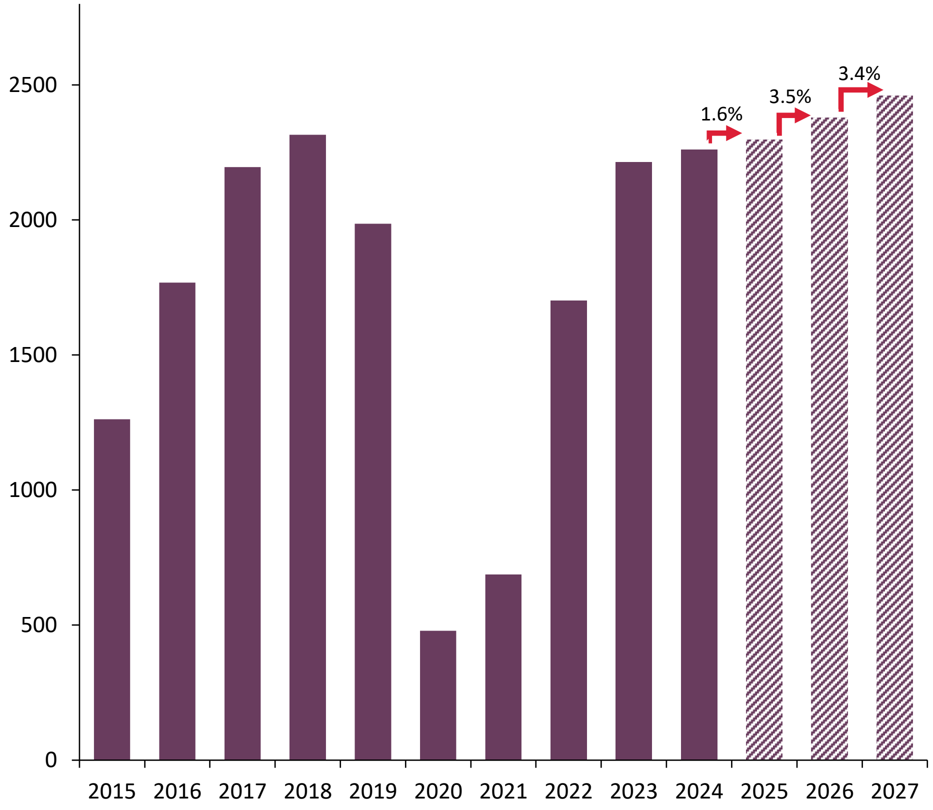
Iceland's aquaculture industry is also growing apace, especially land-based aquaculture. SI data show that the sector generated nearly ISK 54bn in export revenues in 2024. Although growth will probably fall short of the most ambitious plans, we still expect a decisive increase in export revenues from aquaculture during the forecast horizon.

New sources of export growth come to the fore

Intellectual property and aquaculture weigh heavily in export revenue growth during the forecast horizon

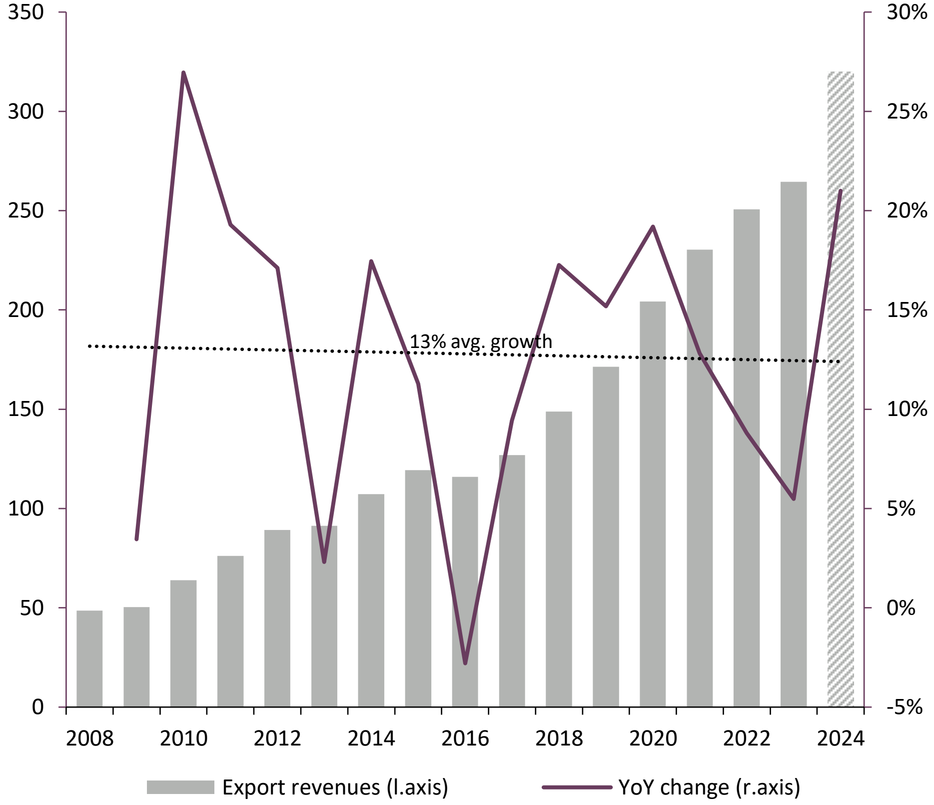
Foreign tourists by year

Thousands



IP-based sector export revenues

Bn.ISK in nominal terms. 2024: Federation of Icelandic Industries est.



Source: Statistics Iceland, Icelandic tourist Board, Federation of Icelandic Industries, Islandsbanki Research

Goods and services exports shrank by just over 2% in the first nine months of 2024. The capelin catch failure, electricity rationing to aluminium smelters, and a weak Q2 for tourism were the main reasons for the contraction.

On the whole, we estimate that export volumes declined by 1% YoY in 2024. A quite respectable Q4 tourist season and growing exports of farmed fish and intellectual property offset the above-listed factors, although there was probably a marginal contraction in exports of both goods and services.

Nonetheless, the outlook is for decent growth in exports through 2027. Services exports will play a major role, but sectors other than tourism are likely to be the main drivers of the increase.

The outlook is also for goods exports to pick up again, owing, for instance, to increased exports of various intellectual property-related and aquaculture products.

In all, we project export growth at nearly 3% in 2025 and nearly 4% per year in 2026 and 2027.

At the same time, we expect growth in imports of goods and services to be weaker this year than in 2024. This is due not least to a contraction in business investment, which relies heavily on imported inputs. For the next two years, though, we expect growth in imports and exports to be broadly in balance.

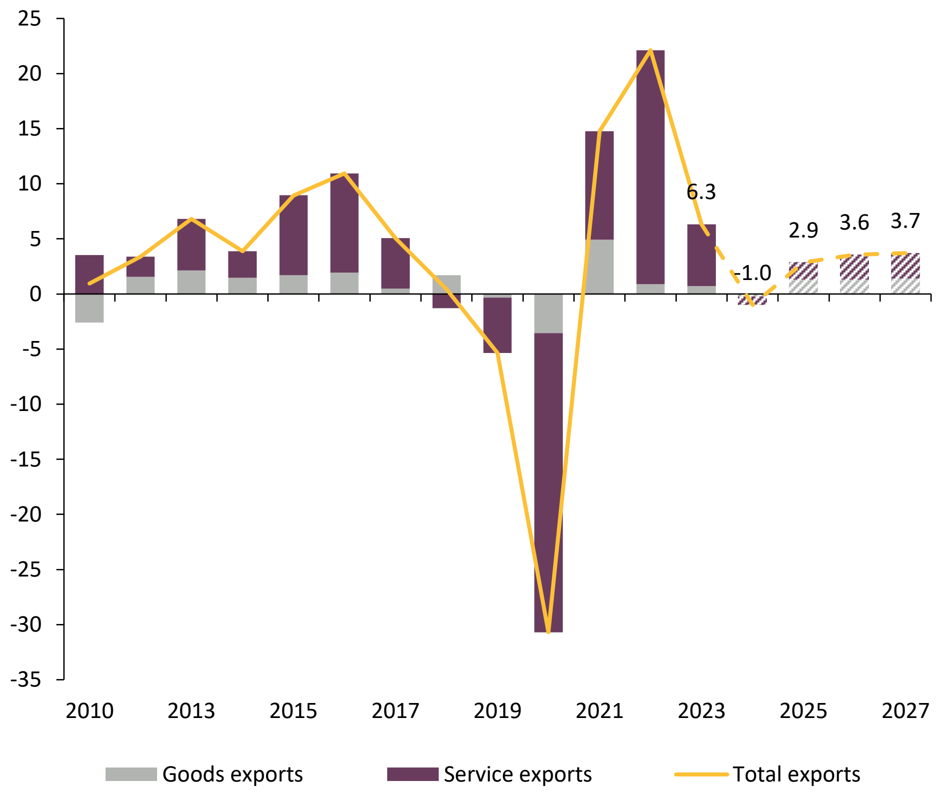
As a result, the contribution of net trade to GDP growth will be markedly positive this year and more or less neutral in 2026 and 2027.

Improving prospects for external trade after a temporary setback

Exports to catch up with imports in 2025, and growth in imports and exports will be broadly in balance later on

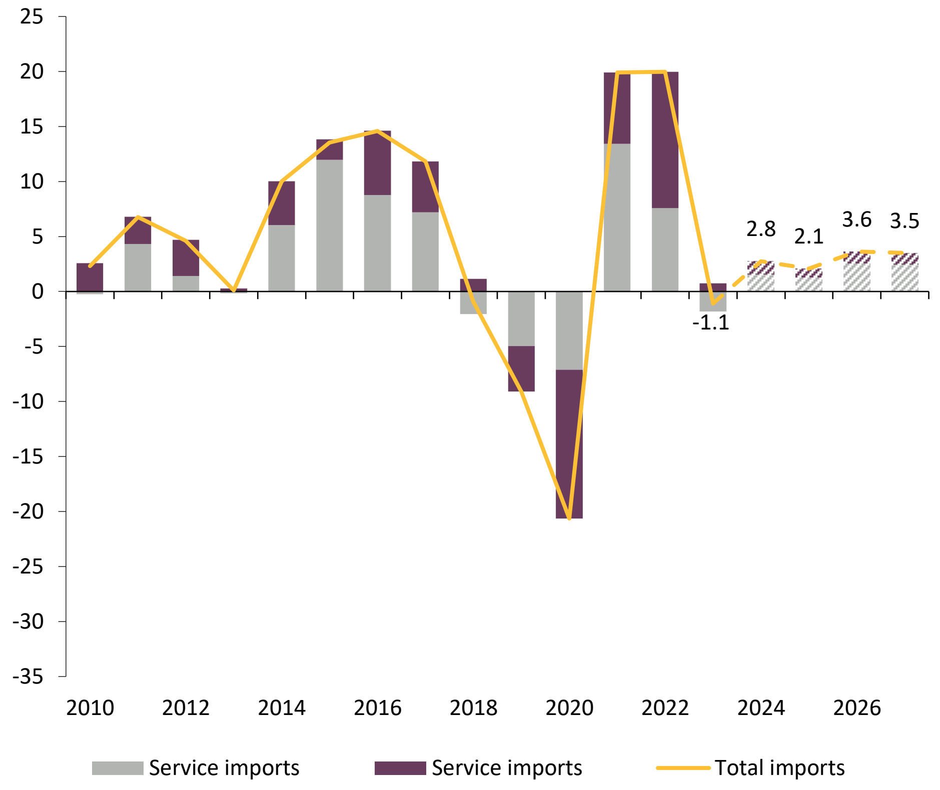
Exports, YoY volume change and contribution of subitems

%



Imports, YoY volume change and contribution of subitems

%



Source: Statistics Iceland, Islandsbanki Research

After a surplus in 2023, the current account balance weakened in 2024. The first nine months showed a deficit of ISK 26bn, as a goodly surplus on services trade did not fully offset the large goods account deficit and a moderate deficit on net transfers to and from the country while the primary income surplus shrank considerably YoY.

The 2024 current account deficit is estimated at nearly ISK 70bn, or 1.5% of GDP for the year.

The current account balance is set to improve over the forecast horizon. Even so, there will probably be a marginal deficit measuring 0.3% of GDP in 2025 For 2026, the outlook is for a more or less neutral balance, followed by a surplus of perhaps 0.5% of GDP in 2027.

The improvement is largely because export growth is set to overtake import growth in 2025. We also expect a slight improvement in terms of trade over the forecast horizon, with the price of Icelandic exports developing more favourably than the price of imports. A positive net international investment position (NIIP) and differences in the composition of foreign assets and liabilities should yield a positive rather than negative primary income balance on average.

Nevertheless, underlying variables have little room for error if a more persistent CA deficit is to be avoided. If the ISK appreciates more than we expect in the coming term, for instance, it could stimulate imports and dampen exports.

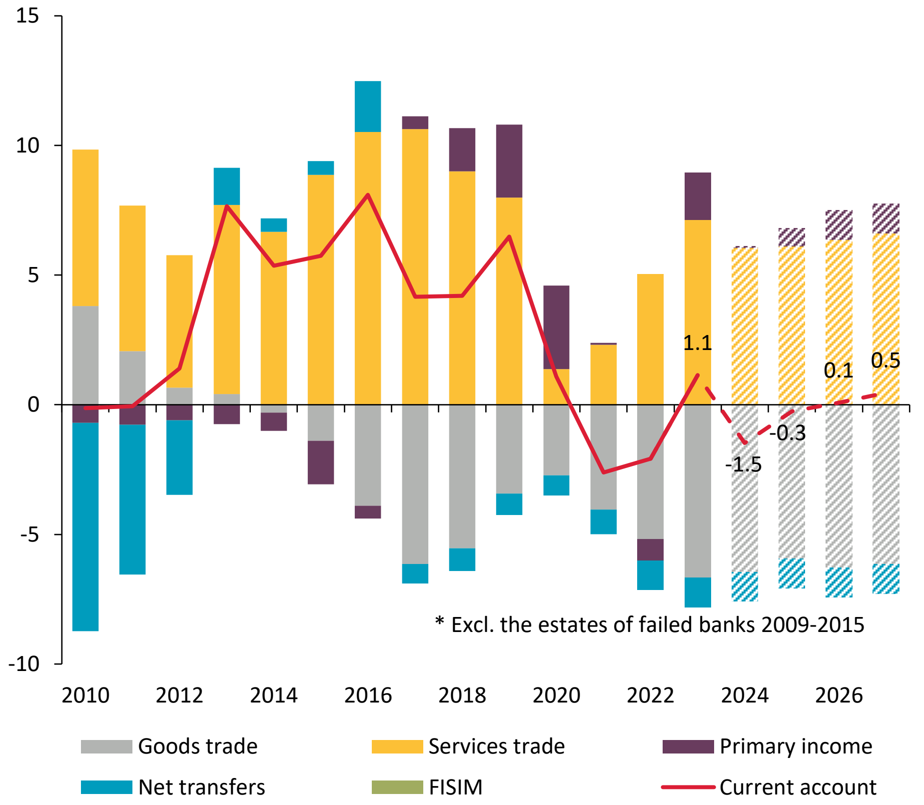
Iceland's net external assets totalled nearly ISK 1,800bn, or 40% of GDP, at the end of September 2024. This strong NIIP is of vital importance for a relatively stable exchange rate, in addition to bolstering international confidence in the Icelandic economy.

The outlook is for the NIIP to remain strong, but whether it improves in coming years will depend partly on developments in foreign markets and whether the CA balance is positive or negative.

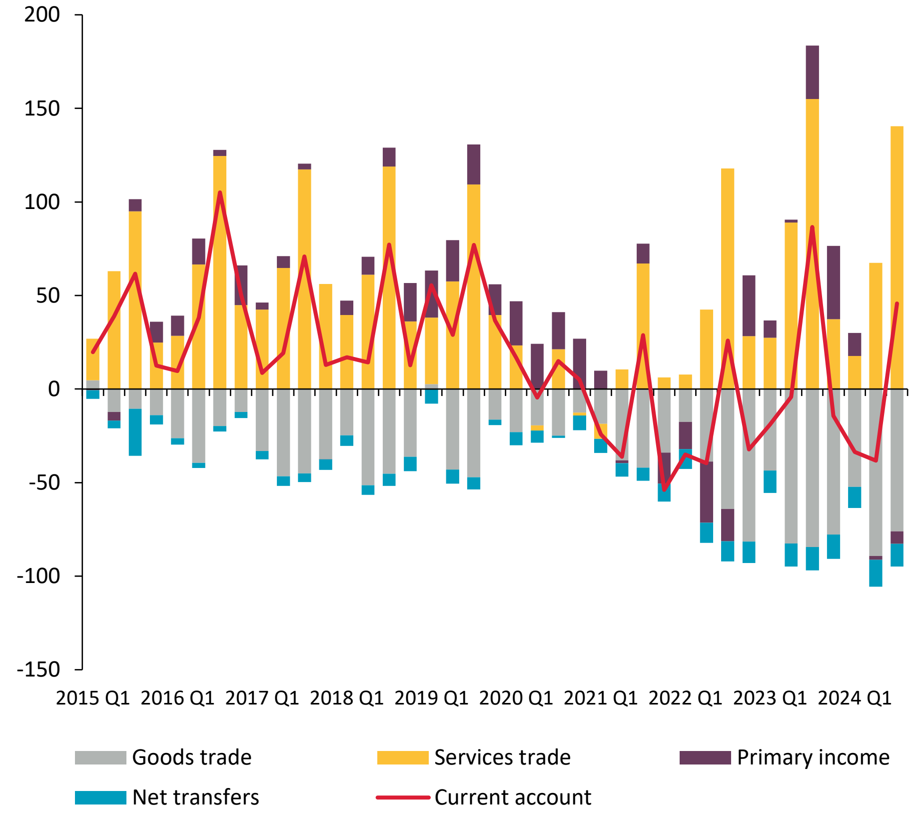
Current account deficit set to close

The outlook is for a slight current account deficit in 2025, followed by a small surplus in 2026 and 2027

The current account balance and its subcomponents
% of GDP *



The current account balance and its subcomponents by quarter
ISK bn



Source: Statistics Iceland, The Central Bank of Iceland, Islandsbanki Research

The ISK held relatively stable in 2024, despite a current account deficit. Although it fluctuated in H2, the exchange rate was largely the same overall in 2024 as in 2023.

The ISK strengthened markedly from early September until the year-end, in spite of a Q4 trade deficit. Capital inflows for securities investments, changed expectations, and modest investment-related outflows are probably the most important factors in the ISK appreciation.

The outlook is for a broadly balanced current account over the forecast horizon. FX flows due to goods and services trade or other CA subcomponents will probably not be the main determinants of the exchange rate, although they could certainly cause short-term fluctuations.

Other contributing factors will probably offset each other from one period to another in the FX market. For instance, foreign investors will probably remain interested in direct or indirect investments in large and small Icelandic companies, as well as in bonds. A continuing interest rate differential with abroad should also encourage them. Such inflows would then counteract foreign investment by the pension funds and other resident investors.

Although the nominal exchange rate is still well below its peak from the mid-2010s, the real exchange rate has risen steadily, as prices and wages have risen faster in Iceland than in trading partner countries. By that measure, the ISK is probably approaching the upper end of the range consistent with a satisfactorily balanced current account.

We expect a marginal appreciation in the first half of the forecast horizon. For instance, by H2/2026, the ISK could be approximately 2% stronger against the euro than it was at the beginning of this year, which translates to an EURISK exchange rate of 143.

The likelihood of a depreciation increases over time, however, if prices rise faster in Iceland than in neighbouring countries. We therefore expect a slight weakening in 2027.

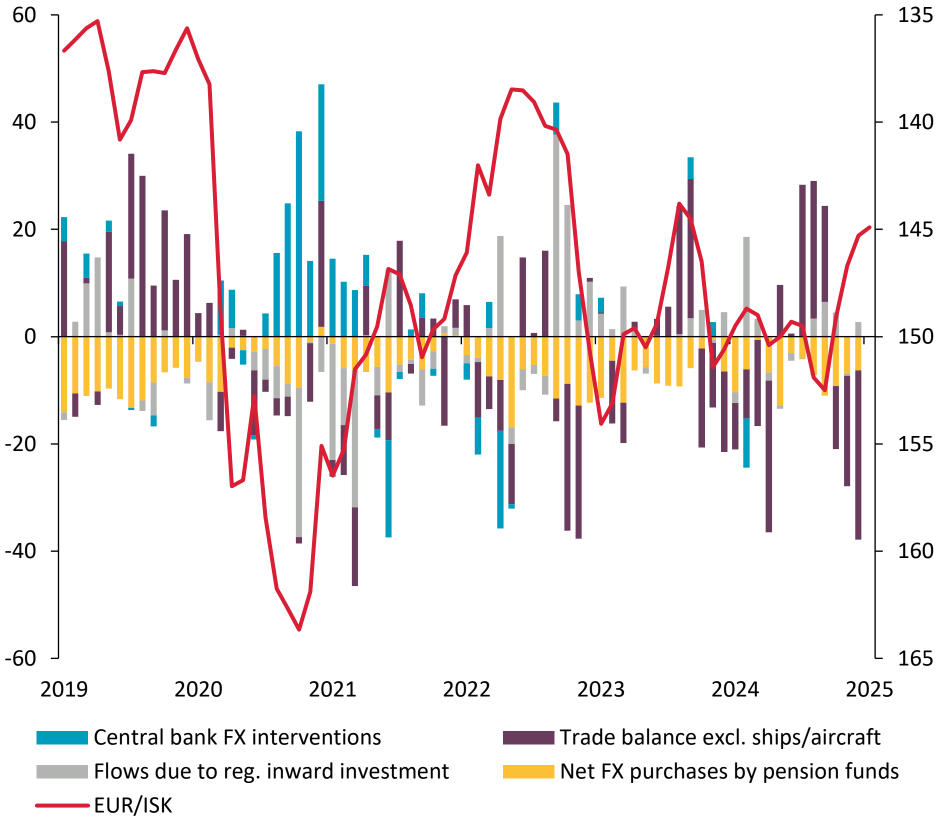
If the ISK is stronger in the latter half of the forecast horizon, though, the likelihood of an entrenched CA deficit grows stronger as well, with the associated correction through a depreciation later on.

ISK set to be relatively stable over the forecast horizon

Wages and prices to rise faster than in foreign countries, pushing the real exchange rate markedly upwards

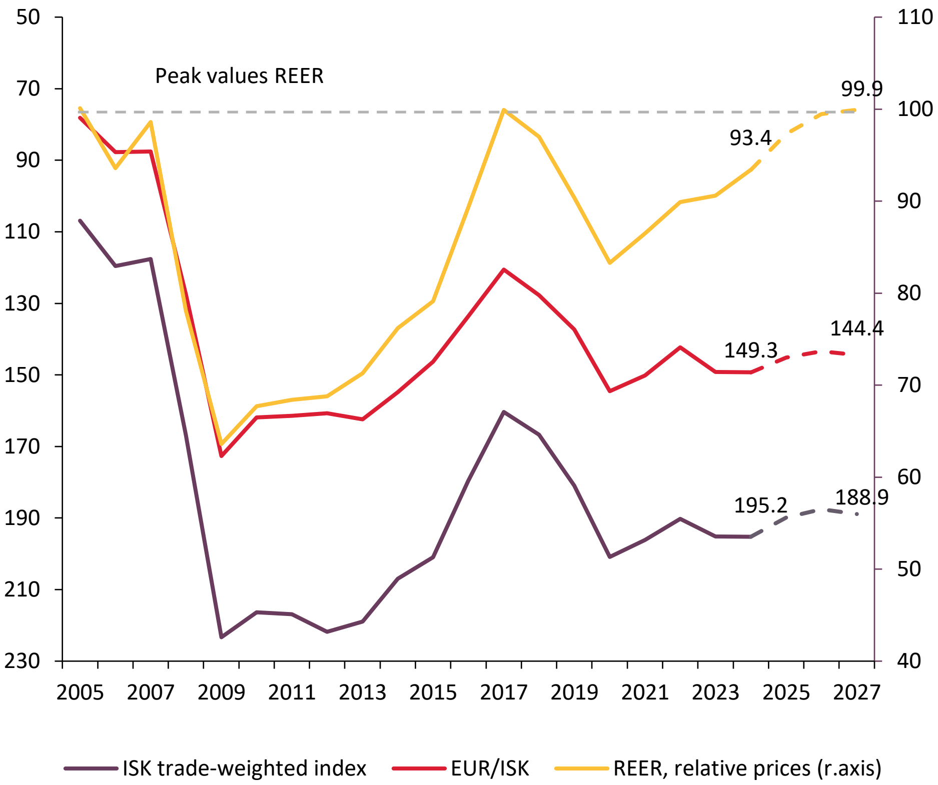
ISK exchange rate and selected determinants

ISK bn (left) and EURISK (right)



ISK nominal and real exchange rate

Annual averages, EURISK and indices



Source: Statistics Iceland, The Central Bank of Iceland, Islandsbanki Research

After a period of rapid growth, investment has increased more slowly in the past two years but has remained robust. A rising real interest rate and a tighter fiscal stance on investment after pandemic-era deficit spending have impeded growth, however.

In the first nine months of 2024, investment grew by nearly 4% YoY, with residential and business investment up more than 8% and almost 4%, respectively, while public investment shrank marginally. We estimate the total growth rate for 2024 at about 3%.

The outlook for 2025 is for investment volumes to remain virtually unchanged YoY, owing to robust growth in residential investment, slow growth in public investment, and a contraction in business investment.

Business investment in 2025 is quite uncertain, however, as indicators are ambiguous. For instance, executives have grown increasingly upbeat in recent quarters, and development in the aquaculture sector looks set to continue apace. On the other hand, tourism-related investment will probably be more subdued in 2025, and a high real interest rate will dampen appetite for business investment in the coming term.

Business investment looks set to rebound strongly in 2026, though, and remain brisk in 2027. On that front, we expect a lower real interest rate and pent-up investment need in the export sector to be key drivers.

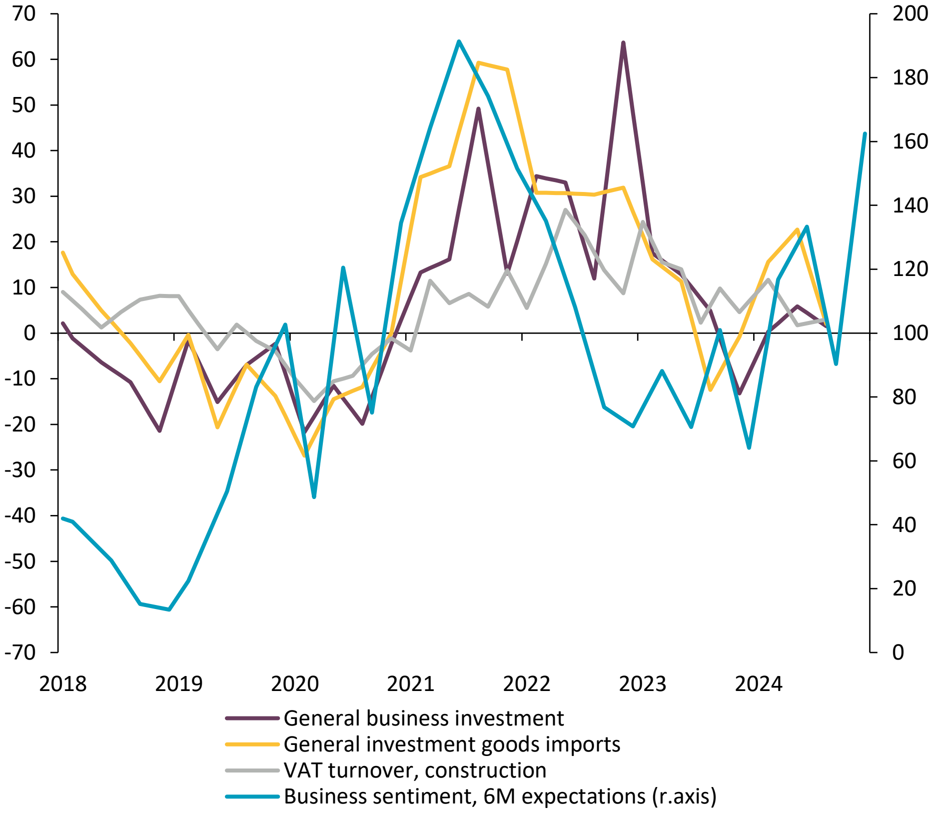
By the same token, it seems clear that underlying demand for housing will persist and that new residential construction will continue at a good clip in order to satisfy that demand. There is also a growing and widespread need for new infrastructure investment, and the public sector investment purse strings could be loosened over time.

We expect total investment to grow by well over 3% per year in both 2026 and 2027.

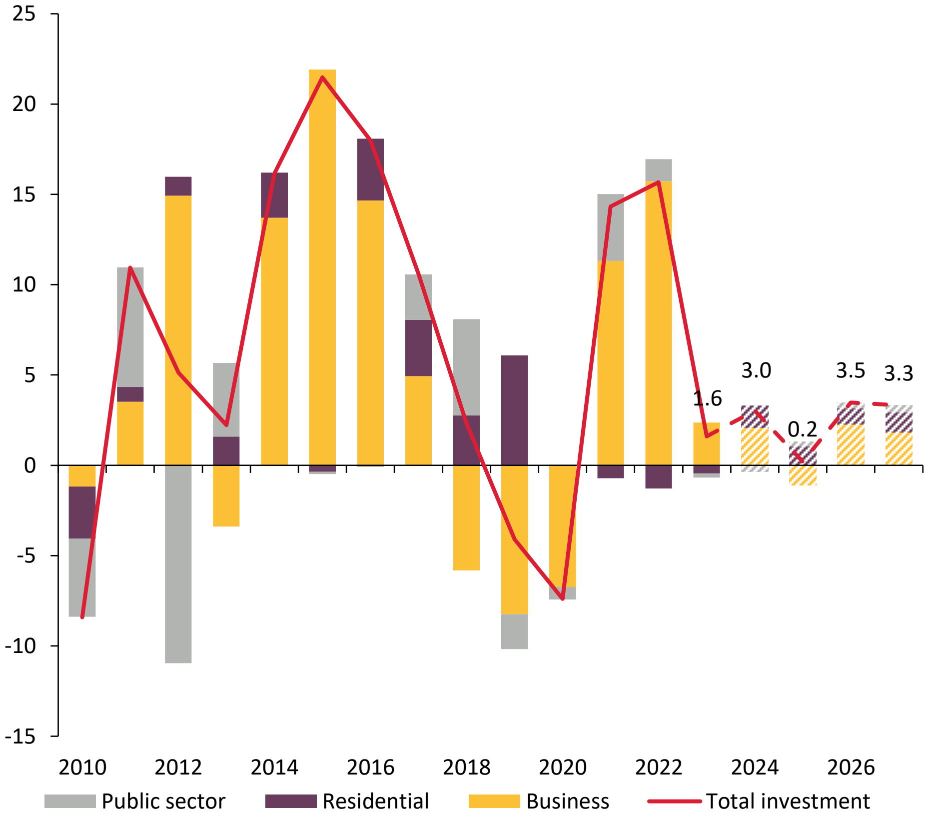
Investment set to grow in coming years after a brief hiatus

A high real interest rate and a more ambiguous outlook for exports will impede investment temporarily, but growth will pick up again later

Business investment and related indicators
YoY change (%) and indices



Investment, real change and contribution of subcomponents
%



Source: Statistics Iceland, The Central Bank of Iceland, Islandsbanki Research

In 2024, the housing market was affected by Government measures to help Grindavík residents free up their home equity. It was clear to all that those measures would stimulate demand in the market, but that the effects would be short-lived.

The market price of housing rose 8.1% in 2024, owing to three main factors: the impact of the Government buy-up of homes in Grindavík, an increase in first-time buyer numbers due to demand for Housing and Construction Authority (HMS) equity loans, and positive growth in households' interest income net of interest expense.

The number of homes for sale surged just after mid-year. The HMS attributes this to unsold new properties, which account for a far larger share of supply than before. As the autumn advanced, YoY house price inflation eased, and it was clear that the "Grindavík effect" had largely subsided. Furthermore, many mortgage loans came up for interest rate review. According to our measurements, new construction accounts for a record high 53% of homes for sale in greater Reykjavík.

We expect purchases of new homes to pick up as interest rates and inflation fall in 2025, gradually giving contractors the scope to begin on new projects. We expect house prices to rise by an average of 6.4% this year. This is slightly below our autumn forecast, as the Grindavík effect tapered off more rapidly than we had envisioned.

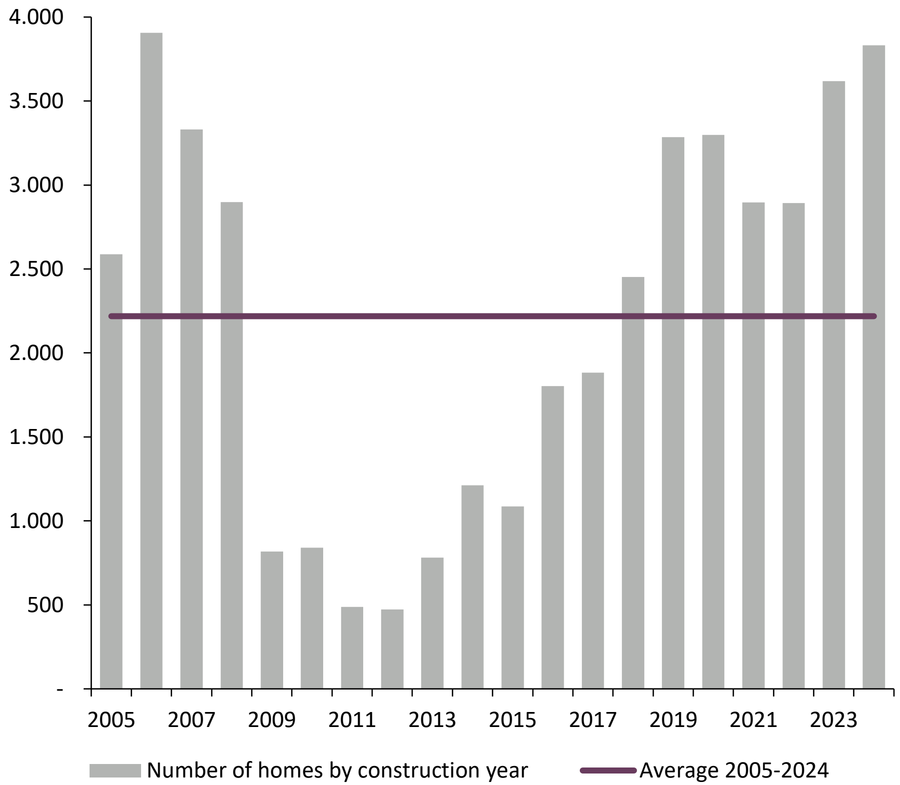
Demand remains, although the outlook is for the market to become better balanced over the course of the forecast horizon. As we see it, several factors will temper demand: population growth has slowed in recent quarters, according to SI data, and looks set to be more moderate over the forecast horizon than in recent years; real wage growth has been modest and appears likely to remain so during the period; and borrowing requirements are still tight and will probably stay that way for the time being.

Improving household financial conditions will support the demand side of the market directly and indirectly. Falling interest rates should accelerate sales of fully finished homes and make it more advantageous for construction companies to begin on new projects. We expect house prices to rise by 5.4% in 2026 and 5.8% in 2027. If the forecast materialises, real price hikes will be fairly modest, especially in comparison with those in recent years.

Housing market seeking equilibrium

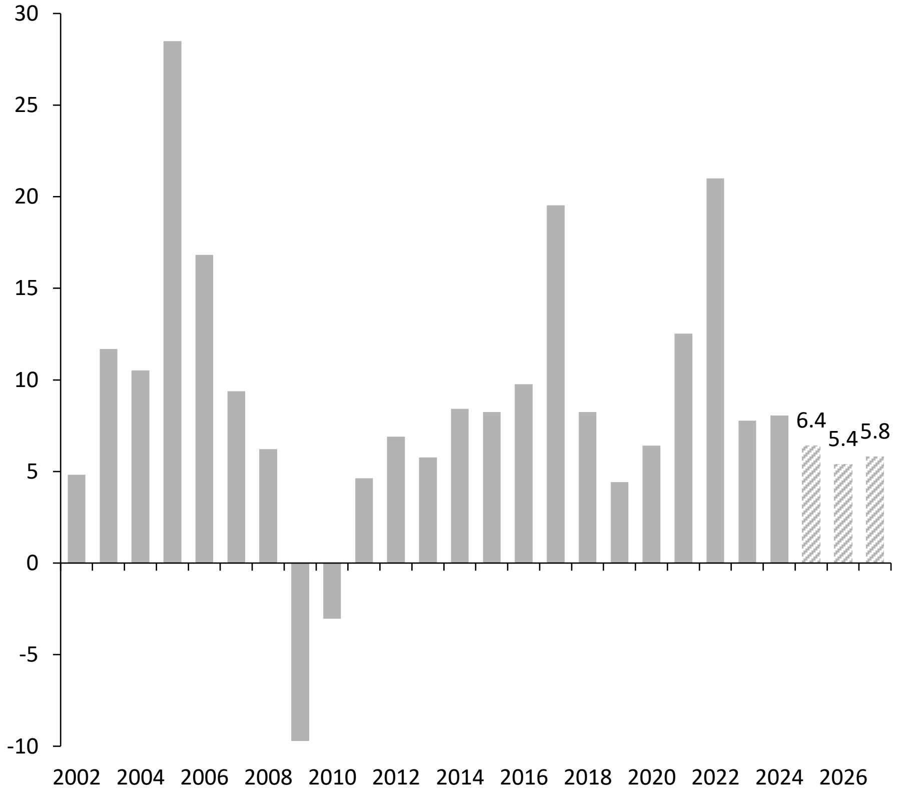
Modest real price hikes over the forecast period

Number of homes, by construction year



Nominal house prices

% change between years



Source: HMS, The Central Bank of Iceland, Islandsbanki Research

Households' real payment card turnover grew YoY in each month of 2024. Given that overseas travel declined by 0.4% during the year, it seems obvious that most of the increase was due to online shopping. Although card turnover was brisk, durables purchases were clearly relegated to the back burner, as can be seen, for instance, in a steep decline in new motor vehicle registrations. Furthermore, SI data show a slight let-up in population growth. We estimate that private consumption grew by 0.9% in 2024.

At present, most indicators imply that private consumption will grow more quickly in the coming term. Since mid-2024, household pessimism about the economic and employment outlook has plummeted and optimism has grown. For instance, the Gallup index depicting the assessment of the current economic situation rose broke through the 100-point threshold in December, for the first time since year-end 2022.

Households' saving rate is high, and with rising property prices, their net wealth has grown to perhaps its highest level to date. Their equity and their debt position are therefore sound in historical terms.

Households' recent accumulation of sizeable savings and the upward revision of disposable income will probably give rise to an increase in private consumption in the period ahead. At the moment, Icelandic consumers are well positioned and ready to put their wallets to use. Furthermore, the durables purchases that were put on hold when interest rates were at their recent peak will resume during the forecast horizon.

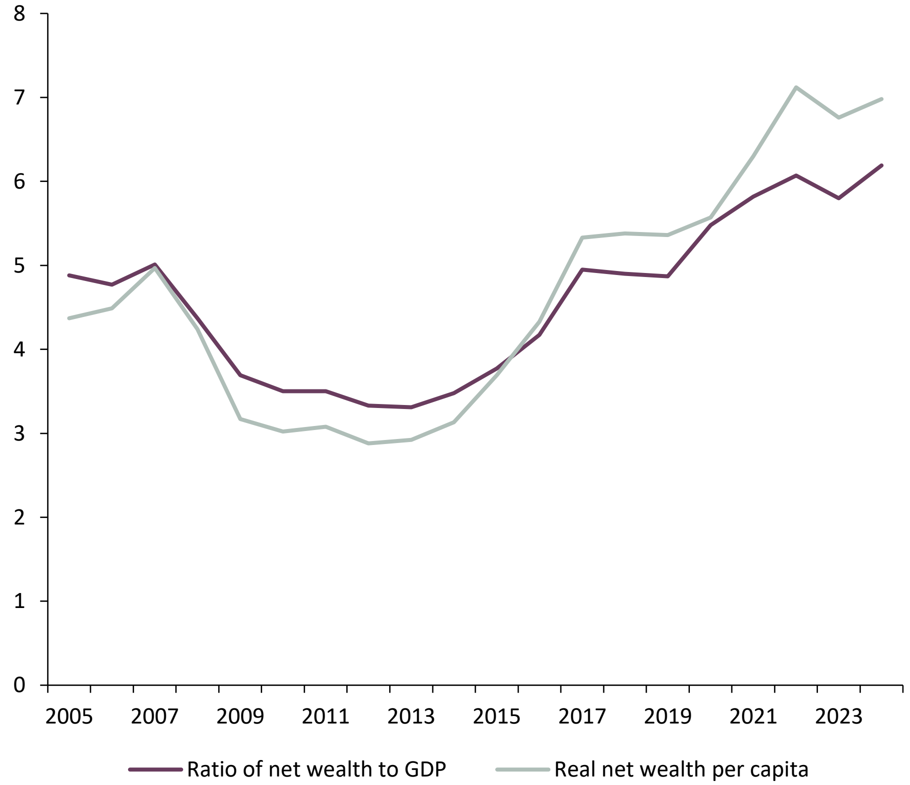
We project that private consumption will grow by 2.7% in 2025, as households start using their savings for consumption spending. The year-2026 growth rate will be similar, at about 2.4%, in tandem with a continued decline in interest rates and even stronger growth in purchasing power. In the final year of the forecast horizon, we expect private consumption growth of 2.3%.

Icelanders put their wallets to work

Private consumption growth to rebound during the forecast horizon

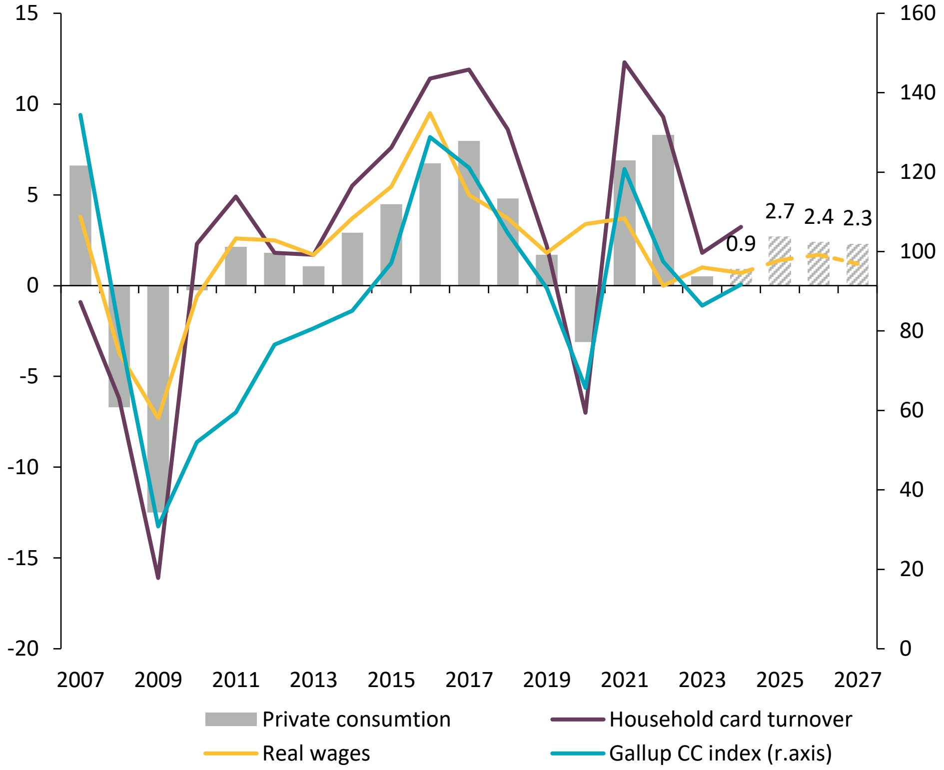
Net household wealth

Share



Private consumption and related indicators

% change between years (left) and index value (right)



Source: Statistics Iceland, Gallup, The Central Bank of Iceland, Islandsbanki Research

Labour market healthy, albeit calmer

Real wage growth over the forecast horizon

After two years of a very tight labour market, unemployment started to rise in 2024. It grew by 0.3% YoY and averaged 3.5% during the year. This is slightly lower than we had anticipated, but tourism had a better year than expected. Furthermore, a number of indicators implying a stronger economic contraction were subsequently revised upwards, giving a clearer picture of actual developments.

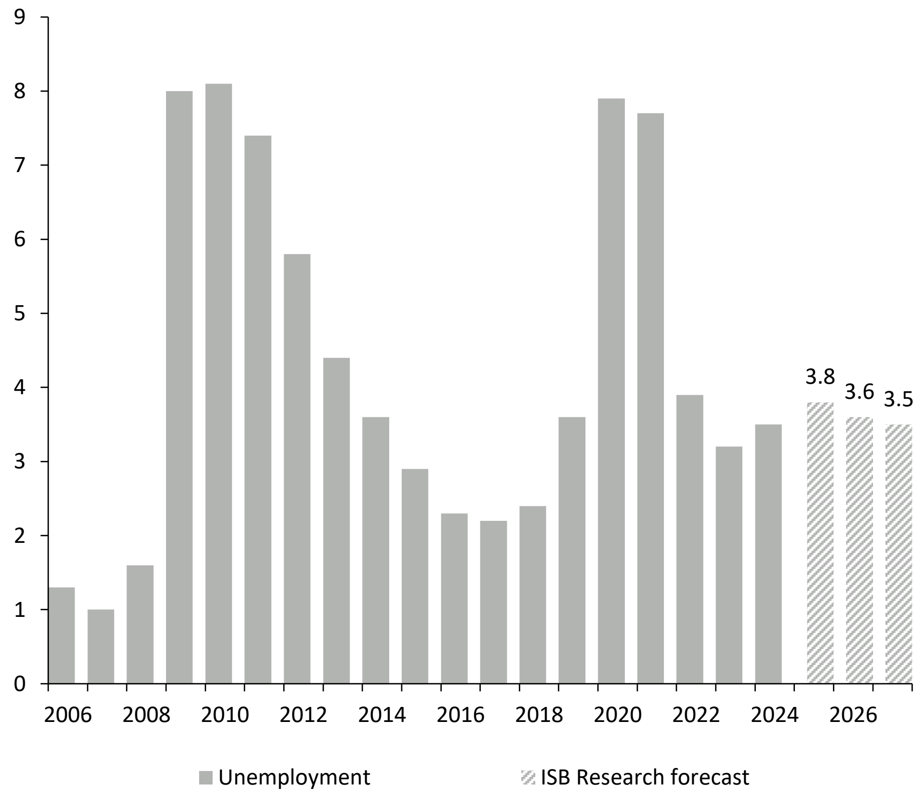
According to the Directorate of Labour (DoL), the number of persons unemployed for 6-12 months was up by almost 15% YoY in December. That percentage had been twice as high in August, but it fell rapidly as the winter progressed, owing in part to a stronger-than-expected tourist season in Q4.

Recent opinion surveys also suggest that the labour market will be less tight in the near future. According to Gallup's most recent survey, 23% of corporate executives reported staffing shortages – the smallest share since mid-2021.

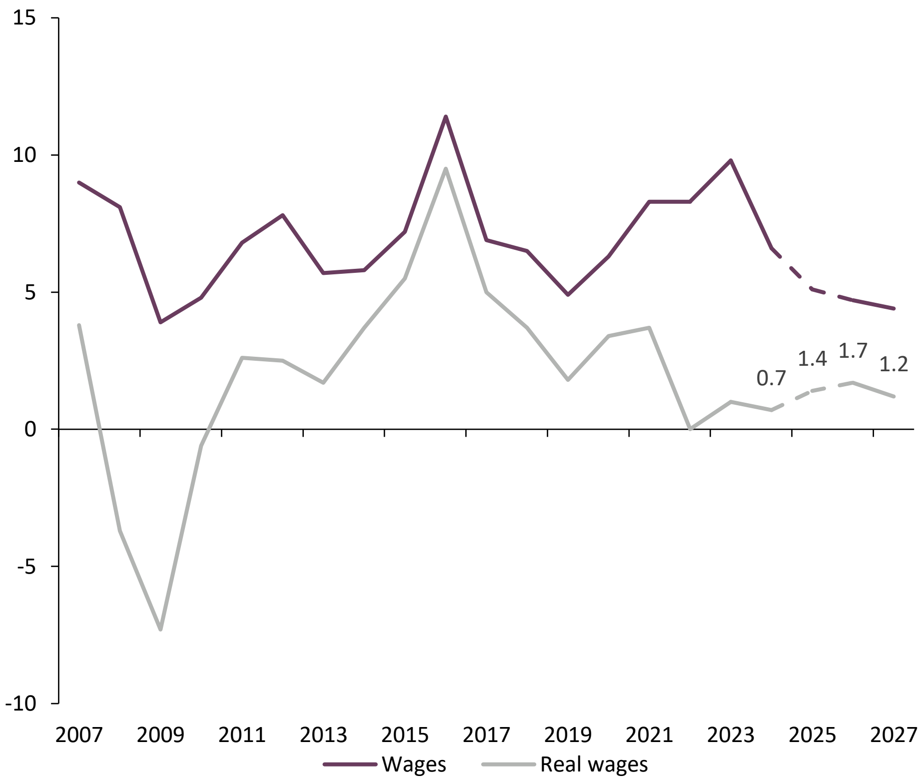
We assume that unemployment will rise by a scant 0.3 percentage points in 2025, to 3.8%. As the economy gains steam in the two years to follow, we expect the jobless rate to ease to 3.6% in 2026 and 3.5% in 2027.

Dwindling labour market tightness and long-term wage contracts with most worker groups have kept wage drift in check, but we still expect robust real wage growth during the forecast horizon. We also project that wages will rise by 5.1% in 2025, 4.7% in 2026, and 4.4% in 2027. If this forecast materialises, real wage growth will measure 1.4% this year, 1.7% next year, and 1.2% in 2027.

Unemployment as a share of the labour force
%



Nominal and real wages
% change between years



Source: SA, Gallup, The Central Bank of Iceland, Islandsbanki Research

Disinflation set to continue

Inflation rapidly approaching the target but will not reach it during the forecast horizon

Inflation continued to subside in 2024, after peaking in H1/2023. The disinflation process was fairly erratic at first, partly because of the Grindavík effect, but after mid-year prices fell swiftly. The rapid pace of disinflation in the autumn stemmed largely from the cancellation of fees at several of Iceland's universities and the implementation of free meals in primary schools, which had been negotiated earlier in the year.

Trading partner inflation tapered off as the year advanced, reaching target levels in many countries. The ISK also played a role, strengthening markedly due to capital inflows for portfolio investment from early September onwards.

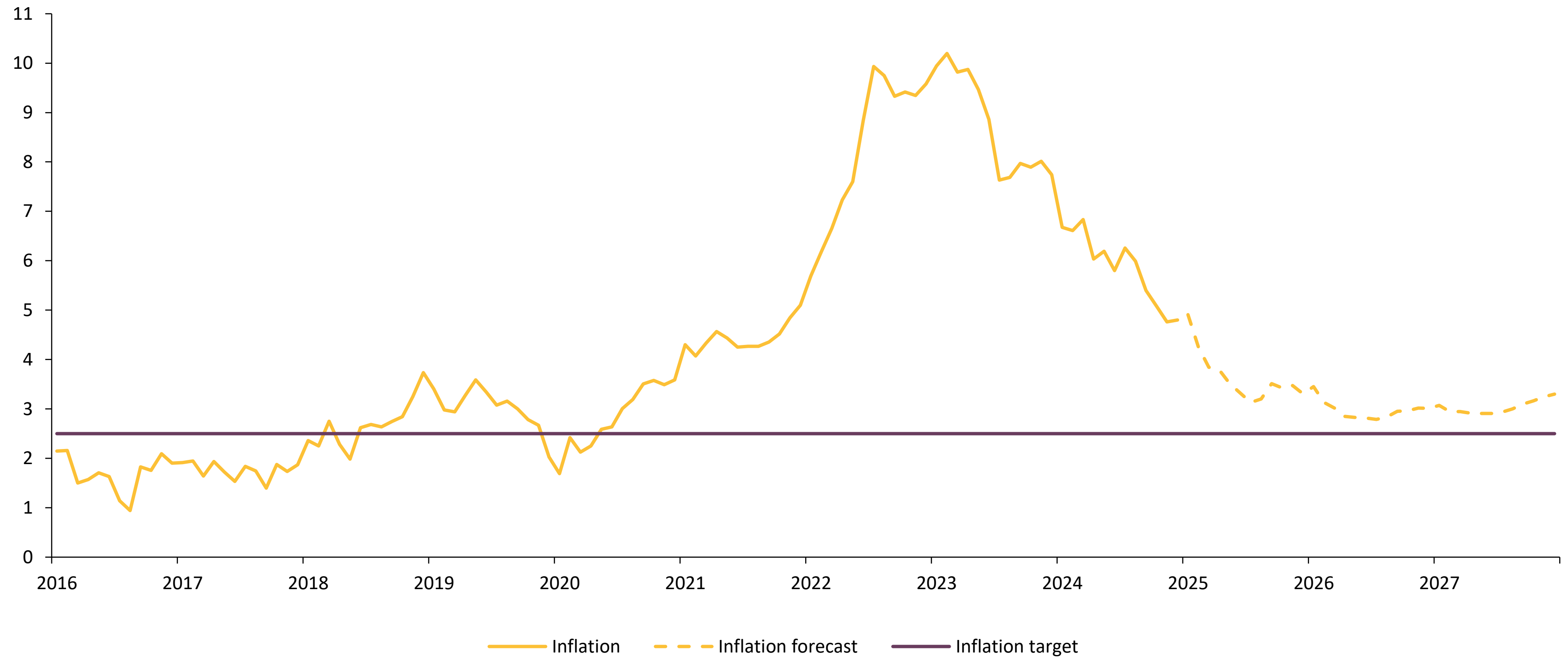
As before, external uncertainties are numerous. Poor harvests have pushed various commodity prices higher, with no end in sight. On the other hand, global oil prices are likely to fall, given the state of inventories and declining demand from China.

For 2025 as a whole, we expect inflation to average 3.6%. More stable prices abroad, limited wage drift, and a stable ISK will do the most to keep it at bay. For 2026, we expect it to average 3.0%, but we do not envision a further decline. In 2027, we expect an average inflation rate of 3.2%.

The biggest short-term uncertainty centres on wage agreements for the labour market segments whose contracts are still outstanding. Furthermore, there is general uncertainty about the impact of changes in government leadership, both in Iceland and abroad.

According to our forecast, inflation will not return to target during the forecast horizon; however, it will fall below the upper tolerance limit in March. We expect it to move very close to target by mid-year, but if this is to materialise, the exchange rate needs to be fairly stable and wage drift limited.

Inflation forecast %



Source: Statistics Iceland, Islandsbanki Research

Interest rates on a downward path in the coming term

The Central Bank's monetary easing phase will probably continue until mid-2026, with long-term interest rates following suit

After holding its key interest rate steady at 9.25% from spring 2023 until early October 2024, the Central Bank (CBI) began unwinding the monetary stance in Q4, amid falling inflation and signs of a slowdown in economic activity. The CBI cut the key rate by 0.75 percentage points during the quarter, to the current 8.5%.

Since the Monetary Policy Committee's (MPC) last interest rate decision, in November 2024, inflation expectations have fallen by most measures. The breakeven inflation rate in the bond market has inched upwards again recently, though. Furthermore, there are signs that the output gap is narrowing, price pressures in the housing market easing, and wage costs rising more slowly. However, growing private sector optimism and accumulated savings suggest that domestic demand will be resilient. In addition, unemployment is still low and the labour participation rate high.

If our forecast of developments in inflation and economic activity is borne out, the CBI's monetary easing episode will probably continue largely unabated until mid-2026 or so. Even so, some hiccups can be expected along the way, with temporary fluctuations in inflation or the short-term economic outlook.

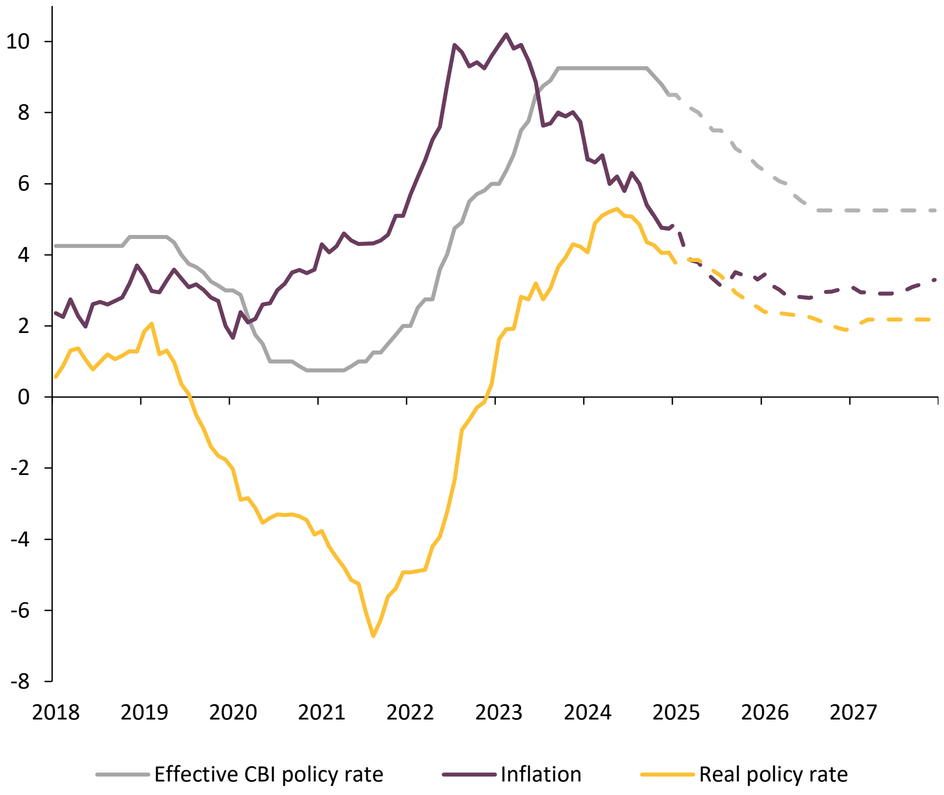
As a result, we forecast that the policy rate will be 6.5% by end-2025. The outlook is for the easing phase to end when the policy rate hits 5.0-5.5% after mid-2026.

Although the policy rate has started falling, 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 2.7%. Iceland's real interest rate is still high by nearly all measures.

We estimate that long-term nominal rates could fall to 5.7% and real rates to 2.2% over the forecast horizon. Accordingly, the long-term breakeven inflation rate would be 3.5%, as compared with the current 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.

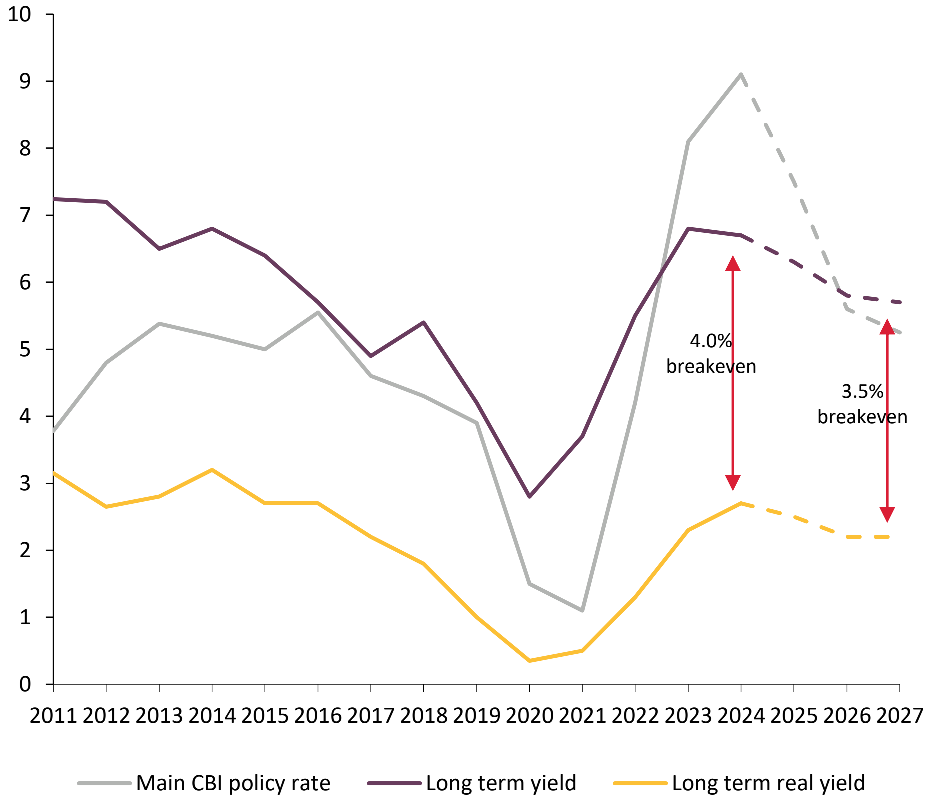
Policy rate and inflation

% real policy rate in terms of expected policy rate and inflation over the coming 12 months



Interest rates

% long-term nominal and real rates are 10 year treasury yields



Source: Kodiak, The Central Bank of Iceland, Statistics Iceland, Íslandsbanki Research

Macroeconomic forecast summarised

GDP and its components

Volume changes from prior year%	2023 ISK m	2023	Estimate 2024	Forecast 2025	Forecast 2026	Forecast 2027
Private consumption	2,140,722	0.5	0.9	2.7	2.4	2.3
Public consumption	1,084,584	1.8	2.4	1.9	2.0	2.0
Investment	1,044,879	1.6	3.0	0.2	3.5	3.3
-- business investment	676,427	3.6	3.2	-1.7	3.6	2.9
-- residential investment	195,561	-2.3	6.4	5.5	4.3	5.3
-- public investment	172,892	-1.2	-2.2	1.5	2.0	2.5
Changes in inventories	29,603	0.0	0.0	0.0	0.0	0.0
Domestic demand, total	4,299,789	1.6	1.1	1.8	2.6	2.5
Exports of goods and services	1,885,878	6.3	-1.0	2.9	3.6	3.7
– marine product exports (including aquaculture products)	352,797	-2.2	-1.0	2.7	3.2	3.7
-- aluminium products	323,726	1.4	-3.5	1.0	1.0	1.0
-- other goods exports	262,530	5.0	4.7	4.8	3.9	4.0
-- services exports	938,828	13.1	-1.5	3.1	4.5	4.5
Imports of goods and services	1,864,588	-1.1	2.8	2.1	3.6	3.5
-- goods imports	1,234,341	-2.7	2.4	2.0	3.9	3.7
-- services imports	630,247	2.3	3.5	2.3	3.1	3.1
Gross domestic product	**4,332,309**	**5.0**	**-0.5**	**2.2**	**2.5**	**2.6**

Macroeconomic forecast summarised

Other economic variables

% of GDP	2023	Estimate 2024	Forecast 2025	Forecast 2026	Forecast 2027
Investment	24.2	24.7	23.9	23.9	24.0
Current account balance	1.2	-1.5	-0.3	0.1	0.5
Trace account balance	0.5	-0.4	0.2	0.1	0.5
% change between annual averages					
Consumer prices	8.7	5.9	3.6	3.0	3.2
Wages	9.8	6.6	5.1	4.7	4.4
Real wages	1.0	0.7	1.4	1.7	1.2
Real exchange rate, relative consumer prices	0.6	3.3	4.2	2.2	0.5
House prices	7.8	8.1	6.4	5.4	5.8
Annual average (%)					
Unemployment	3.2	3.5	3.8	3.6	3.5
Trade-weighted exchange rate index	195.4	195.3	189.8	187.5	188.9
EUR/ISK exchange rate	149.1	149.3	145.2	143.4	144.4
CBI policy rate (7-day term deposits)	8.1	9.1	7.5	5.6	5.3
Long-term nominal interest rates (10-yr nominal Treasury bonds)	6.8	6.7	6.3	5.8	5.7
Long-term real interest rates (10-yr indexed Treasury bonds)	2.3	2.7	2.5	2.2	2.2

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