



2022|2

# REPORT

MONETARY POLICY COMMITTEE REPORT TO PARLIAMENT





# REPORT

MONETARY POLICY COMMITTEE REPORT  
TO PARLIAMENT 2022/2

12 January 2023

# Accompanying documents

## This report is accompanied by the following documents

Statement of the Monetary Policy Committee 24 August 2022	11
Statement of the Monetary Policy Committee 5 October 2022	12
Statement of the Monetary Policy Committee 23 November 2022	13
Minutes of the Monetary Policy Committee meeting August 2022	14
Minutes of the Monetary Policy Committee meeting October 2022	21
Minutes of the Monetary Policy Committee meeting November 2022	28
“Um síðustu vaxtaákvörðun“ [On the last interest rate decision]. Article by Gylfi Zoëga, external member of the Monetary Policy Committee, published in <i>Vísbending</i> on 2 September 2022 (in Icelandic).	36
Speech on the economic outlook, given by the Deputy Governor for Monetary Policy to Samiðn – the federation of industrial workers' unions, 19 September 2022	38
“Vaxtaákvörðun á viðsjárverðum tímum“ [Interest rate decisions in turbulent times]. Article by Gylfi Zoëga, external member of the Monetary Policy Committee, published in <i>Vísbending</i> on 7 October 2022 (in Icelandic)	47
Speech on the economic outlook, delivered by the Governor at the Chamber of Commerce monetary policy meeting, 24 November 2022	49
“Um vaxtaákvörðun 23. nóvember“ [On the 23 November interest rate decision]. Article by Gylfi Zoëga, external member of the Monetary Policy Committee, published in <i>Vísbending</i> on 2 December 2022 (in Icelandic)	57
Joint declaration by the Government and the Central Bank on inflation targeting, March 2001	59

# Monetary Policy Committee Report to Parliament

## 12 January 2023

---

The Act on the Central Bank of Iceland stipulates that the Monetary Policy Committee (MPC) of the Central Bank of Iceland shall submit to Parliament (Alþingi) a report on its activities twice a year and that the contents of the report shall be discussed in the Parliamentary committee of the Speaker's choosing.

The new Act on the Central Bank of Iceland, which entered into force on 1 January 2020, requires that the Monetary Policy Committee meet at least six times each year. Since the last report was sent to Parliament, the Committee has held three regular meetings, most recently on 23 November 2022. The following report discusses the work of the Committee between July and December 2022.

### Monetary policy formulation

According to the Act on the Central Bank of Iceland, the principal objective of monetary policy is to promote price stability. This objective is further described in the joint declaration issued by the Bank and the Icelandic Government on 27 March 2001 as an inflation target of 2½%, based on the consumer price index. By law, the MPC takes decisions on the application of the Bank's monetary policy instruments; furthermore, the MPC's decisions shall be based on a thorough and careful assessment of developments and prospects for the economy, including the assessment published in the Bank's *Monetary Bulletin*. The MPC's statements and minutes, enclosed with this report, contain the arguments for the Committee's decisions in the latter half of 2022.

Table 1. Central Bank of Iceland interest rate decisions H2/2022 (%)

<i>Date</i>	<i>Current accounts</i>	<i>Seven-day term deposits</i>	<i>Collateralised loans</i>	<i>Overnight loans</i>
24 August	5.25	5.50	6.25	7.25
5 October	5.50	5.75	6.50	7.50
23 November	5.75	6.00	6.75	7.75

## Developments from July to December 2022

At its August meeting, the Monetary Policy Committee (MPC) of the Central Bank of Iceland decided to raise the Bank's interest rates by 0.75 percentage points. The inflation outlook had continued to deteriorate, and inflation expectations had risen by most measures. The bleaker inflation outlook reflected stronger economic activity than had been anticipated, as well as more persistent house price inflation and higher global inflation. The Bank's updated macroeconomic forecast suggested that the GDP growth outlook had improved, particularly because of more robust private consumption and a more rapid recovery of the tourism industry. Job numbers had continued to rise and unemployment to fall, and a wider positive output gap had developed in the domestic economy than had previously been estimated.

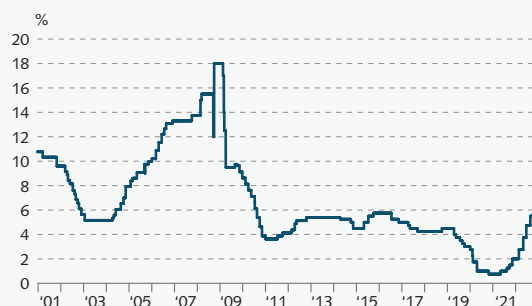
At its October meeting, the Committee decided to raise interest rates by 0.25 percentage points. It was the first rate hike of less than 0.75 percentage points thus far in 2022. MPC members agreed that the recent interest rate hikes had slowed overall demand growth and housing market activity. Inflation had eased between meetings, and it looked as though the short-term inflation outlook had improved, even though underlying inflation had risen. Inflation expectations had begun to fall again but were still above the Bank's inflation target. Indicators implied that demand would lose momentum over the course of the winter. Furthermore, indicators from the labour market suggested that the output gap in the domestic economy had peaked. In view of these indicators, the Committee was of the view that it was not a given that interest rates should be raised further, but that near-term monetary policy would be determined by actual developments.

At its November meeting, the MPC decided to raise interest rates by another 0.25 percentage points, as several factors had changed for the worse once again, underlying inflation had continued to rise, and price hikes were still very widespread. The króna had depreciated between meetings, and the long-term breakeven inflation rate in the bond market had risen somewhat. Indicators implied that inflation expectations had become less firmly anchored to the target, and it could therefore take longer than it would otherwise to bring inflation back to target. The GDP growth outlook for 2023 had also improved, according to the Bank's new macroeconomic forecast, as domestic demand appeared likely to grow more rapidly than previously estimated. The labour market was still quite tight, although tension had eased somewhat, and the positive output gap that

Chart 1

### Central Bank of Iceland key interest rate<sup>1</sup>

3 January 2001 - 30 December 2022



1. The Central Bank's key interest rate is defined as follows: the 7-day collateralised lending rate (until 31 March 2009), the rate on deposit institutions' current accounts with the Central Bank (1 April 2009 - 30 September 2009), the average of the current account rate and the rate on 28-day certificates of deposit (1 October 2009 - 20 May 2014), and the rate on 7-day term deposits (from 21 May 2014 onwards).

Source: Central Bank of Iceland.

had opened up looked set to narrow more slowly than previously assumed. The Bank's key rate was therefore 6% at the end of December 2022, or 1.25 percentage points higher than at the end of June, when the Committee sent its last report to Parliament.<sup>1</sup>

The monetary stance as measured in terms of the Central Bank's real rate tightened in H2/2022, in line with the increase in the key rate. In terms of the average of various measures of inflation and one-year inflation expectations, the Bank's real rate was -0.3% at the end of December, or 1.8 percentage points higher than at mid-year. The Bank's real rate in terms of twelve-month inflation rose by 0.4 percentage points over the same period, to -3.3% at the end of December.

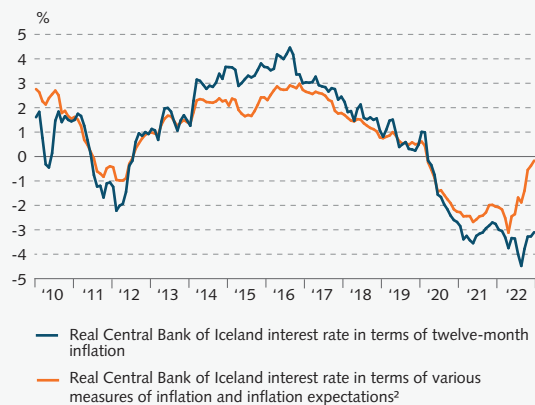
The nominal Treasury yield curve continued to rise in H2/2022. The yield on ten-year nominal Treasury bonds was 6.2% at the end of the year, having risen by 0.8 percentage points since the middle of the year and by 2 percentage points since end-2021. Long-term indexed rates had risen as well. The yield on indexed ten-year Treasury-guaranteed bonds was 2% at the year-end, 1 percentage point higher than at mid-year.

Annual growth in M3 averaged about 9½% in H2/2022. Growth eased somewhat during the summer but gained pace again as the winter advanced. Year-on-year growth in household lending was still strong, measuring around 10% for the entire year in spite of sizeable interest rate hikes and tighter borrower-based measures. Interest rates on non-indexed residential mortgages continued to rise in H2/2022, in tandem with Central Bank rate hikes. Indexed interest rates have also risen since H1, in line with a generally rising real rate. Interest rates on corporate loans have risen as well, and credit spreads on corporate loans have inched upwards relative to rates on the deposits available to businesses. The corporate loan stock has grown since March, after contracting uninterrupted since the beginning of 2021.

Inflows of capital for new investment totalled around 96.6 b.kr. in H2/2022 and were due almost exclusively to purchases of listed and unlisted equities. Over the same period, outflows of capital previously imported for new investment totalled 26.4 b.kr., mostly due to sales of listed shares and Treasury bonds. Net inflows relating to new investment therefore totalled 70.2 b.kr. in H2/2022, as compared with 11.0 b.kr. in H1/2022.

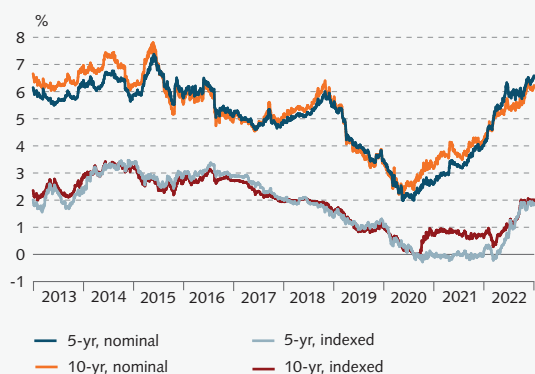
1. The key rate is the interest rate that is the most important determinant of short-term market rates and therefore is the best measure of the monetary stance. At present, this is the interest rate on seven-day term deposits with the Central Bank.

Chart 2  
Real Central Bank of Iceland interest rates<sup>1</sup>  
January 2010 - December 2022



1. From 2010 to May 2014, the nominal policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the policy rate has been the seven-day term deposit rate. 2. Until January 2012, according to twelve-month inflation, one-year business inflation expectations, one-year household inflation expectations, the one-year breakeven inflation rate, and the Central Bank forecast of twelve-month inflation four quarters ahead. From February 2012 onwards, according to the above criteria, plus one-year market inflation expectations based on a quarterly Central Bank survey.  
Sources: Gallup, Statistics Iceland, Central Bank of Iceland.

Chart 3  
Government-guaranteed bond yields<sup>1</sup>  
2 January 2013 - 30 December 2022



1. Based on the zero-coupon yield curve, estimated with the Nelson-Siegel method, using money market interest rates and government-guaranteed bonds.  
Source: Central Bank of Iceland.

The exchange rate of the króna rose by just over 5% in trade-weighted terms in H1/2022, when there was considerable optimism about the domestic economic outlook due to the relaxation of public health measures and expectations of a strong recovery of tourism. The trend reversed as the year progressed, however, and downward pressure on the króna intensified as the winter advanced. At the year-end, the króna was about 7% weaker than at mid-year and about 2% weaker than at the end of 2021. This is probably a reflection of increased pressure stemming from rapid growth in imports and a widening current account deficit. Furthermore, the interest rate differential with abroad has narrowed in the wake of recent policy rate hikes by foreign central banks. In H2/2022, the Bank sold foreign currency for 10.8 b.kr., which accounted for about 6½% of total foreign exchange market turnover during the period.

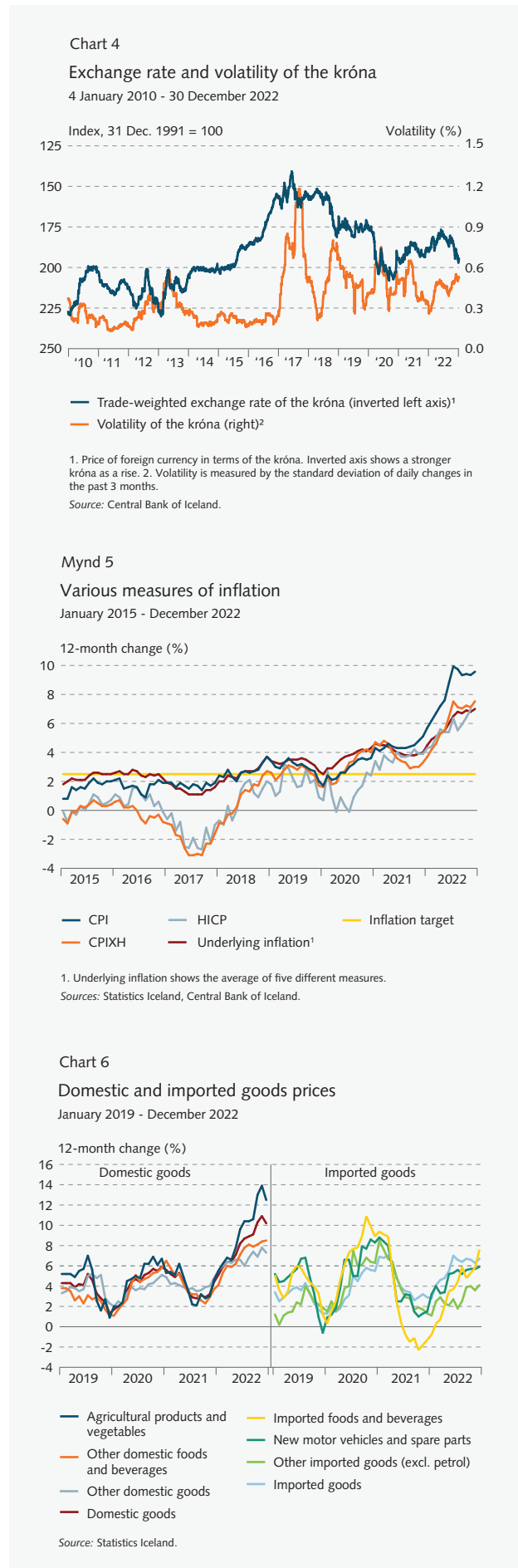
Inflation remained high in H2, and the long-term outlook deteriorated from June onwards. It measured 9.6% in December, after peaking at 9.9% in July. Inflation averaged 9.4% in Q4/2022, as was forecast in the November *Monetary Bulletin*. Inflation excluding housing measured 7.5% in December, the same as at its July 2022 peak. Underlying inflation measured 7% according to the average of various measures, as compared with 6% when the MPC sent its last report to Parliament.

There are clearer signs of a shift in the housing market, and house price inflation has eased recently. In December, the cost of owner-occupied housing had risen by 19.4% over the previous twelve months, as compared with nearly 21% at the time of the last report to Parliament.

Imported inflation held broadly stable as H2 passed, after rising steeply in H1 following the onset of the war in Ukraine. It rose in December, however. Global oil and commodity prices had fallen since the summer, however, although domestic petrol prices are still nearly 24% higher than they were a year ago. Domestic food and beverage prices have continued to rise in H2, as have other domestic goods prices. On the whole, imported goods prices have risen by 6.7% in the past twelve months and domestic goods prices by 10.2%.

According to the forecast in the November *Monetary Bulletin*, the outlook is for inflation to subside in 2023 but not fall below 4% until H1/2024. It is forecast to be close to the target in H2/2025.

The inflation outlook has deteriorated since June, when the last report was sent to Parliament. Trading partner inflation has risen still further in recent months, albeit at a reduced pace, and imported inflation therefore





looks set to increase. Furthermore, house prices have risen more in H2 than was envisaged at the time of the last report to Parliament. Recent developments in inflation are unusual in that they have been broadly similar throughout much of the world, indicating that an important part of inflation is attributable to common underlying factors. Chief among these are the rise in global oil and commodity prices, disruptions in supply chains, and rapid changes in consumption patterns in the wake of the pandemic. Added to this is the surge in global demand in the wake of broad-based fiscal and monetary support measures aimed at counteracting the economic contraction. Moreover, both the war in Ukraine and Western sanctions against Russia have strongly affected developments in energy and food prices.

Inflation expectations have risen by most measures since this summer. According to a recent survey of market agents' expectations, respondents expect inflation to have fallen to 4% in two years' time, and their inflation expectations have risen since the last report was sent to Parliament. According to Gallup's winter survey, corporate executives expect inflation to measure 5% in two years' time, which is unchanged from the summer survey, whereas households expect it to decline more slowly and to measure 6%.

Market agents expect inflation to average 3.5% in the next five and ten years. Their ten-year expectations have risen by 0.5 percentage points since the summer survey. Households and corporate executives expect it to average 5% and 4%, respectively, in the next five years. The breakeven inflation rate in the bond market five and ten years ahead declined in H2/2022, however, but the five-year breakeven rate five years ahead was 3.6% at the end of December, broadly as it was when the last report was sent to Parliament.

At the MPC's November meeting, members agreed that it was vital to ensure that the monetary stance was tight enough to bring inflation back to target within an acceptable time frame. They noted that underlying inflation had continued to rise and that price increases were very widespread. Inflation expectations were high by all measures, and indicators implied that they had grown less firmly anchored to the Bank's inflation target. As a result, there was significant risk that high inflation would prove more persistent than it would have been otherwise. The Committee also pointed out that the real rate was still negative and that in view of the tension in the labour market and the economy, it needed to be higher. Near-term monetary policy decisions would depend on developments in economic activity, inflation, and inflation expectations. In view of this, decisions taken at the

Chart 7  
Components of CPI inflation  
January 2018 - December 2022

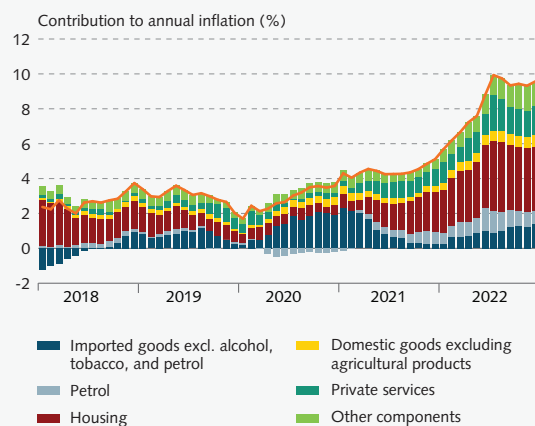


Chart 8  
Two- and five-year inflation expectations<sup>1</sup>  
Q1/2018 - Q4/2022

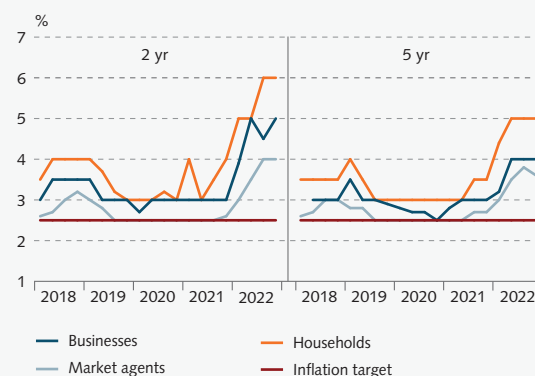
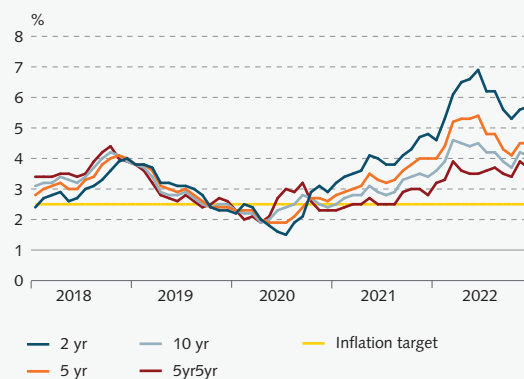


Chart 9  
Breakeven inflation rate<sup>1</sup>  
January 2018 - December 2022



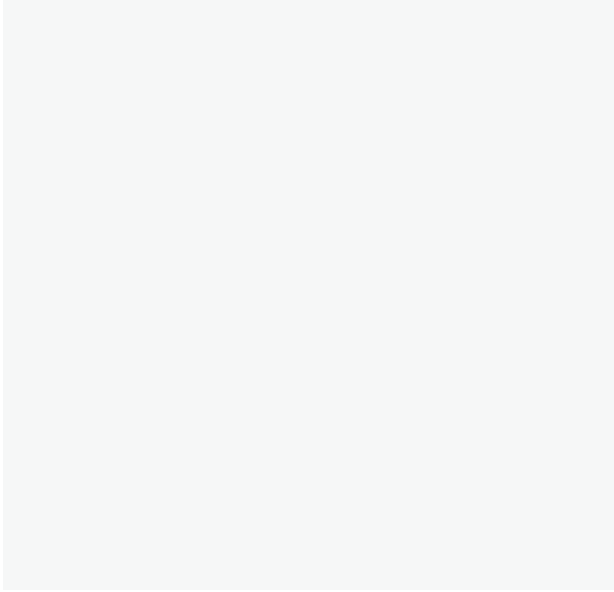
corporate level, in the labour market, and in public sector finances would be a major determinant of developments in interest rates in the coming term.

On behalf of the Central Bank of Iceland  
Monetary Policy Committee,



Ásgeir Jónsson

*Governor of the Central Bank of Iceland  
and Chair of the Monetary Policy Committee*



## Statement of the Monetary Policy Committee 24 August 2022

The Monetary Policy Committee (MPC) of the Central Bank of Iceland has decided to raise the Bank's interest rates by 0.75 percentage points. The Bank's key interest rate – the rate on seven-day term deposits – will therefore be 5.5%.

According to the updated macroeconomic forecast, published in the August *Monetary Bulletin*, GDP growth looks set to measure nearly 6% this year, some 1.3 percentage points above the May forecast, owing mainly to more robust private consumption growth and a more rapid rebound in tourism than was projected then. Job numbers continue to rise and unemployment to fall, and a wider positive output gap has developed in the domestic economy than was estimated in May.

The inflation outlook has continued to deteriorate. Inflation rose to 9.9% in July and is forecast to peak at nearly 11% late this year. The bleaker inflation outlook reflects stronger economic activity than was forecast in May, as well as more persistent house price inflation and higher global inflation. In addition, inflation expectations have risen even further by most measures.

The MPC considers it likely that the monetary stance will have to be tightened even further so as to ensure that inflation eases back to target within an acceptable time frame. Near-term monetary policy decisions will depend on developments in economic activity, inflation, and inflation expectations. Decisions taken at the corporate level, in the labour market, and in public sector finances will be a major determinant of how high interest rates must rise.

## Statement of the Monetary Policy Committee 5 October 2022

The Monetary Policy Committee (MPC) of the Central Bank of Iceland has decided to raise the Bank's interest rates by 0.25 percentage points. The Bank's key interest rate – the rate on seven-day term deposits – will therefore be 5.75%.

Indicators suggest that recent interest rate hikes have slowed overall demand growth and housing market activity. Headline inflation measured 9.3% in September and has fallen by 0.6 percentage points since the MPC's August meeting. Underlying inflation rose between meetings, however. There are also signs that inflation expectations have begun to decline again, although they are still above the Bank's inflation target.

According to preliminary national accounts data, GDP growth measured 6.8% in H1/2022. Demand appears to have been strong in Q3, although the outlook is for a slowdown as the winter advances. Furthermore, recent indicators from the labour market suggest that the output gap in the domestic economy has peaked. Moreover, the global economic outlook has deteriorated and uncertainty has grown, which could cause domestic demand to ease more quickly than previously assumed.

The MPC will continue to ensure that the monetary stance is tight enough to bring inflation back to target within an acceptable time frame. Near-term monetary policy decisions will depend on developments in economic activity, inflation, and inflation expectations. Decisions taken at the corporate level, in the labour market, and in public sector finances will be a major determinant of developments in interest rates in the coming term.

## Statement of the Monetary Policy Committee 23 November 2022

The Monetary Policy Committee (MPC) of the Central Bank of Iceland has decided to raise the Bank's interest rates by 0.25 percentage points. The Bank's key interest rate – the rate on seven-day term deposits – will therefore be 6%.

Inflation picked up again slightly in October, to 9.4%. Price increases are widespread, and underlying inflation has continued to rise. Inflation is expected to average 9.4% in Q4/2022 and then begin to ease gradually, measuring about 4½% in Q4/2023.

The króna has depreciated since the MPC's October meeting, and the long-term breakeven inflation rate in the bond market has risen somewhat. Furthermore, indicators imply that inflation expectations have become less firmly anchored to the target, and it could therefore take longer than it would otherwise to bring inflation back to target.

According to the Central Bank's new macroeconomic forecast, GDP growth is projected to measure 5.6% in 2022. The outlook for 2023 has improved, and growth is now projected at 2.8%, up from the August forecast of 1.9%. This is due to the prospect of more rapid growth of domestic demand than was previously assumed. The labour market is still quite tight, although tension has eased somewhat.

The MPC will continue to ensure that the monetary stance is tight enough to bring inflation back to target within an acceptable time frame. Near-term monetary policy decisions will depend on developments in economic activity, inflation, and inflation expectations. Decisions taken at the corporate level, in the labour market, and in public sector finances will be a major determinant of developments in interest rates in the coming term.



# MINUTES

## MONETARY POLICY COMMITTEE



2022

August  
110th meeting  
Published 7 Sept. 2022

## Minutes of the Monetary Policy Committee meeting

August 2022 (110th meeting)

Published: 7 September 2022

The Act on the Central Bank of Iceland states that decisions on the application of the Bank's monetary policy instruments shall be taken by the Monetary Policy Committee (MPC). It also states that the minutes of MPC meetings shall be made public and an account given of the Committee's decisions and the premises on which they are based. On the basis of this statutory authority, the MPC publishes the minutes of each meeting two weeks after the announcement of each decision. The minutes also include information on individual members' votes.

The following are the minutes of the MPC meeting held on 22 and 23 August 2022, during which the Committee discussed economic and financial market developments, decisions on the application of the Bank's monetary policy instruments, and the communication of those decisions on 24 August.

### **I Economic and monetary developments**

Before discussing monetary policy decisions, members discussed the domestic financial markets, financial stability, the outlook for the global economy and Iceland's international trade, the domestic economy, and inflation, with emphasis on information that had emerged since the Committee's last meeting, on 22 June 2022, as published in the updated forecast in *Monetary Bulletin 2022/3* on 24 August.

#### **Financial markets**

Since the June meeting, the króna had depreciated by 2.8% in trade-weighted terms. The Central Bank conducted no transactions in the market during the period.

In terms of the Central Bank's real rate, the monetary stance had eased since the June meeting. In terms of the average of various measures of inflation and inflation expectations, the Bank's real rate was -2.3%, or 0.5 percentage points lower than just after the announcement of the June interest rate decision. In terms of twelve-month inflation, it was -4.7% and had fallen by 2 percentage points over the same period.

Interest rates on unsecured overnight loans (the Icelandic króna overnight rate, or IKON) and rates in the interbank market for krónur rose in line with the increase in the key rate in June, but there had been no turnover in the market since the MPC's last meeting. Yields on long-term nominal Treasury bonds had fallen by up to 0.3 percentage points since the June meeting, whereas yields on long-term indexed Treasury bonds were more or less unchanged. Furthermore, average non-indexed mortgage lending rates had risen following the rise in the key rate in June, whereas average indexed mortgage rates had fallen marginally.

In terms of three-month interbank rates, the short-term interest rate differential was virtually unchanged versus the euro area, at 5.1 percentage points, whereas it narrowed versus the US

by 0.3 percentage points, to 2.6 percentage points. The long-term interest rate differential versus Germany had widened by 0.4 percentage points between meetings, to 4.4 percentage points, and the spread versus the US had widened by 0.2 percentage points, to 2.7 percentage points. Measures of the risk premium on the Treasury's foreign obligations had risen marginally between meetings. The CDS spread on the Treasury's five-year US dollar obligations was 0.5%, and the spread between the Treasury's eurobonds and comparable bonds issued by Germany was 1.4-1.5 percentage points.

According to the Central Bank's quarterly market expectations survey, conducted in August, respondents expected the Bank's key rate to be raised to 5.5% in Q3/2022, then increase still further in Q4 and measure 6% in Q1/2023. Thereafter, they expected interest rates to be lowered again, to 5.5% one year ahead and 4.5% two years ahead. This is a higher interest rate than market agents expected at the time of the April survey. Participants' responses on the monetary stance changed somewhat: and 67% considered the current stance too loose, down from 79% in April. On the other hand, the share who considered it appropriate rose to 29%, from 17% in the previous survey. Just over 4% of respondents in the August survey – the same as in the April survey – considered the monetary stance too tight.

Financial institutions' analysts expected the MPC to raise the Bank's interest rates by 0.75 percentage points, citing the continued rise in inflation since the previous MPC meeting and the persistent increase in house prices. Furthermore, real interest rates were negative, and short-term inflation expectations had risen. Analysts also noted that economic activity was strong at present, and a significant labour shortage had developed in some sectors. The economic outlook abroad had deteriorated in the recent term, however, and the impact of the Bank's recent interest rate hikes and tightening of macroprudential tools had yet to come to the fore.

Annual growth in M3 has eased marginally in 2022 to date and measured just over 10% in June. At the same time, annual growth in credit system lending to households is estimated at 10%, roughly the same as in recent months. Annual growth in corporate lending has gained pace over the course of the year, measuring just over 6% in June.

The Nasdaq Iceland OMXI10 index rose by 8.7% between meetings but was down 15.5% year-on-year in the first seven months of 2022. Turnover in the Main Market totalled 634 b.kr. in the first seven months of the year, or just under 12% more than over the same period in 2021.

### **Global economy and external trade**

According to the International Monetary Fund's (IMF) July forecast, global GDP growth is projected to measure 3.2% in 2022, or 0.4 percentage points less than in the Fund's April forecast. For 2023, growth is projected at 2.9%, or 0.7 percentage points below the April forecast. The bleaker global economic outlook is due largely to a poorer outlook for the US and China. The GDP growth outlook for the euro area has also deteriorated markedly because of the negative impact of the war in Ukraine, particularly for 2023. The global inflation outlook has also worsened further, in the IMF's opinion, owing to higher food and energy prices, and to the effects of persistent supply-demand imbalances in the global economy. Among advanced economies, inflation is forecast at 6.6%, or 0.9 percentage points above the April forecast. For 2023 it is forecast at 3.3%, or 0.8 percentage points above the April forecast.

According to preliminary figures from Statistics Iceland, the deficit on goods trade measured just over 10 b.kr. in June and 72 b.kr. in the first six months of 2022, as compared with a deficit of 77 b.kr. at constant exchange rates over the same period in 2021. The deficit excluding ships and aircraft was smaller, or 51 b.kr., which is similar to the deficit for the same period in 2021.



Goods export values increased by 48% during the first six months of the year, with all key categories contributing to the rise except for agricultural products, whose export value contracted year-on-year. As before, the strongest impact was from industrial goods exports, aluminium products in particular, which rose markedly in price. At the same time, imported goods values rose by 37% year-on-year, or by 42% excluding ships and aircraft, with all key categories contributing to the rise, particularly fuels and lubricants.

Global aluminium prices fell by 3% between meetings, to around 2,400 US dollars per tonne. This is about 13% lower than at the beginning of 2022 and 7% lower than in August 2021. Preliminary figures from Statistics Iceland indicate that foreign currency prices of marine products had risen 3% month-on-month in June and 21% over the first six months of 2022. The global price of Brent crude fell by 13% between MPC meetings, to 100 US dollars per barrel by the time of the August meeting. This is 27% higher than at the beginning of 2022, however, and just under 50% above the August 2021 price. Various other commodity prices have also fallen in global markets since the last MPC meeting, and overall they are similar to those seen in late 2021. The price of natural gas has risen sharply since the June meeting, however, particularly in Europe, as a result of further cutbacks in gas flows from Russia. Uncertainty about supplies for the coming winter has increased. Natural gas prices in Europe have more than doubled since June and increased more than six-fold since August 2021.

The real exchange rate in terms of relative consumer prices fell by 0.4% month-on-month in July, when it was 9.1% above its 25-year average but 0.5% lower than in December 2019. It rose by 4.1% year-on-year in the first seven months of 2022, as the nominal exchange rate rose by 4.2%, while inflation in Iceland was broadly in line with the trading partner average.

### **Domestic economy and inflation**

According to the Statistics Iceland labour force survey (LFS), job numbers rose 8.3% year-on-year in Q2/2022, and average hours worked increased between years for the first time since 2019. Total hours worked therefore rose by 9.1% year-on-year, the steepest increase in the history of the survey. According to seasonally adjusted LFS results, the labour participation rate fell by 0.7 percentage points between quarters, while the employment rate held unchanged. Unemployment fell by 0.7 percentage points between quarters, to 3.3%. The seasonally adjusted unemployment rate according to the Directorate of Labour was 3.7% in Q2. Unemployment has therefore fallen rapidly from its 2021 peak and is now broadly as it was in 2019. According to the LFS, the slack in the labour market has narrowed concurrent with declining unemployment and is now roughly as it was in late 2018.

Iceland's population grew by 2.6% year-on-year in Q2/2022. Net inward migration was positive by 3,600, including 3,510 foreign nationals, or 1.3% of the population aged 16-74. This is roughly equal to the peak percentage from Q2/2017.

The general wage index rose by 8.4% year-on-year in Q2, and the annual increase was 1.1 percentage points larger compared to Q1, as the GDP growth supplement provided for in wage agreements was activated in April. Real wages in terms of the index were 0.4% higher during the quarter than at the same time in 2021, whereas in July they declined by 1.7% year-on-year.

Key indicators of developments in private consumption in Q2 suggest that it remained strong. It is estimated to have grown by 14% year-on-year during the quarter. A major contributor was the surge in Icelanders' overseas travel this spring and summer, although consumption spending within Iceland also continued to grow strongly. Households are now more pessimistic about the economic outlook than they were earlier in the year.

Statistics Iceland's nationwide house price index, published at the end of July, rose 2.7% month-on-month when adjusted for seasonality and by 24.9% year-on-year. The capital area house price index, calculated by Registers Iceland, rose by 1.4% month-on-month in July when adjusted for seasonality, and by 25.5% year-on-year. The number of purchase agreements registered nationwide fell by 29.6% year-on-year in the first seven months of 2022, and the number of contracts for new construction declined by 30.8% over the same period. The average time-to-sale in the capital area was 1.7 months in July, considerably more than the July 2021 figure of 1.1 months, and the number of homes for sale has increased markedly in recent months.

The CPI rose by 1.17% month-on-month in July, and twelve-month inflation increased to 9.9%. Inflation excluding housing rose as well, to 7.5%. Underlying inflation measured 6.5%, according to the average of various measures.

Private services prices rose sharply in July, particularly because of a surge in airfares, and measured 8.5% higher than in July 2021. Owner-occupied housing costs, which rose by over 22% year-on-year, were another major factor, as they have been in the recent past. The price of clothing, shoes, and furniture declined because of summer sales, which had a stronger impact than in the previous two years. In addition, the rise in food and petrol prices lost momentum.

According to the Central Bank's market expectations survey, carried out in early August, their inflation expectations rose; they expect inflation to measure 4% two years ahead and then on average 3.8% over the next five years and 3.5% over the next ten. Market agents' long-term inflation expectations have therefore continued to rise. On the other hand, the five- and ten-year breakeven inflation rate in the bond market has fallen since June, while the five-year breakeven rate five years ahead was broadly unchanged at 3.6% in mid-August.

According to the updated forecast published in *Monetary Bulletin* on 24 August, the inflation outlook has deteriorated once again. Inflation has risen, measuring 9.9% in July. Although the surge in the housing component of the CPI and in global oil and commodity prices weighs heavily, inflation is quite widespread: inflation excluding housing measures 7.5%, and underlying inflation is 6.5%. Inflation expectations have also continued to rise by most measures. Inflation is forecast to move still higher, to 10.8% in Q4, and then subside gradually.

Global GDP growth has slowed since mid-2021, and pessimism about the economic outlook has increased since the Bank's last forecast, despite the recent decline in oil and commodity prices and reduced strain on global supply chains. Inflation has continued to rise worldwide, and the outlook for 2022 and 2023 is for weaker GDP growth among trading partners than was assumed in the May *Monetary Bulletin*.

In spite of the bleaker global outlook, Iceland's GDP growth prospects have improved since the May forecast. There are signs of continued strong private consumption in Q2, and it appears that households have drawn down their savings faster than was assumed in the Bank's last forecast. Furthermore, tourist visits to Iceland increased more rapidly this summer than previously forecast, and domestic firms appear to have been more successful in resolving the supply chain problems that developed in the wake of the war in Ukraine. GDP growth is projected at 5.9% this year, some 1.3 percentage points above the May forecast. As in May, GDP growth is projected to measure around 2% per year in 2023 and 2024.

There is still considerable uncertainty about the effects of the war in Ukraine. It is difficult to predict how deep and protracted these effects will be, and the outlook could deteriorate even more if natural gas imports from Russia to Europe are shut off. Furthermore, household

sentiment in Iceland and abroad has deteriorated, and it is difficult to assess the extent to which increased pessimism will affect consumers' spending decisions later this year and into 2023.

## II Decisions on the Bank's monetary policy instruments

The MPC discussed the monetary stance in view of economic developments and the decline in the Bank's real rate since the June meeting. Members discussed whether the monetary stance was appropriate in view of the inflation outlook, as the Committee had decided in June to raise interest rates still further. At that time, there were signs that domestic economic activity would remain strong, but on the other hand, sentiment among both households and businesses had deteriorated. Furthermore, inflation had continued to rise, and inflation expectations had increased by most measures.

Committee members noted that, according to the updated macroeconomic forecast, published in the *August Monetary Bulletin*, GDP growth looks set to measure nearly 6% this year, some 1.3 percentage points above the May forecast, owing mainly to more robust private consumption growth and a more rapid rebound in tourism than was projected then. It emerged that job numbers had continued to rise and unemployment to fall, and a wider positive output gap had developed in the domestic economy than was estimated in May.

The MPC noted that the inflation outlook had continued to deteriorate and that inflation had risen to 9.9% in July. It emerged that inflation was forecast to peak at nearly 11% late this year. The bleaker inflation outlook reflected stronger economic activity than was forecast in May, as well as more persistent house price inflation and higher global inflation. In addition, inflation expectations had risen even further by most measures.

All members agreed that the Bank's key rate should be raised further, and they discussed rate increases ranging from 0.5-1 percentage point. An important factor was that domestic demand had proven stronger than the MPC had anticipated, and there was clearly considerable momentum in the economy. There were signs that private consumption had grown significantly more than the Committee had assumed, and it appeared that households were drawing down their savings more quickly than previously estimated. By the same token, the tourism industry was recovering more rapidly than previously expected. In the MPC's opinion, this could be seen in, among other things, a significant tightening of the labour market by all measures. The inflation outlook had therefore continued to deteriorate. In the Committee's opinion, the continued rise in inflation expectations was also cause for concern, as it could exacerbate the risk that companies, prompted by strong demand and recent wage and input cost increases, would pass these costs through to prices to a greater extent.

The MPC's main arguments in favour of taking a smaller step were that the rapid increase in the key rate in the recent term had begun to have an effect, including on the housing market, and that the full impact had not yet come to the fore. In addition, steep cost of living increases and the prospect of reduced purchasing power could cause a reversal of the economic outlook. Furthermore, the global economic outlook had continued to worsen between meetings, which could affect Iceland's exports, and in many countries households' and businesses' had never been as pessimistic about the economic outlook. Moreover, global oil and commodity prices had fallen in the recent term, reducing inflationary pressures. The arguments in favour of taking a larger step were that it was vital to give increased weight to how rapidly pressures in the labour market had grown, and there were clear signs of overheating in the economy. It was pointed out that if the monetary stance were not tightened fast enough, high inflation would be more likely to become entrenched and it would be more difficult to bring it back to target.

In view of the discussion, the Governor proposed that the Bank's interest rates be raised by 0.75 percentage points. The Bank's key rate (the seven-day term deposit rate) would be 5.5%, the current account rate 5.25%, the seven-day collateralised lending rate 6.25%, and the overnight lending rate 7.25%. All members voted in favour of the Governor's proposal, although Gylfi Zoëga would have preferred to raise rates by 1 percentage point.

The MPC discussed that it was likely that the monetary stance would have to be tightened even further so as to ensure that inflation eases back to target within an acceptable time frame. Near-term monetary policy decisions would depend on developments in economic activity, inflation, and inflation expectations. Decisions taken at the corporate level, in the labour market, and in public sector finances would be a major determinant of how high interest rates must rise.

The following Committee members were in attendance:

Ásgeir Jónsson, Governor and Chair of the Monetary Policy Committee

Rannveig Sigurdardóttir, Deputy Governor for Monetary Policy

Gunnar Jakobsson, Deputy Governor for Financial Stability

Gylfi Zoëga, Professor, external member

Herdís Steingrimsdóttir, Associate Professor, external member

Thórarinn G. Pétursson, Chief Economist of the Central Bank, was present for the entire meeting. In addition, several Bank staff members attended part of the meeting.

Karen Á. Vignisdóttir wrote the minutes.

The next Statement of the Monetary Policy Committee will be published on Wednesday 5 October 2022.



# MINUTES

## MONETARY POLICY COMMITTEE



2022

October  
111th meeting  
Published 19 Oct. 2022

## Minutes of the Monetary Policy Committee meeting

October 2022 (111th meeting)

Published: 19 October 2022

The Act on the Central Bank of Iceland states that decisions on the application of the Bank's monetary policy instruments shall be taken by the Monetary Policy Committee (MPC). It also states that the minutes of MPC meetings shall be made public and an account given of the Committee's decisions and the premises on which they are based. On the basis of this statutory authority, the MPC publishes the minutes of each meeting two weeks after the announcement of each decision. The minutes also include information on individual members' votes.

The following are the minutes of the MPC meeting held on 3 and 4 October 2022, during which the Committee discussed economic and financial market developments, decisions on the application of the Bank's monetary policy instruments, and the communication of those decisions on 5 October.

### **I Economic and monetary developments**

Before turning to monetary policy decisions, members discussed the domestic financial markets, financial stability, the outlook for the global economy and Iceland's international trade, the domestic economy, and inflation, with emphasis on information that has emerged since the Committee's last meeting, on 24 August 2022.

#### **Financial markets**

Since the August meeting, the króna had remained unchanged in trade-weighted terms. Between meetings, the Bank sold foreign currency for 42 million euros (5.9 b.kr.). The Bank's transactions during the period accounted for 13% of total turnover in the foreign exchange market.

In terms of the Central Bank's real rate, the monetary stance had tightened since the August meeting. In terms of the average of various measures of inflation and inflation expectations, the Bank's real rate was -1.2%, or 0.3 percentage points higher than just after the announcement of the August interest rate decision. In terms of twelve-month inflation, however, it was -3.5% and had risen by 0.5 percentage points over the same period.

Interest rates on unsecured overnight loans (the Icelandic króna overnight rate, or IKON) and rates in the interbank market for krónur rose in line with the increase in the key rate in August, but there had been no turnover in the market since the MPC's last meeting. Yields on long-term nominal Treasury bonds had risen by 0.1 percentage points since the August meeting, and yields on long-term indexed Treasury bonds had risen by up to 0.6 percentage points. Furthermore, average non-indexed mortgage lending rates had risen following the rise in the key rate in August, and average indexed mortgage rates had risen marginally.

In terms of three-month interbank rates, the interest rate differential was virtually unchanged between meetings, at 5.1 percentage points versus the euro area and 2.6 percentage points versus the US. The long-term interest rate differential versus Germany had narrowed by 0.5 percentage points between meetings, to 3.9 percentage points, and the spread versus the US had narrowed to 2.2 percentage points. Measures of the risk premium on the Treasury's foreign obligations had risen between meetings. The CDS spread on the Treasury's five-year US dollar obligations was 0.7%, and the spread between the Treasury's eurobonds and comparable bonds issued by Germany was 1.6 percentage points.

Financial institutions' analysts expected the MPC to raise the Bank's interest rates by 0.25-0.5 percentage points, citing that inflation had most likely peaked, the inflation outlook had improved, and inflation expectations had declined since the last interest rate decision. Real estate prices had turned around sharply, and the global economic outlook had generally worsened. Analysts mentioned, however, that there were significant signs of overheating in the economy, the labour market was still characterised by labour shortages, and inflation expectations were above the Central Bank's inflation target.

Annual growth in M3 has eased slightly over the course of the year, measuring just above 8½% in August. At the same time, annual growth in credit system lending to households is estimated at 10%, roughly the same as in 2022 to date. Annual growth in corporate lending has gained pace somewhat over the course of the year, measuring just over 7% in August.

The Nasdaq OMXI10 index had fallen by 11.9% between meetings. Turnover in the Main Market totalled 808 b.kr. in the first nine months of 2022, some 6% more than over the same period in 2021.

### **Global economy and external trade**

According to the Organisation for Economic Cooperation and Development's (OECD) September forecast, the global economy is set to grow by 3% this year, the same as in the June forecast. For 2023, growth is projected at 2.2%, or 0.6 percentage points below the June forecast. The inflation outlook has also deteriorated, with inflation in OECD countries forecast at 8.2% this year and 6.6% in 2023. This is 0.6 and 0.3 percentage points, respectively, above the June forecast. The worsening global economic outlook is largely attributable to the repercussions of the war in Ukraine, particularly the rise in energy and food prices that has pushed inflation upwards worldwide. Shrinking household purchasing power and increased pessimism, together with rising energy prices – particularly natural gas prices in Europe – are expected to have a dampening effect on both private consumption and investment worldwide. The tighter monetary stance in most of the world's largest economies, in response to the deterioration of the inflation outlook over the past year, is also a key factor in weaker global economic activity. Furthermore, economic activity has slowed markedly in China, owing to the repercussions of the pandemic and weaknesses in the Chinese real estate market.

According to preliminary figures from Statistics Iceland, the deficit on goods trade measured 12 b.kr. in August and 112 b.kr. in the first eight months of 2022, as compared with a deficit of 117 b.kr. at constant exchange rates over the same period in 2021 (FOB/FOB). Goods export values increased by 47% over the first eight months of the year, with all categories except agricultural products contributing to the rise. The strongest impact was from industrial goods exports, aluminium products in particular, whose prices rose markedly between years. Import values

increased by 36% over the same period, with all key categories contributing to the rise, particularly fuels and lubricants.

Global aluminium prices fell by 4% after the MPC's August meeting, to around 2,300 US dollars per tonne, which is about 20% below the price at the beginning of October 2021. Preliminary figures from Statistics Iceland indicate that foreign currency prices of marine products had risen by 2.6% month-on-month in August and by 22% over the first eight months of the year. The global price of Brent crude fell by just over 8% between MPC meetings, to 92 US dollars per barrel by the time of the August meeting. Nevertheless, it is 16% higher than at the beginning of 2022 and 13% above the early October 2021 price.

The real exchange rate in terms of relative consumer prices fell by 0.9% month-on-month in August, when it was 8.1% above its 25-year average but 1.4% lower than in December 2019. It rose by 4% year-on-year in the first eight months of 2022, owing almost entirely to the rise in the nominal exchange rate, as inflation in Iceland was broadly in line with the trading partner average.

### **Domestic economy and inflation**

According to preliminary figures published by Statistics Iceland at the end of August, GDP growth measured 6.1% in Q2, slightly below the forecast in the August *Monetary Bulletin*. In seasonally adjusted terms, GDP grew by 3.9% between quarters, after contracting in Q1. Domestic demand grew by 4.8% year-on-year in Q2, and most components developed in line with the last forecast, apart from residential investment and the contribution from inventory changes. The contribution from net trade to changes in GDP was positive by 1 percentage point during the quarter, slightly more than was assumed in the forecast.

GDP growth measured 6.8% in H1/2021. According to figures from Statistics Iceland, most components of domestic demand were in line with the Bank's August forecast, although the contribution from inventory changes was smaller than projected. Exports were up 23.3% year-on-year and imports by 24.5%, and the contribution from net trade was therefore negative by 1.4 percentage points. It was slightly less negative than in the Bank's forecast, owing in part to a revision of Q1 data.

Key indicators of developments in private consumption in Q3 suggest continued strong demand. Year-on-year growth in payment card turnover was still robust, although it had slowed somewhat. Nevertheless, households are still relatively pessimistic, according to the Gallup Consumer Confidence Index, which measured just under 100 points in September, indicating that consumers are optimistic and pessimistic in roughly equal numbers.

According to the fiscal budget proposal for 2023, the Treasury is expected to show a deficit of 89 b.kr., or 2.3% of GDP, which represents an improvement of nearly 53 b.kr. between years. This is a smaller deficit than was assumed in the fiscal plan introduced this past summer, mainly because of stronger economic activity, which is expected to deliver increased revenues in 2023, and because of measures on the revenues side that will pull in the same direction. Furthermore, the Treasury primary balance is projected to be negative by 0.7% of GDP in 2023. Expenditure growth according to the budget proposal is less than the increase in revenues and the projected increase in GDP; therefore, expenditures will decline as a share of GDP during the year. After significant fiscal easing during the pandemic, the fiscal stance tightened markedly in 2022, owing to the expiry of the Government's discretionary pandemic response measures, and is expected to tighten further in 2023.



According to the results of Gallup's autumn survey, conducted in August and September among Iceland's 400 largest firms, respondents' assessment of the current economic situation was somewhat more negative than in the summer survey. Their expectations six months ahead were also more negative, as nearly 41% of executives expected the economic situation to deteriorate in six months' time, a somewhat larger share than in the summer. About one-fourth of executives expected economic conditions to improve in the next six months. Executives were also somewhat more pessimistic about both domestic and foreign demand than in the summer survey, particularly those in transport, transit, and tourism.

Prospects for firms' performance had worsened since the spring survey, but about a third of executives expected to record larger profits in 2022 than in 2021. A majority of survey respondents reported increased margins in the past six months, while about half of them expected their margins to remain unchanged in the next six months and 28% expected them to increase. Prospects for investment also deteriorated slightly between surveys, although the outlook was still for stronger investment in 2022 than in 2021.

The seasonally adjusted results of Gallup's autumn survey showed that labour demand was still strong, although it had contracted marginally between surveys. One-third of firms were planning to add on staff, while just under 7% were planning to downsize. The balance of opinion was therefore positive by 27 percentage points, whereas it has been close to 30 percentage points since the spring 2021 survey. Firms are still faced with significant staffing problems and have difficulty increasing production. About 54% of executives considered themselves short-staffed, the same as in the previous survey. In addition, somewhat fewer executives reported difficulty responding to an unexpected increase in demand than in the previous survey, or 56%. Problems relating to staffing and boosting production were most pronounced in construction, wholesale and retail trade, and transport, transit, and tourism.

The wage index rose by 0.2% month-on-month in August and by 8% year-on-year. Real wages were 1.6% lower than at the same time in 2021.

Statistics Iceland's nationwide house price index, published at the end of September, was virtually unchanged when adjusted for seasonality but rose by 22.6% year-on-year. The capital area house price index, calculated by the Housing and Construction Authority (HMS), fell by 0.4% month-on-month in August when adjusted for seasonality, but rose by 23% year-on-year. The number of purchase agreements registered nationwide fell by 28.1% year-on-year in the first eight months of 2022, while the number of contracts for new construction declined by 26.4% over the same period. The average time-to-sale in the capital area was 1.8 months in August, considerably more than the August 2021 figure of 1.1 months, as the number of homes for sale has increased markedly in recent months.

The consumer price index (CPI) rose by 0.09% month-on-month in September, lowering twelve-month inflation for the second month in a row, to 9.3%. Inflation excluding housing declined as well, to 7%. Underlying inflation was 6.7%, according to the average of various measures, and has increased since the MPC's August meeting.

Reduced airfares and higher prices for clothing, furniture, and housewares (owing to the end of seasonal sales) had the strongest impact in September. Fuel prices also fell somewhat. The cost of owner-occupied housing was unchanged between months and just over a fifth higher than at the same time in 2021. The price of food and various subcomponents of services continued to rise in September.

Businesses' inflation expectations one and two years ahead declined, according to Gallup's autumn survey, and executives now expect inflation to measure 4.5% in two years' time.

Households' two-year inflation expectations rose, however, to 6%. On the other hand, both households' and businesses' long-term inflation expectations were unchanged between surveys: households expect inflation to average 5% over the next five years, and businesses expect it to average 4%. The breakeven inflation rate in the bond market has declined since August, and the five-year breakeven rate five years ahead was roughly 3.3% at the beginning of October.

## II Decisions on the Bank's monetary policy instruments

The MPC discussed the monetary stance in view of economic developments and the fact that the Bank's real rate had risen since the August meeting. Members discussed whether the monetary stance was appropriate in view of the inflation outlook, as the Committee had decided in August to raise interest rates still further. At that time, the outlook had been for stronger GDP growth in 2022 than previously forecast, and a wider positive output gap had developed in the economy. The inflation outlook had continued to deteriorate, and inflation expectations had risen by most measures.

MPC members agreed that clearer indications had emerged between meetings to suggest that the recent interest rate hikes had slowed overall demand growth and housing market activity. Headline inflation measured 9.3% in September and had fallen by 0.6 percentage points since the MPC's August meeting. It emerged, however, that underlying inflation had risen between meetings, possibly indicating that inflationary pressures were still underestimated. There were signs that inflation expectations had begun to decline again, although they were still above the Bank's inflation target.

The MPC discussed preliminary national accounts data, which showed that GDP growth measured 6.8% in H1/2022. It emerged that demand appeared to have been strong in Q3, although the outlook was for a slowdown as the winter advanced. Committee members discussed recent indicators from the labour market, which suggested that the positive output gap in the domestic economy had peaked. Moreover, the global economic outlook had deteriorated and uncertainty had grown, which could cause domestic demand to ease more quickly than had previously been assumed.

MPC members were of the opinion that there were grounds to either hold the key rate unchanged or to raise it by 0.25-0.5 percentage points. The main arguments in favour of keeping the key rate unchanged were that inflation had proven lower than expected recently and the short-term inflation outlook had improved. In addition, inflation expectations had fallen by some measures. The Bank's real rate had therefore risen between meetings and looked set to rise further if inflation continued to fall. Members agreed that there were now clear signs that the Bank's actions had begun to affect demand, as housing market activity and house price inflation had begun to ease. Tensions in the labour market also appeared to have eased in the recent term. Furthermore, private consumption growth could be expected to lose pace, all else being equal, as real wages had begun to contract. Moreover, the global economic outlook was worse than expected, particularly in view of the rising cost of living in Europe and the troubled outlook for energy supply. In the Committee's opinion, this could have a negative impact on the outlook for Iceland's exports.

The arguments in favour of raising interest rates were that inflation remained far above the target even though it had eased between meetings, and underlying inflation had risen. Long-term inflation expectations were above target as well, and the inflation outlook in trading partner countries had deteriorated. By the same token, the risk of second-round effects on

domestic inflation would increase if firms passed higher input costs through to domestic prices. Annual wage inflation had also been strong for some time, and in the MPC's opinion, the labour market was still tight and domestic demand strong. It was pointed out that as a result, the monetary stance was not tight enough given the business cycle position and the positive output gap, as the Bank's real rate was still negative and below its equilibrium level. It was important to avoid easing the policy stance too soon, as this could make bringing inflation down costlier than it would be otherwise.

In view of the discussion, the Governor proposed that the Bank's interest rates be raised by 0.25 percentage points. The Bank's key rate (the seven-day term deposit rate) would be 5.75%, the current account rate 5.5%, the seven-day collateralised lending rate 6.5%, and the overnight lending rate 7.5%. All Committee members voted in favour of the proposal.

Members agreed that it was vital to ensure that the monetary stance was tight enough to bring inflation back to target within an acceptable time frame. Near-term monetary policy decisions would depend on developments in economic activity, inflation, and inflation expectations. Decisions taken at the corporate level, in the labour market, and in public sector finances would be a major determinant of developments in interest rates in the coming term.

The following Committee members were in attendance:

Ásgeir Jónsson, Governor and Chair of the Monetary Policy Committee

Rannveig Sigurdardóttir, Deputy Governor for Monetary Policy

Gunnar Jakobsson, Deputy Governor for Financial Stability

Gylfi Zoëga, Professor, external member

Herdís Steingrímisdóttir, Associate Professor, external member

Thórarinn G. Pétursson, Chief Economist of the Central Bank, was present for the entire meeting. In addition, several Bank staff members attended part of the meeting.

Karen Á. Vignisdóttir wrote the minutes.

The next Statement of the Monetary Policy Committee will be published on Wednesday 23 November 2022.



# MINUTES

## MONETARY POLICY COMMITTEE



2022

November  
112th meeting  
Published 7 Dec. 2022

## Minutes of the Monetary Policy Committee meeting

November 2022 (112th meeting)

Published: 7 December 2022

The Act on the Central Bank of Iceland states that decisions on the application of the Bank's monetary policy instruments shall be taken by the Monetary Policy Committee (MPC). It also states that the minutes of MPC meetings shall be made public and an account given of the Committee's decisions and the premises on which they are based. On the basis of this statutory authority, the MPC publishes the minutes of each meeting two weeks after the announcement of each decision. The minutes also include information on individual members' votes.

The following are the minutes of the MPC meeting held on 21 and 22 November 2022, during which the Committee discussed economic and financial market developments, decisions on the application of the Bank's monetary policy instruments, and the communication of those decisions on 23 November.

### **I Economic and monetary developments**

Before discussing monetary policy decisions, members discussed the domestic financial markets, financial stability, the outlook for the global economy and Iceland's international trade, the domestic economy, and inflation, with emphasis on information that has emerged since the Committee's last meeting, on 5 October 2022, as published in the new forecast and analysis of uncertainties in *Monetary Bulletin 2022/4* on 23 November.

#### **Financial markets**

Since the October meeting, the króna had depreciated by 1.9% in trade-weighted terms. Between meetings, the Bank sold foreign currency for 33 million euros (4.9 b.kr.). The Bank's transactions during the period accounted for 8% of total turnover in the foreign exchange market.

In terms of the Central Bank's real rate, the monetary stance was broadly unchanged since the MPC's October meeting. In terms of the average of various measures of inflation and inflation expectations, the Bank's real rate was -0.4%, or 0.1 percentage points higher than just after the announcement of the October interest rate decision. In terms of twelve-month inflation, it was -3.3% and had fallen by 0.1 percentage points over the same period.

Interest rates on unsecured overnight loans (the Icelandic króna overnight rate, or IKON) and rates in the interbank market for krónur rose in line with the increase in the key rate in October, but there had been no turnover in the market since the MPC's last meeting. Yields on long-term nominal Treasury bonds had risen by as much as 0.9 percentage points since the October meeting, and yields on long-term indexed Treasury bonds had risen by up to 0.3 percentage points. Furthermore, average non-indexed mortgage lending rates had risen following the rise in the key rate in October, and average indexed mortgage rates had risen marginally.

In terms of three-month interbank rates, the interest rate differential had narrowed against the euro by 0.6 percentage points between meetings, to 4.6 percentage points, and had narrowed by 0.8 percentage points against the US dollar, to 1.7 percentage points. The long-term interest rate differential versus Germany had widened by 0.5 percentage points between meetings, to 4.4 percentage points, whereas the spread versus the US had narrowed by 0.4 percentage points, to 2.6 percentage points. Measures of the risk premium on the Treasury's foreign obligations had fallen between meetings. The CDS spread on the Treasury's five-year US dollar obligations was 0.5%, and the spread between the Treasury's eurobonds and comparable bonds issued by Germany was 1.4 percentage points.

According to the Central Bank's quarterly market expectations survey, conducted in November 2022, respondents expected the Bank's key rate to remain unchanged at 5.75% in the near term and then be lowered to 5.5% in Q3/2023. They expected it to measure 4.5% in two years' time. This is a lower interest rate than market agents expected at the time of the August survey. Participants' responses on the monetary stance changed between surveys: 18% considered the current stance too loose, down from 67% in April. The share who considered the monetary stance appropriate rose from 29% to 67%. About 15% of respondents considered the monetary stance too tight, as compared with only 4% in the previous survey.

Financial institutions' analysts expected the MPC either to hold the Bank's interest rates unchanged or to raise them by 0.25 percentage points, citing the recent depreciation of the króna, the rise in the breakeven inflation rate in the bond market, and the persistent strength of the housing market. Furthermore, domestic demand had grown considerably, and the labour market was tight. They mentioned, however, that the full impact of recent interest rate hikes had yet to come to the fore, there was considerable uncertainty about wage negotiations, and the economic outlook abroad had deteriorated further.

Year-on-year growth in M3 declined slightly during the summer but picked up again in October, measuring around 11½%. At the same time, annual growth in credit system lending to households is estimated at just under 10%, roughly the same as in 2022 to date. Annual growth in corporate lending has gained pace over the course of the year, measuring just below 10% in October.

The Nasdaq OMXI10 index had risen by 7.9% between meetings. Turnover in the Main Market totalled 881 b.kr. in the first ten months of 2022, similar to that in the same period in 2021.

### **Global economy and external trade**

According to the International Monetary Fund's (IMF) mid-October forecast, global GDP growth is projected to shrink from 6% in 2021 to 3.2% in 2022. It is expected to contract still further in 2023, to 2.7%. This would be the weakest global output growth rate since 2001, apart from the contractions that occurred in the wake of the financial crisis and the pandemic. The IMF's GDP growth projection for 2022 is unchanged from its July forecast, whereas its 2023 forecast has been revised downwards by 0.2 percentage points. Projections for both years were revised significantly downwards from the April forecast, however, particularly for developed countries. The bleaker outlook reflects the impact of higher global inflation, poorer financial conditions alongside expectations of more interest rate hikes by leading central banks, and the adverse effect of Russia's invasion of Ukraine on the global economy – and particularly on Europe, owing to reduced energy supplies from Russia. Furthermore, economic activity in China has slowed more than expected in the wake of tighter public health measures and weaknesses in the Chinese real estate market. The global inflation outlook has continued to worsen, according to

the IMF. Inflation in advanced economies is forecast at 7.2% this year and 4.4% in 2023. These figures are above the Fund's July forecast by 0.6 and 1.1 percentage points, respectively.

According to preliminary figures from Statistics Iceland, the deficit on goods trade measured just over 49 b.kr. in October, the largest single-month deficit recorded to date (FOB/FOB). In comparison, the goods account deficit in October 2021 was just under 7 b.kr. at constant exchange rates. This year's October deficit is due to strong growth in imports, particularly oil and investment goods, but in addition, goods export values were a full 15% lower than in the previous month. For the first ten months of the year, the goods account deficit therefore totalled 196 b.kr., as compared with a deficit of 128 b.kr. at constant exchange rates for the same period in 2021. The deficit in the first ten months of this year is larger than that recorded in 2021 as a whole and about the same (at constant exchange rates) as the deficit for 2018 as a whole. The value of exported goods rose by 41% in the first ten months of the year, with all key components contributing to the increase. The strongest impact was from industrial goods exports, particularly aluminium products, whose prices rose markedly in H1. At the same time, imported goods values rose by 43%, with all key components contributing to the increase. The main drivers of the increase were petrol and lubricants, which have increased by more than 200% between years.

The global price of aluminium had risen slightly since the MPC's October meeting, to 2,400 US dollars per tonne. Nevertheless, this is about 11% lower than in November 2021. Preliminary figures from Statistics Iceland indicate that foreign currency prices of marine products rose by 4.5% quarter-on-quarter in Q3/2022 and by 22% year-on-year in the first nine months of 2022. The global price of Brent crude rose by 4% between MPC meetings, to 88 US dollars per barrel at the time of the November meeting. It is just over 10% higher, however, than at the beginning of 2022 and in November 2021.

The real exchange rate in terms of relative consumer prices fell by 1.1% month-on-month in October, when it was 7.5% above its 25-year average but 2.8% lower than in December 2019. It rose by 4.1% year-on-year in the first ten months of 2022, owing almost entirely to the rise in the nominal exchange rate, as inflation in Iceland was broadly in line with the trading partner average.

### **Domestic economy and inflation**

According to the Statistics Iceland labour force survey (LFS), total hours worked were 3.2% higher in Q3/2022 than in the same quarter of 2021. Job growth measured 3.7% but was offset by a 0.4% reduction in average hours worked. Although job numbers are still rising between years, the pace of growth has eased in recent months, and in seasonally adjusted terms, job numbers actually declined slightly between quarters in Q3. The number of employees on the pay-as-you-earn (PAYE) register is now growing more slowly, and it remained flat between quarters in Q3.

Seasonally adjusted LFS data for Q3 suggest that the labour participation rate has begun to fall again. It measured 79.3% during the quarter, or 0.7 percentage points lower than in Q2. The employment rate fell by a slightly larger margin. Unemployment therefore rose by 0.5 percentage points between quarters, to 4%. Registered unemployment was unchanged quarter-on-quarter, however, at a seasonally adjusted 3.7% in Q3. Nevertheless, it continued to fall in October, to 3.3%.

Iceland's population grew by 2.8% year-on-year in Q3, and net migration of foreign nationals was positive by 3,410 during the quarter. This comes on top of more than 3,500 foreign nationals who migrated to Iceland in Q2, in the largest single-quarter influx in the history of Statistics Iceland's quarterly population data.

The general wage index rose by 0.4% between quarters in Q3, and by 8.1% year-on-year. Real wages were 1.4% lower in Q3 than in the same quarter of 2021.

Key indicators of developments in private consumption imply a slower growth rate in H2, as it is likely that to some extent, pent-up desire to travel has been satisfied recently after the pandemic-era restrictions. The Gallup Consumer Confidence Index suggests, too, that consumers have grown more pessimistic. The Central Bank's baseline forecast assumes a private consumption growth rate of 5.7% year-on-year in Q3, which is similar to the August forecast. The outlook for private consumption growth in 2022 as a whole is also largely unchanged since August, at just over 7%.

Statistics Iceland's nationwide house price index, published at the end of October, rose by 0.4% month-on-month, after adjusting for seasonality, and by 21.6% year-on-year. The capital area house price index, calculated by Registers Iceland, rose by 0.6% month-on-month in October when adjusted for seasonality, and by 21.5% year-on-year. The number of purchase agreements registered nationwide fell by 28.4% year-on-year in the first ten months of 2022, and the number of contracts for new construction declined by 26.1% over the same period. The average time-to-sale in the capital area was 3.3 months in October, considerably more than the October 2021 figure of 1.2 months, as the number of homes for sale has increased significantly in recent months.

The consumer price index (CPI) rose by 0.67% month-on-month in October, pushing twelve-month inflation upwards again, to 9.4%. Inflation excluding housing rose as well in October, to 7.2%. Underlying inflation was 6.9%, according to the average of various measures, and has risen without interruption in the past year. The main drivers of inflation in October were, on the one hand, owner-occupied housing costs, and on the other, food prices, which have risen by 9.6% in the past twelve months. The price of furniture and housewares also rose considerably in October.

According to the Bank's market expectations survey, respondents' one-year inflation expectations have fallen to just over 5%. Their expectations of inflation two years ahead were unchanged at 4%, however. Survey participants expect inflation to average 3½% in the next five and ten years, and overall, their long-term expectations have fallen marginally relative to the August survey. The breakeven inflation rate in the bond market has risen again in recent months, however. The five-year breakeven rate five years ahead was around 4% in mid-November, some 0.8 percentage points higher than at the beginning of October.

According to the forecast published in *Monetary Bulletin* on 23 November, the short-term inflation outlook has improved, while the long-term outlook is broadly unchanged. Headline inflation measured 9.4% in October after ticking upwards month-on-month, but has fallen by 0.5 percentage points from its July 2022 peak. Underlying inflation is high as well, and inflation has grown ever more widespread, with a majority of CPI subcomponents up sharply in price in the past year. Inflation has risen less than was forecast in August, however, reflecting a more rapid shift in the housing market and larger-than-expected declines in petrol prices and airfares this autumn. Inflation is now projected to measure 9.4% in Q4 and then gradually start easing at roughly the pace forecast in August.



Although global GDP growth somewhat outpaced forecasts in H1/2022, indicators imply that it softened more than projected in H2. The outlook for 2023 has deteriorated as well. The energy crisis that struck Europe in the wake of Russia's invasion of Ukraine continues to deepen, and global inflation has surged. For Iceland's main trading partners, GDP growth prospects have therefore deteriorated still further, with year-2023 growth set to be the weakest since 2008, apart from the pandemic-related contraction in 2020.

Preliminary national accounts data suggest that GDP growth in Iceland measured 6.8% in H1, somewhat below the Bank's August forecast. GDP growth for 2022 as a whole is therefore estimated at 5.6%, or 0.3 percentage points less than previously forecast. The outlook for 2023 has improved, however, and growth is now projected at 2.8%, up from the August forecast of 1.9%. This is due largely to the prospect of more rapid growth in domestic demand, which in turn is due in part to revised disposable income data indicating that households are better able to support their expenses than was previously assumed. As in August, GDP growth is expected to average 2½% per year in the latter half of the forecast horizon.

The economic situation is highly uncertain. The war in Ukraine has upended global commodity markets and thrown trade relationships and supply chains into disarray. It has caused an energy crisis in Europe, with no end yet in sight. A severe energy shortage could ensue, requiring widespread energy rationing and causing major economic hardship on the Continent. If this happens, GDP growth in Iceland will probably be weaker and inflation higher than in the Bank's baseline forecast. The inflation outlook could also prove overly optimistic if the current wage negotiations lead to larger pay rises than are assumed in the baseline. There is also increased risk of a wage-price spiral, as indicators imply that inflation expectations are less firmly anchored to the target than before.

## **II Decisions on the Bank's monetary policy instruments**

The MPC discussed the monetary stance in view of economic developments and the fact that the Bank's real rate was still negative and had remained broadly unchanged since the October meeting. Members discussed whether the monetary stance was appropriate in view of the inflation outlook, as the Committee had decided at its October meeting to raise interest rates, but by a smaller increment than before. At that time, inflation had eased between meetings, but underlying inflation had continued to rise. Furthermore, demand appeared to have been strong in Q3.

Committee members discussed the fact that inflation had picked up again slightly in October, to 9.4%. Price increases were widespread, and underlying inflation had continued to rise. It emerged that inflation was expected to average 9.4% in Q4/2022 and then begin to ease gradually, measuring about 4½% in Q4/2023. The short-term inflation outlook had therefore improved relative to the Bank's August forecast, but not as rapidly as was envisioned at the October meeting.

The MPC noted that the króna had depreciated since the October meeting, and the long-term breakeven inflation rate in the bond market had risen somewhat. It emerged that in addition, indicators implied that inflation expectations had become less firmly anchored to the target, and it could therefore take longer than it would otherwise to bring inflation back to target.

Committee members discussed that according to the Central Bank's new macroeconomic forecast, GDP growth was projected to measure 5.6% in 2022. It emerged that the outlook for 2023 had improved and that growth was now projected at 2.8%, up from the August forecast

of 1.9%. This was due to the prospect of more rapid growth of domestic demand than was previously assumed. Furthermore, the labour market was still quite tight, although tension had eased somewhat.

The MPC also discussed the commercial banks' position and their recent earnings reports. It emerged that growth in the banks' mortgage lending to households had eased and that demand for loans had tapered off as well. On the other hand, corporate lending had gathered pace. It was pointed out that arrears did not appear to have increased despite interest rate hikes, and that non-performing loan ratios were very low in historical context. Moreover, the share of forbore loans was falling.

MPC members were of the opinion that there were grounds to either hold the key rate unchanged or raise it by 0.25-0.5 percentage points. The main arguments expressed at the meeting in favour of keeping interest rates unchanged were that although inflation had risen between meetings, it looked set to start falling; furthermore, the housing market had continued to lose momentum, although it appeared that it would take longer than previously anticipated. Moreover, there still seemed to be signs that tension in the labour market had peaked.

The arguments expressed in favour of raising interest rates were that the domestic economy still appeared quite strong, the output growth outlook for 2023 had improved markedly, and the output gap was expected both to be wider in 2023 than previously assumed and to narrow more slowly. It emerged that the outlook was for more rapid growth of domestic demand, partly because disposable income had risen more swiftly than previously projected. The MPC considered it cause for concern that underlying inflation had continued to rise and that price increases were so widespread. A majority of CPI subcomponents had risen sharply in price recently, and that share was still growing. Furthermore, the króna had depreciated since the MPC's previous meeting, and the global inflation outlook had deteriorated, which would lead to higher imported inflation, all else being equal. Inflation expectations were high by all measures and appeared to be less firmly anchored to the target. There was a significant risk that inflation would remain high for a protracted period of time. It also emerged that the inflation risk profile was tilted to the upside. Moreover, it was pointed out that the real rate was still negative and that in view of the tension in the labour market and the economy, it needed to be higher.

In view of the discussion, the Governor proposed that the Bank's interest rates be raised by 0.25 percentage points. The Bank's key rate (the seven-day term deposit rate) would be 6%, the current account rate 5.75%, the seven-day collateralised lending rate 6.75%, and the overnight lending rate 7.75%. All members voted in favour of the Governor's proposal, although Gylfi Zoëga would have preferred to raise rates by 0.5 percentage points.

Members agreed that it was vital to ensure that the monetary stance was tight enough to bring inflation back to target within an acceptable time frame. Near-term monetary policy decisions would depend on developments in economic activity, inflation, and inflation expectations. Decisions taken at the corporate level, in the labour market, and in public sector finances would be a major determinant of developments in interest rates in the coming term.

The following Committee members were in attendance:

Ásgeir Jónsson, Governor and Chair of the Monetary Policy Committee

Rannveig Sigurdardóttir, Deputy Governor for Monetary Policy

Gunnar Jakobsson, Deputy Governor for Financial Stability

Gylfi Zoëga, Professor, external member

Herdís Steingrimsdóttir, Associate Professor, external member

Thórarinn G. Pétursson, Chief Economist of the Central Bank, was present for the entire meeting. In addition, several Bank staff members attended part of the meeting.

Karen Á. Vignisdóttir wrote the minutes.

The next Statement of the Monetary Policy Committee will be published on Wednesday 8 February 2023.

## Um síðustu vaxtaákvörðun



Gylfi Zoega  
hagfræðiprófessor við HÍ

Í síðustu vaxtaákvörðun peningastefnu-nefndar Seðlabankans voru vextir hækkaðir um 0,75 prósentur, meginvextir fóru úr 4,75% í 5,5%. Hafa þá vextir bankans hækkað úr 0,75% í 5,5% á rúmu ári eða um 4,75% í nokkrum skrefum.

Þessum hækkanum er ætlað að draga úr vexti innlendar eftirspurnar og spennu á vinnumarkaði til þess að minnka verðbólguþrýsting. Samkvæmt nýlegri spá Seðlabankans, er áætlað er að hagvöxtur verði 5,9% í ár. Á öðrum ársfjórðungi hafði heildarvinnustundum fjölgað um 9,1% á milli ára og hlutfall fyrirtækja sem segjast skorta starfsfólk hefur einungis einu sinni mælst hærra. Skráð árstíðaleiðrétt atvinnuleysi á öðrum ársfjórðungi var 3,7%. Framleiðsla er yfir framleiðslugetu.

Ársverðbólga mældist 9,8% í ágúst og hafði hækkað úr 4,3% á einu ári. Þótt hækkan húsnæðisliðar vísitölu neysluverðs hafi vegið þungt í vaxandi verðbólgu þá var hún engu að síður um 7,5% síðustu 12 mánuði þegar húsnæðisliðurinn er ekki hafður með. Þegar húsnæðisliðurinn er skilinn eftir og einnig sveiflukennndir liðir þá er svokölluð undirliggjandi verðbólga engu að síður um 6,5%. Laun hafa síðan vaxið um 7-8% síðasta árið og þjónustuverðbólga, sem einkum endurspeglar launaþróun, var 8,5% í júlí. Verðbólguvæntingar á alla mælikvarða hafa hækkað og eru töluvert yfir markmiði.

Verðbólgan stafar að hluta af framboðsskelli erlendis sem orsakast af erfiðleikum í aðfangakedjum á alþjóðamörkuðum og einnig af hækkan hrávörverðs síðustu mánuði. Þessir þættir koma bæði beint inn í verðvísitöluna og einnig óbeint í gegnum verð á aðföngum. En við verðbólgu á framboðshlið bætist innlend eftirspurnarverðbólga sem birtist m.a. í mikilli hækkan á verði húsnæðis, á verði annarra eigna og í



Ljósmynd: Shutterstock.com.

eftirspurn eftir þjónustu iðnaðarmanna. Lágir vextir Seðlabankans þegar hagkerfið hristi af sér áhrif Covid-19 farsóttarinnar stuðluðu að mikilli eftirspurn eftir vörum og síðar þjónustu en við bættist hærri kaupmáttur launa og uppsafnaður sparnaður heimila í farsóttinni sem að hluta varð til þegar þau frestuðu ferðalögum til útlanda og drógu úr neyslu sinni.

Mikið hefur verið rætt um þátt húsnæðismarkaðar í verðbólguþróuninni. Hér verður athygli vakin á tvennu. Í fyrsta lagi þá felst vaxtafarvegur peningastefnunnar í áhrifum vaxtabreytinga á eignaverð. Hækkan húsnæðisverðs jók innlenda eftirspurn bæði í byggingageiranum og einnig einkaneyslu vegna auðsáhrifa eins og til var ætlast. Með vaxtalækkanum var reynt að lágmarka áhrif falls ferðaþjónustu á aðrar atvinnugreinar. Í öðru lagi hækkaði húsnæðisverð í borgum í flestöllum öðrum ríkjum vegna viðbragða peningastefnu þarlendrar við farsóttinni. Það er því ekkert séríslenskt við hækkan húsnæðisverðs svo sem skipulagsmistök á sveitarstjórnarstigi. En mikil hækkan húsnæðisverðs frá 2021 í samanburði við hækkan launa vekur engu að síður ótta um bólu myndun. Þannig hækkaði íbúðaverð á höfuðborgarsvæðinu um 25,5% milli ára

**Þegar vextir nú hækka og búast má við lækkan eignaverðs þá bitnar vaxtahækkunin mest á þeim sem minnstan höfuðstól hafa, þ.e.a.s. eignaminnsta fólkinu**

í júlí sl. sem er mesta hækkan sem mælst hefur milli ára frá því í desember 2005.

Vaxtahækkunir síðustu mánaða hafa verið gagnrýndar með þeim rökum að greiðslubyrði óverðtryggðra húsnæðislána hafi hækkað. En þá vaknar sú spurning hvort lántakendur hafi ekki getað séð fyrir að vextir yrðu 5,5% eða jafnvel hærri á lánstímanum. Reyndar varaði varaseðlabankastjóri peningastefnu lántakendur við því að lágir vextir væru ekki komnir til að

*framh. á bls. 4*

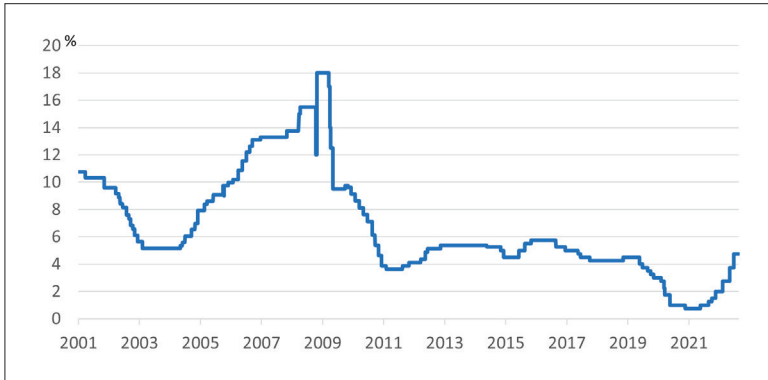
**1** Gylfi Zoega fjallar um síðustu vaxtaákvörðun

**2** Með því að bregðast skjótt við verðbólgu verður hægt að hafa lægri vexti næstu árin

**3** Bergþóra Baldursdóttir skrifar um hvort íbúðamarkaður sé farinn að kólna

**4** Bit efnahagsþvingana á Rússland lítið og orkuverð Evrópu í hæstu hæðum

**Mynd 1** Meginvextir Seðlabanka Íslands  
1. janúar 2001 - 31. ágúst 2022



Heimild: Seðlabanki Íslands

vera í lok ágústmánaðar 2020.<sup>1</sup> Myndin hér sýnir meginvexti Seðlabankans frá árinu 2001 til ágúst á þessu ári. Augljóst má vera af myndinni að vextir eru um þessar mundir ekki sögulega háir og undir meðaltali síðustu tveggja áratuga sem er 6,47%. En stór hluti lántakenda hefur breytt húsnæðislánum í óverðtryggt lán með fasta vexti í þrjú ár og því skipta vextir Seðlabankans næstu árin ekki síður máli. Með því að bregðast skjótt við verðbólgu verður vonandi hægt að hafa lægri vexti næstu árin. Þróunin fram að vaxtahækkunum var að fólk tók í meira mæli óvertryggt lán með breytilegum vöxtum en frá því að farið var að hækka vexti fóru fleiri að festa þá. Þeir sem hafa fest eru á lægri vöxtum en nú eru. En enn er um þriðjungur nýrra lána óverðtryggt með breytilega vexti – og fjórðungur lánastabbans.

Það er óumdeilt að mikil lækkun vaxta hér á landi jafnt sem erlendis á COVID tímanum jók misskiptingu eigna. Þegar hlutabréf hækka í verði þá hagnast þeir sem mest eiga af slíkum bréfum. Vaxtalækkun hefur sömuleiðis í för með sér hækkan á verði skuldabréfa bæði ríkis og einkaaðila sem eykur eignir þeirra sem slík bréf eiga. Hækkun húsnæðisverðs kemur sömuleiðis þeim best sem stærstu eignirnar eiga o.s.frv. Og þegar vextir nú hækka og búast má við lækkun eignaverðs þá bitnar vaxtahækkunin mest á þeim sem minnstan höfuðstól hafa, þ.e.a.s. eignaminnsta fólkinu.

Í þessu samhengi verður að hafa í huga að ríkisstjórn og Alþingi hafa lýðræðislegt umboð til þess að leggja á skatta og greiða bætur til ákveðinna þjóðfélagshópa. Ef að

lýðræðislega kjörnum fulltrúum finnst áhrif peningastefnu á tekju- og eignadreifingu vera óæskileg þá er það þeirra að beita sínum stjórnþækjum til þess að leiðrétta þessi áhrif. Peningastefnunefnd eða Seðlabankinn hefur ekki umboð til slíkra aðgerða.

Þegar verðbólga fer vaxandi er mikilvægt að kippa sem fyrst í taumana í stað þess að horfa upp á hana stigmannast. Það er auðveldara að ná verðbólgu niður fyrr en seinna en slíkt krefst þess að fyrstu skrefin í vaxtahækkunarferli séu stærri en þau sem á eftir koma. Sú aukning verðbólgu sem varð í vor vegna styrjaldar í Úkraínu og sóttvarnaaðgerða í Kína var ekki fyrir séð en reynslan frá áttunda áratug síðustu aldar kennir okkur að tímabundin framboðsáfall geta valdið langvarandi verðbólgu ef spennan er mikil á innlendum vinnumarkaði.

Á komandi vetri verður gengið til kjarasamninga. Þá er mikilvægt að friður skapist á vinnumarkaði þannig að bæði launafólk og atvinnurekendur verði sáttir við sinn hlut í þjóðarkökunni og verðbólguvandinn magnist ekki frekar. Þótt launa- og starfslokasamningar forstjóra vegi ekki þungt í þjóðhagslegu samhengi né launakjör helstu ráðamanna, sveitarsjóra og annarra sem gegna trúnaðarstöðum, þá eru óhófleg launakjör og jafnvel sjálfþaka þessara aðila friðarspillir á vinnumarkaði og geta orðið til þess að verðbólga verði erfiðari viðureignar. **V**

*Höfundur er ytri meðlimur í peningastefnunefnd Seðlabanka Íslands. Þær skoðanir og ályktanir sem fram koma í þessari grein endurspeglar ekki viðhorf annarra meðlima peningastefnunefndar.*

1 Sjá <https://www.ruv.is/frett/2020/08/28/greidslubyrði-gaeti-haekkad-um-tugi-thusunda>.

## Aðrir sálmar

### Efnahagsþvinganir og olíuverð

Nú er um hálf tölva á síðan að Rússland réðst inn í Úkraínu og efnahagsþvinganir gegn Rússlandi voru hertar. Sjaldan í sögu Vesturlanda hefur náðst jafn snögg og breið samstaða um jafn stóra aðgerð og um þær efnahagsþvinganir sem settar voru. Markmið þvinganna var m.a. að skapa lausafjárskreppu í Rússlandi til þess að gera Rússum erfitt fyrir að fjármagna stríðsrekstur sinn. Nú, hálfu ári seinna, er tvísýnt hvort aðgerðirnar hafa skilað þeim árangri sem ætlast var til.

Rússneskur efnahagur er þrautseigari en margir héldu. Samdráttur í vergri landframléiðslu fyrir árið 2022 er nú áætlað að verði um 6% sem er mun minna en spár fyrr á árinu gerðu ráð fyrir. Í mars síðastliðnum spáðu flestir samdrætti upp á 15% eða meir. Alþjóðagjaldeyrissjóðurinn spár því nú að viðskiptaafgangur Rússlands verði sá næst stærsti í heiminum fyrir þetta ár en það verður aðallega til komið vegna orkusölu en stór hluti hennar er sala jarðefnaeldsneytis til Evrópu.

Orkuverð í Evrópu er nú í hæstu hæðum vegna þessa hækkana. Markaðsverð á gasi hefur hækkað um 140% frá ársbyrjun og 64,3% frá því í júlí. Markaðsverð á olíu hefur einnig hækkað talsvert yfir sama tímabil en hefur þó lækkað frá byrjun júní. Ursula von der Leyen, forseti framkvæmdastjórnar Evrópusambandsins sagði á ráðstefnu í Slóveníu í vikunni að aðildarþjóðir sambandsins hafi verið beðnar um að draga úr gasnotkun sinni um 15%. Einnig að sambandið sé búið að stórauka dreifingu birgja sem selja eldsneyti til að vera minna háð Rússlandi. Besta leiðin hins vegar sé að hraða flutningi yfir í græna orkugjafa en í dag er t.d. vind- og sólarorka ódýrari en jarðefnaeldsneyti. Þá kynnti hún að Evrópusambandið ætlar að setja 300 milljarða Evra í að hraða flutningi yfir í græna orkugjafa. Hún bætti síðan við að nú væri tímabil rússnesks jarðefnaeldsneytis í Evrópu að líða undir lok.

Ritstjóri: Emil Dagsson  
Ábyrgðarmaður: Eyrún Magnúsdóttir  
Útgefandi: Kjarninn miðlar ehf.,  
Fiskilóð 31 B, 101 Reykjavík  
Sími: 551 0708 Netfang: visbending@kjarninn.is  
Prentun: Umslag  
Öll réttindi áskilin.  
© Ritið má ekki afrita án leyfis útgefanda.

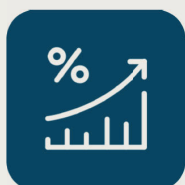
## Haustblíða eða gluggaveður?

Hversu bjartsýn getum við verið á horfurnar?



Samiðn  
19. september 2022

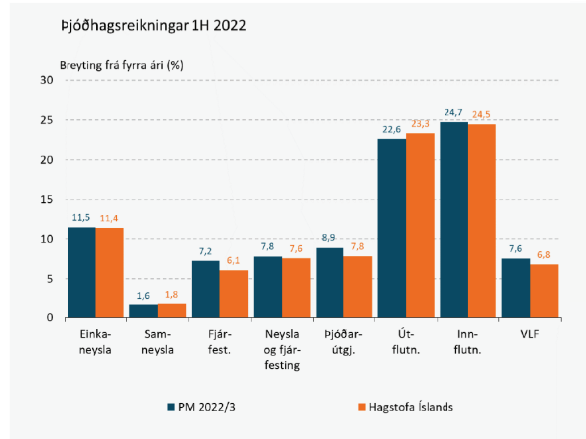
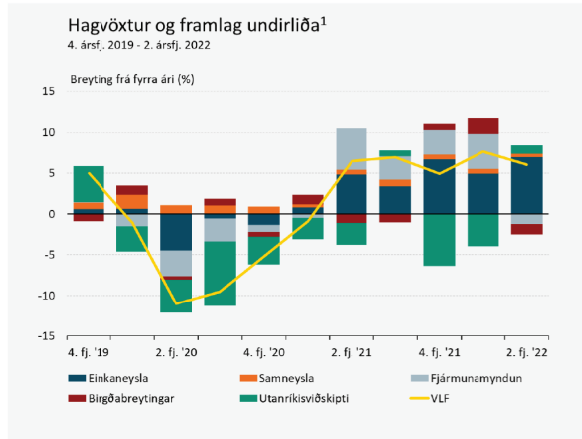
Rannveig Sigurðardóttir  
Varaseðlabankastjóri peningastefnu



## Innlend efnahagsumsvif og horfur

# Áfram kröftugur vöxtur einkaneyslu á F2 ...

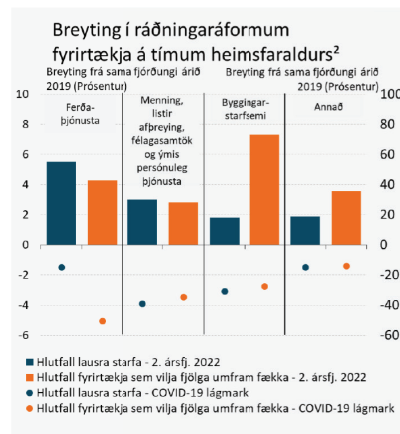
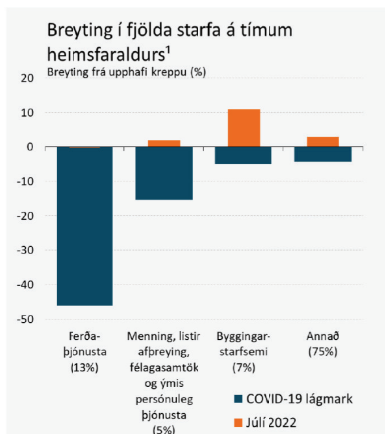
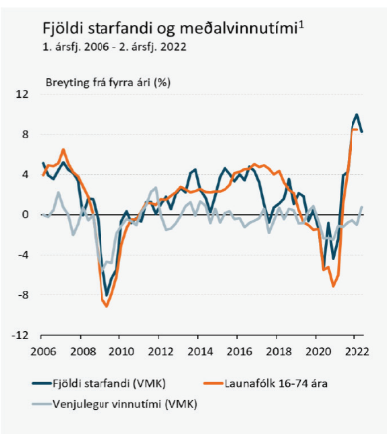
- Árhagvöxtur 6,8% á 1H - heldur minni en spáð í ágúst (7,6%) - frávik skýrast aðallega af minna jákvæðu framlagi birgðabreytinga
- Einkaneysla jókst um 13,5% á F2 - um 11,4% á 1H sem var í takt við ágústspá
- Minni vöxtur heildarfjárfestingar á 1H (6,1 í stað 7,2) en spáð en vöxtur atvinnuvegafjárfestingar meiri (12,1 í stað 11,1)
- Neysla og fjárfesting alls jukust svipað og spáð var á H1 en framlag utanríkisviðskipta var á móti minna neikvætt



1. Frávik geta verið á milli samtölu framlags undirliða og hagvaxtar vegna keðjutengingar þjóðhagsreikninga. Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

# Aukin atvinna

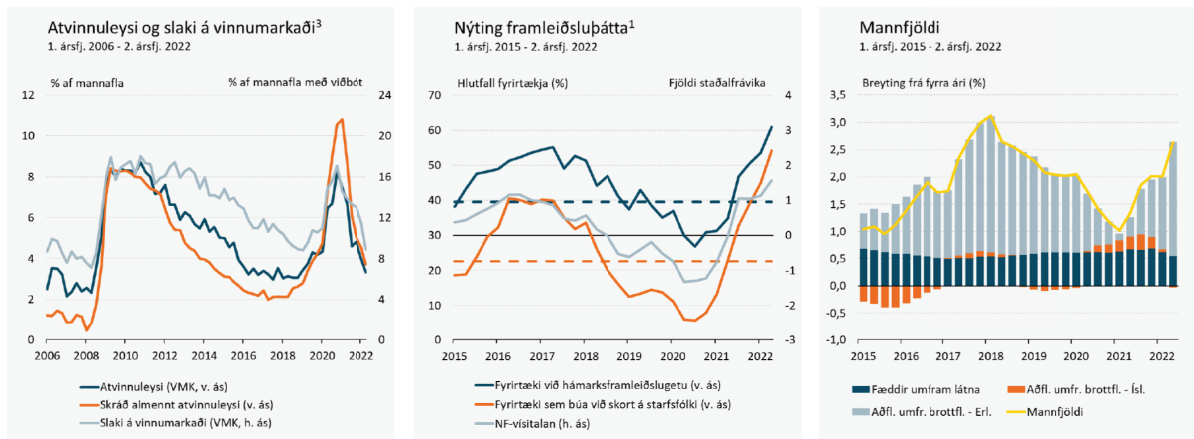
- Störfum fjölgaði um 8,3% milli ára á F2 og vinnuvikan lengdist í fyrsta sinn síðan 2019
- Heildarvinnustundum fjölgaði um 9,1% - sem er mesta ársfjölgun frá upphafi mælinga
- Lausum störfum fjölgaði um 5.300 milli fjórðunga á F2
- Lækkun atvinnuþátttökuhlutfalls og hlutfalls starfandi frá ársbyrjun 2019 er jafnframt að fullu gengin til baka



1. Launafólk skv. birtingu Hagstofu Íslands á vinnuafli eftir skránni en önnur gögn eru úr vinnuafli skránni sömu stofnunnar. Fólk á aldrinum 16-74 ára. Þriggja mánaða hreyfingarmæðaltal árstíðarleiðrétta talna. 2. Laus störf skv. fyrirtækjakönnun. Hagstofu Íslands og hlutfall fyrirtækja sem vilja fjölga eða fækka starfsfólki úr könnun Gallup meðal 400 stærstu fyrirtækja landsins og eru gögnin árstíðarleiðrétta af Seðlabanki Íslands. Í tölum Gallup eru atvinnugreinar „Samgöngur, flutningar og ferðaþjónusta“ sýndar sem ferðaþjónusta og „Annað“ er fengið sem einfalt meðaltal annarra atvinnugreina en þeirra sem birtast á myndinni. Heimildir: Gallup, Hagstofa Íslands, Seðlabanki Íslands.

## Vaxandi skorti á starfsfólki mætt með innfluttu vinnuafli

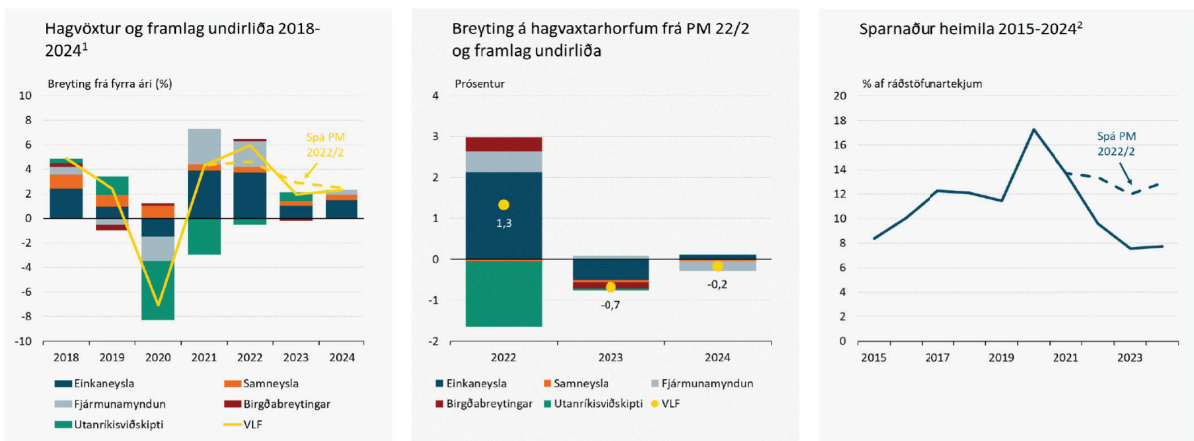
- Atvinnuleysi minnkar áfram og er komið undir 4%
- 54% fyrirtækja segjast skorta starfsfólk og 61% starfa við full afköst (næst hæsta og hæsta gildi frá upphafi mælinga)
- Erlendu vinnuafli fjölga hratt: Nettófjölga á F2 nam 1,6% af vinnuaflinu skv. VMK – svipað hlutfall og á sama fjórðungi 2017



1. Mælikvarðar fyrir nýtingu framleiðsluþátta byggjast á viðhorfskönnun Gallup meðal 400 stærstu fyrirtækja landsins. Vísitala nýtingar framleiðsluþátta (NF-vísitalan) er fyrsti frumþátur valinna vísbendinga um nýtingu framleiðsluþátta sem er skalaður til svo meðaltal hans er 0 og staðalfrávik 1. Ítarlegri lýsingu má finna í rammagrein 3 í PM 2018/2. Árstíðarleiðréttar tölur. Brotalínur sýna meðaltöl frá 2006.  
Heimildir: Gallup, Hagstofa Íslands, Seðlabanki Íslands.

## Horfur á meiri hagvexti í ár en spáð var í maí

- Útlit fyrir 5,9% hagvöxt á árinu öllu í stað 4,6% í maíspánni
- Endurspeglar kröftugri vöxt innlestrar eftirspurnar en lakari utanríkisviðskipti vega á móti ... Þar skipta horfur um mun meiri vöxt einkaneyslu miklu sem aftur endurspeglar að heimilin eru að draga hraðar úr sparnaði en áður var talið



1. Grunnspá Seðlabankans 2022-2024. Brotalína sýnir spá frá PM 2022/2. 2. Við útreikning á hlutfalli sparnaðar er miðað við áætlun Seðlabankans um ráðstöfunartekjur. Grunnspá Seðlabankans 2022-2024. Brotalína sýnir spá frá PM 2022/2.  
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

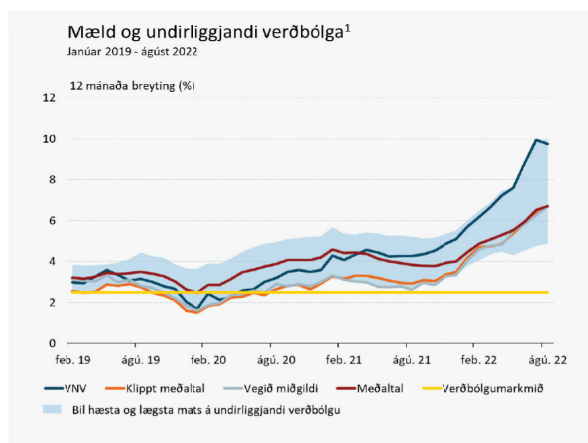
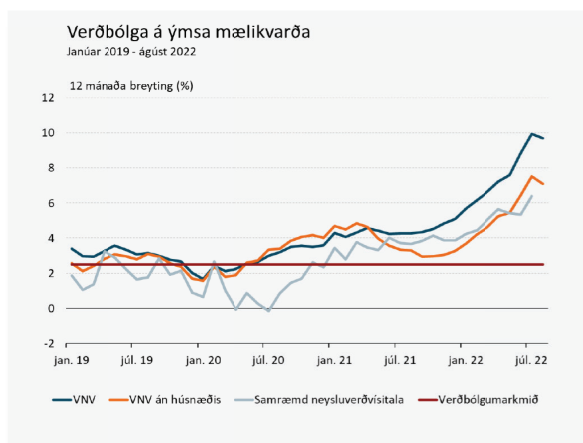




## Verðbólga

### Ársverðbólga minnkaði milli mánaða í ágúst á mælikvarða VNV

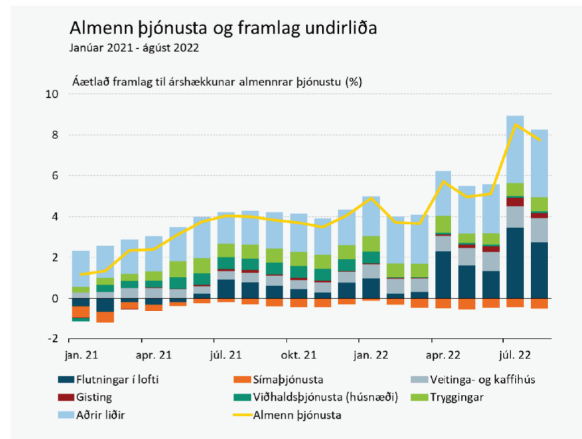
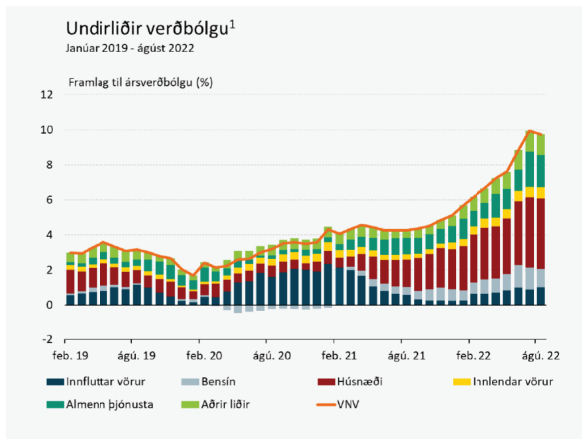
- VNV hækkaði um 0,29% milli mánaða í ágúst og hefur hækkað um 9,7% sl. tólf mánuði
- VNV án húsnæðis hjaðnaði einnig og mældist 7,1% en var 7,5% í júlí sem var mesta verðbólga á þann mælikvarða síðan 2010
- Allir mælikvarðar á undirliggjandi verðbólgu hækkuðu þó áfram og var meðaltal þeirra 6,7% samanborið við 6,5% í júlí



1. Við útreikningá klipptu meðaltali er þeim undirlíðum sem breytast mest í einstaka mánuðum sleppt en vegð miðgildi mælir miðgildi verðbreytinga allra undirlíða VNV. Meðaltalið sýnir meðaltal 5 ólíkra mælikvarða á undirliggjandi verðbólgu (kjanvísitölu án óbeinna skatta, sveiflukenndra matvöruhlíða, bensíns, opinberrar þjónustu og raunvaxtakstnaðar húsnæðislána, vegð miðgildi, klippt meðaltal, kvíkt þáttalíkan og sameiginlegur þáttur VNV).  
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

## Húsnæðisliður vegur þungt og tölverð hækkun þjónustu

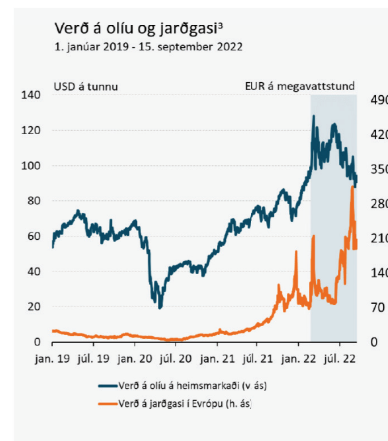
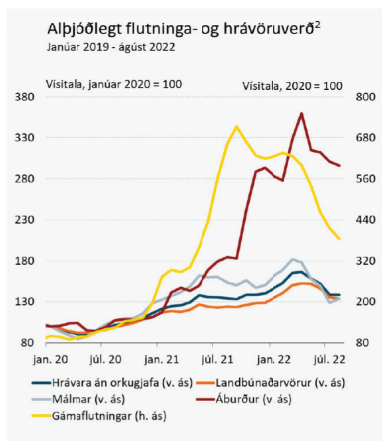
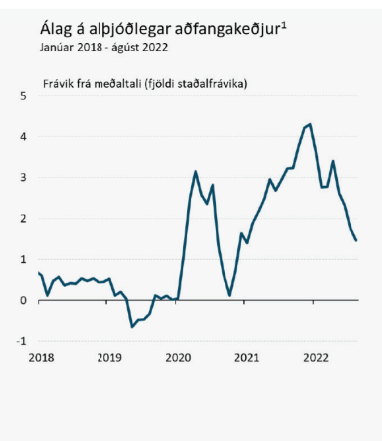
- Hækkun húsnæðisliðar skýrir enn stóran hluta mánaðarhækkunar – 0,17 pr. í ágúst en 0,4 pr. að meðaltali á árinu
- Innlend þjónustuverðbólga einnig nokkur – að hluta til vegna mikillar hækkunar flugfargjalda ...
- ... en jafnvel án þeirra mælist tölverð þjónustuverðbólga sem dreifist á fjölda undirliða



1. Innfluttar vörur án áfengis, tóbaks og bensíns og innlendar vörur án búvöru og grænmetis. 2. Brotalínur sýna meðaltöl yfir tímabilið janúar 2008 - ágúst 2022. Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

## Olíu- og hrávöruverð tekið að lækka aftur

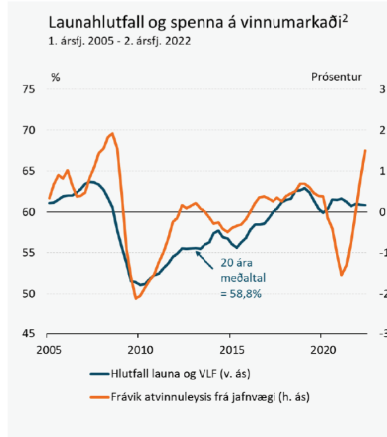
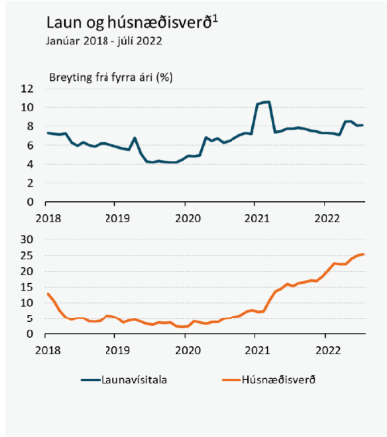
- Álag á alþjóðlegar framleiðslukeðjur virðist fara minnkandi og flutningskostnaður heldur áfram að lækka ...
- ... þótt enn sé nokkuð í land að aðfangakeðjur og flutningskostnaður komist í eðlilegt horf
- Verð á olíu og fjölda annarra hrávara hefur einnig lækkað undanfarið en verð á jarðgasi í Evrópu hefur hækkað enn frekar



1. Mælikvarðinn tekur saman áhrif 27 mismunandi mælikvarða á flutningskostnaði og afhendingartíma bar sem búið er að hreinsa ut eftirspurnaráhrif. 2. Landbúnaðarafurðir skiptast í matvæli (62%), drykkjavörur (13%) og hráefni (25%). Verðvísitala gámaflutninga er Freightos Global Container Index. Gögn til og með ágúst 2022. 3. Brent verð á hráolíu. Sviggða svæði sýnir tímabilið frá upphafi stríðsátaka í Úkraínu. Heimildir: Alþjóðabankinn, Freightos Limited, Refinitiv Datastream.

## Innlendir kraftar einnig að baki en ISK vegur á mót

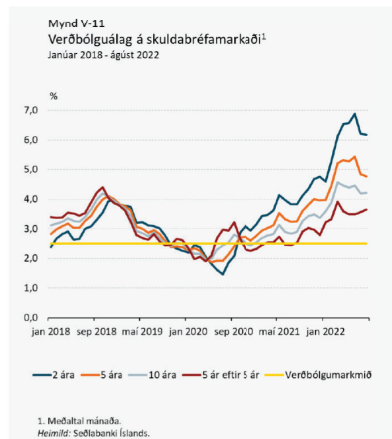
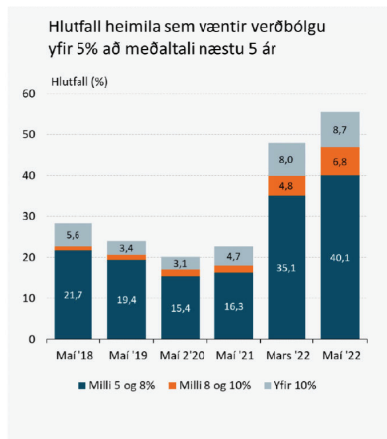
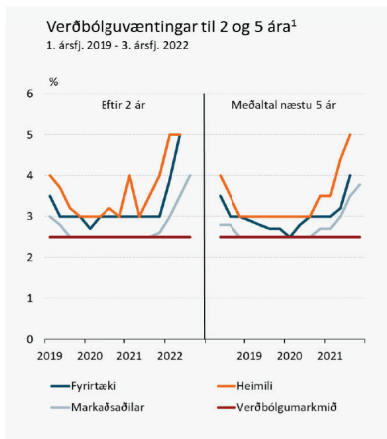
- Til viðbótar við innflutta verðbólgu bætist innlendum verðbólguþrýstingur sem endurspeglar kröftuga eftirspurn
- Árshækkun launa hefur haldist í um 7-8% frá mars 2021 og launahlutfallið hefur ekki lækkað eins og í fyrri niðursveiflum
- Á mótinu vegur hækkun á gengi krónunnar: Þótt það hafi lækkað um 0,6% frá síðasta fundi PSN er það 3% hærra en í byrjun árs



1. Húsnæðisverð á höfuðborgarsvæðinu. 2. Hlutfall launakostnaðar og VLF annars vegar og frávik atvinnuleysis og jafnvægisatvinnuleysis hins vegar. Gögnin eru fjögurra 2. ársfj. hreyfanlegt meðaltal. Grunnspá Seðlabankans fyrir 2. ársfj. 2022. 3. Verð erlendra gjaldmiðla í krónum (þróng viðskiptavog).  
Heimildir: Hagstofa Íslands, Þjóðskrár Íslands, Seðlabanki Íslands.

## Verðbólguvæntingar hækka og aukinn verðbólguótti

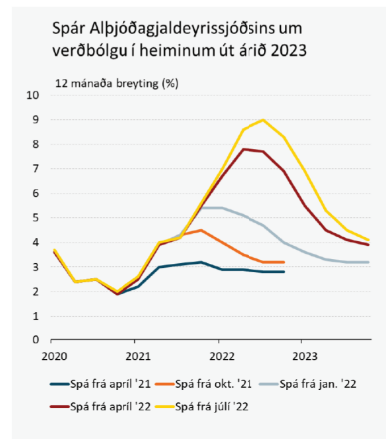
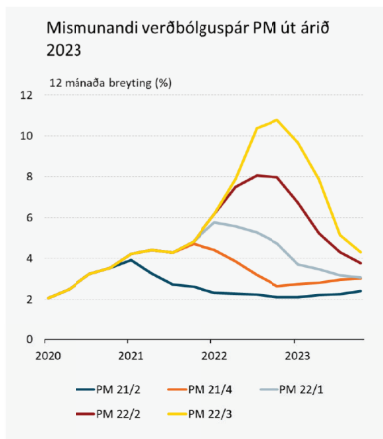
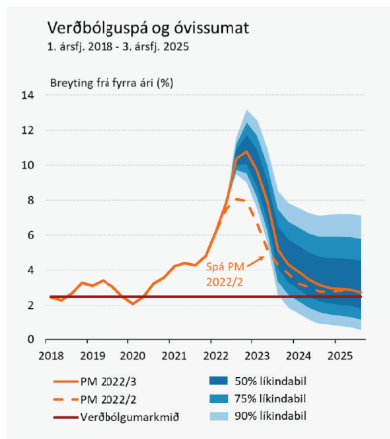
- Verðbólguvæntingar heimila, fyrirtækja og markaðsaðila hafa haldið áfram að hækka og vænta þau um 4-5% verðbólgu að meðaltali næstu 5 ár ... hlutfall heimila sem vænta mjög mikillar verðbólgu næstu 5 ár hefur einnig rokið upp
- Hækkun verðbólguálagsins virðist þó hafa stöðvast: 10-ára álagið hefur heldur lækkað undanfarið en 5/5-ára álagið lítið breyst



1. Kannanir Gallup á verðbólguvæntingum heimila og fyrirtækja og Seðlabankans á verðbólguvæntingum markaðsaðila. Miðgildi svara.  
Heimildir: Gallup, Seðlabanki Íslands.

## Enn á ný versna verðbólguhorfur – eins og erlendis

- Verðbólga hefur ítrekað reynst meiri en spáð var og horfur versna enn á ný: 10,8% á Q4 skv. spánni en hjaðnar svo ... en hægt
- Kröftugri efnahagsumsvif, þrálátari hækkun húsnæðisverðs og mun meiri alþjóðleg verðbólga skýra lakari horfur
- Verðbólgu ítrekað vanspáð í spám bankans undanfarið ... eins og um allan heim

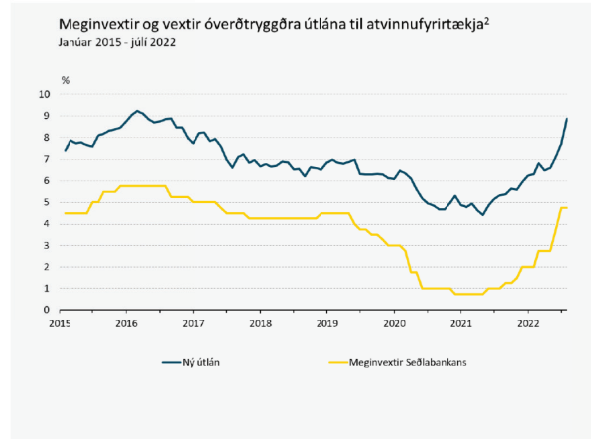
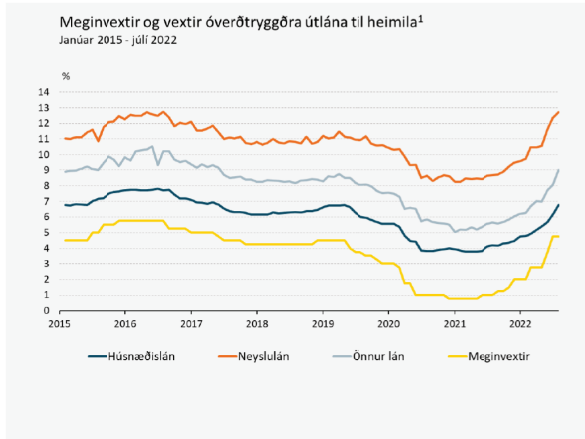


Heimildir: Alþjóðagjaldeyrissjóðurinn, Hagstofa Íslands, Seðlabanki Íslands.

## Miðlun peningastefnunnar

## Miðlun peningastefnunnar

- Vextir nýrra óverðtryggðra lána til heimila og fyrirtækja lækkuðu þegar vextir voru lækkaðir í upphafi faraldursins ...
- ... en hafa hækkað á ný samhliða vaxtahækkunum Seðlabankans

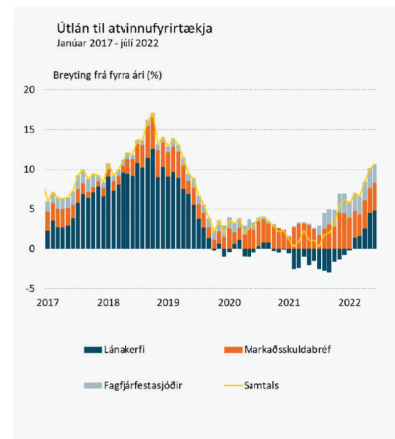
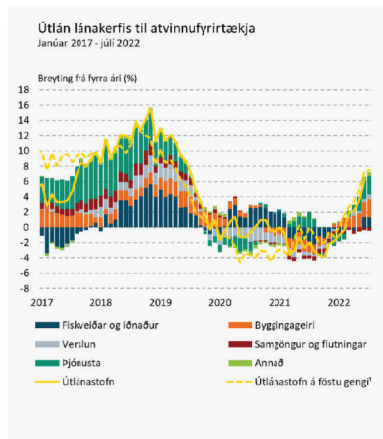
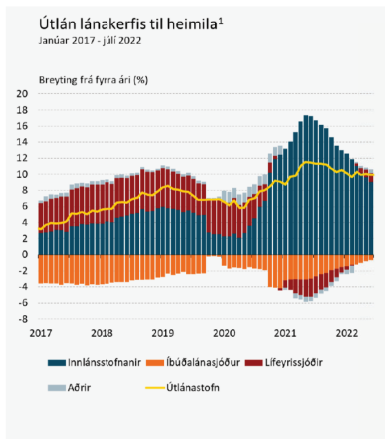


1. Vegnir meðalvextir nýrra óverðtryggðra útlána stóru viðskiptabankanna þriggja miðað við fjárhæð útlána. 2. Vegnir meðalvextir á nýjum óverðtryggðum útlánunum stóru viðskiptabankanna þriggja með breytilegum vöxtum miðað við fjárhæð útlána.

Heimild: Seðlabanki Íslands.

## Útlán til heimila og fyrirtækja

- Dreigið úr vexti útlána til heimila frá hápunkti um mitt síðasta ár og nam 10% í júní
- Útlán til atvinnufyrirtækja aukist frá í mars - nam 6,8% (nafnvirði) í júlí - útlán til flestra atvinnugreina tekið við sér
- Útlán fagfjárfestastjóða til fyrirtækja hafa aukist og einhver fyrirtæki sækja fjármagn með útgáfu markaðsskuldabréfa



1. Stofn útlána í erlendum gjaldmiðlum er reiknaður miðað við vísitölu meðalgengis í síðasta mánuðinum.

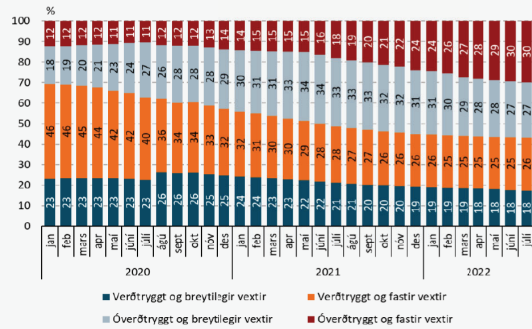
Heimild: Seðlabanki Íslands.

# Meirihluti nýrra lána og lánastofns óverðtryggð lán



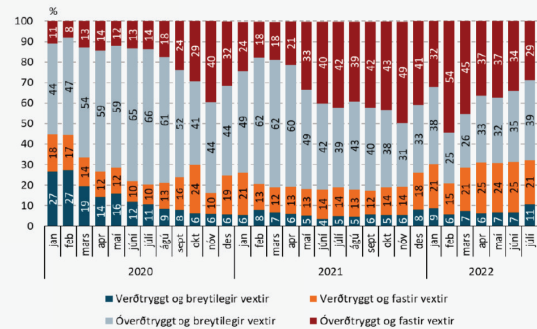
Tegund fasteignalána til neytenda<sup>1</sup>

Janúar 2020 - júlí 2022



Tegund nýrra fasteignalána til neytenda<sup>1</sup>

Janúar 2020 - júlí 2022



<sup>1</sup> Hlutfallsleg skipting fasteignalána KMB og HMS til neytenda eftir tegundum. Frá ágúst 2020 ná tölur einnig til stærstu lífeyrissjóða.  
Heimild: Seðlabanki Íslands.

Takk fyrir



# Vaxtaákvörðun á viðsjárverðum tímum



**Gylfi Zoega**  
bagfræðiprófessor við HÍ

**V**erður eru válynd í efnahagsmálum. Vaxandi verðbólga hefur kallað á vaxtahækkanir seðlabanka á Vesturlöndum og orkuverð í Evrópu hefur margfaldast á skömmum tíma sem hefur bæði rýrt lífskjör og aukið verðbólgu. Vaxandi svartsýni gætir vegna styrjaldarinnar í Úkraínu.

Hættuástand hefur ekki einungis skapat í stjórnámálum vegna styrjaldarinnar í Úkraínu heldur einnig í fjármálaheiminum. Nýlegur titringur á breskum skuldabréfamarkaði eftir vanhugsaðar skattalækkanir og erfiðleikar í Credit Suisse bankanum eru merki um brot-hætta fjármálamarkaði. Ekki er ólíklegt að fleiri upptökum verði á fjármálamörkuðum í vetur.

Á Íslandi hefur eftirspurn verið mikil, atvinna vaxið hratt og verðbólguþrýstingur aukið innlenda verðbólgu eins og reyndar einnig í mörgum stóru hagkerfanna. Lágir vextir og uppsafnaður sparnaður á dögum Covid sem hafa örvað einkaneyslu og fjárfestingu og lækkað atvinnuleysi hratt.

## Hærrí vextir

Vextir seðlabanka í Bandaríkjunum hafa hækkað úr 0,25% í vor í 3,5% í fimm skrefum, síðustu þrjár hækkanir hafa verið 75 punktar. Vextir hafa ekki verið hærrí þar í landi síðan fyrir fjármálakreppuna árið 2008. Verð á skuldabréfum hefur farið lækkaði í Bandaríkjunum, Bretlandi og í Evrópu og hlutabréfamarkaðir eru á niðurléið. Góðu fréttirnar fyrir fjárfesta eru þær að þegar vextir hætta að hækka, verð á skuldabréfum hættrí að lækka, þá munu þeir geta ávaxtað peningalegar eignir sínar á skuldabréfamarkaði þar sem vextir verða hærrí en síðustu árin. En skuldabréfamarkaðir eru ekki enn komnir á þann stað.

Allt frá því að dollarinn varð forðamynt og leysti af breska pundið af hólmi fyrir um hundrað árum hefur bandaríski seðlabankinn ráðið mestu um vaxtastig í heiminum. Segja má að ákvarðanir hans slái taktinn fyrir aðra seðlabanka. Þegar sá bandaríski hækkar vexti þá standa aðrir seðlabankar frammi fyrir því vali hvort þeir fylgi þeim bandaríska og hækki einnig vexti eða hækki minna og hægir. Ef þeir velja síðari kostinn og bandaríska vextirnir hækka meira þá veikist gengi gjaldmiðla þeirra gagnvart dollar og innflutningur hækkar í verði sem

eykur melda verðbólgu. Fjármagn flæðir þá inn í dollar sem einnig hefur slæm áhrif á innlent hagkerfi. Aðrir seðlabankar neyðast þá til þess að hækka vexti einnig, fylgja þeim bandaríska.

Hækkandi dollaravextir hafa einnig bein áhrif á þá aðila, bæði ríkissjóði og fyrirtæki um allan heim, sem hafa tekið lán í dollurum á breytilegum vöxtum síðustu árin þegar vextir voru lágir. Nú mun koma í ljós hvar veikleikar í alþjóðlega fjármálakerfinu eru faldir. Þegar dollaravextir voru síðast hækkaðir mikið í lok áttunda áratugarins og byrjun þess níunda varð fjármálakreppa í Suður Ameríku en Mexíkó, Chile og Argentína höfðu tekið mikið af ódýrum dollaralánunum á undan hjá bandarískum bönkum. Nú getum við beðið og vonað að ekki skapist mikil vandamál af vaxtahækkuninum. Það kæmi samt frekar á óvart ef svo yrði ekki. Vextir hafa verið lágir síðustu fjórtán árin, allt frá fjármálakreppunni árið 2008, og skuldir fyrirtækja og ríkissjóða vaxið mikið. Þar ber kannski hæst miklar lántökur nýmarkaðsríkja í dollurum. Hækkun dollars verður þá til þess að höfudstóll þessara lána mældur í mynt viðkomandi landa stökkbreytist og við bætast hærrí dollaravextir.

## Hærrí orkuverð

Styrjöldin í Úkraínu hefur valdið hækkuð á verði á gasi sem er notað til hitunar og einnig í framleiðslu iðnaði. Orkuskortur getur mögulega orðið slíkur í vetur að skammta þurfi orku til heimila og fyrirtækja. Þegar þetta er skrifað er útlit fyrir að ekki þurfi að skammta orku í Evrópu í vetur nema veturinn verði óvenju harður. Ef hins vegar friður kemst ekki á getur næsti vetur á eftir orðið enn erfiðari. Orkuverð verður engu að síður hátt í vetur sem mun hafa neikvæði áhrif á efnahag Evrópu.

Hækkun orkuverðs hefur margskonar áhrif á efnahag þjóða. Hækkun orkuverðs hefur áhrif á vísitölu neysluverðs og verðbólguþrýstinguna, bæði beint vegna kostnaðar við húshitun og óbeint í gegnum vöruverð vegna áhrifa á framleiðslukostnað. Hún felur einnig í sér framboðsáfall sem veldur samdrætti í framboði á vörum og þjónustu. Þetta veldur einnig hækkuð verðbólgu. Hærrí orkuverð kallar þá á vaxtahækkanir sem minnkar eftirspurn, eykur slaka í hagkerfinu og kemur í veg fyrir spirál hækkuðar verðlags og launa sem erfið gæti reynst að ráða. En slíkur spirall myndi kalla á enn hærrí vexti og atvinnuleysi í framtíðinni.

Hærrí orkuverð veldur því einnig að lífskjör versna og fleiri heimili eiga í erfiðleikum með að ná endum saman. Það er þetta sem gengur undir nafninu „cost-of-living crisis“ í Bretlandi. Þessi krísa hefur það í för með sér að erfið er að hækka vexti nægilega til þess að ná innlendra verðbólgu niður, þ.e.a.s. þeirri verðbólgu sem hefur orðið til innanlands og stafar ekki beint af hækkuð orkuverð, vegna þess að vaxtahækkanir hækka vaxtabyrði húsnæðislána sem valda enn meiri kostnaðarhækkunum fyrir heimili með meðfylgjandi óróa í stjórnámálum.

## Aukin óvissa og hættuástand í Evrópu

Nú á haustmánuðum er hætta á að styrjöldin í Úkraínu breiðist út. Gasleiðslur í Eyrstrasalti hafa verið skemmdar og bæði Noregur og Bretland hafa aukið viðbúnað sinn til þess að verja neðansjárleiðslur og kapla. Slíkt ástand eykur óvissu í efnahagslífinu og er líklegt til þess að hamlar fjárfestingu og auka sparnað heimila sem minnkar eftirspurn og dýpkar samdrátt í Evrópu.

## Innlend hagstjórn

Landið okkar stendur betur en Evrópuríkin vegna innlendra orkuframleiðslu. Sem neytendur (en ekki Landsvirkjun!) njótum við þess nú að vera ekki tengd við orkukerfi Evrópu. Bæði rafmagn og hiti kosta lítið í samanburði við það sem evrópsk heimila þurfa að greiða fyrir orkuna. En hátt orkuverð í Evrópu skerðir engu að síður lífskjör hér á landi í gegnum hærrí verð á innflutningi.

Innanlands er eftirspurn mikil og spenna á vinnumarkaði getur haft í för með sér ófrið í vetur. Framleiðsla er meiri en framleiðslugeta hagkerfisins. Framleiðsla er þannig yfir þeirri framleiðslu sem gefur stöðugt verðlag. Verðbólga er nú 9,3% og stafar ekki einungis af hækkuð fasteignaverðs heldur einnig af því að verð á innlendra framleiðslu, t.d. þjónustu, hefur hækkað hratt. Þannig hefur verð á almennri þjónustu hækkað um 6,6% síðustu 12 mánuði og verðbólga án húsnæðis er 7,0%. Verðbólguvæntingar á skuldabréfamarkaði er vel yfir verðbólgu-markmiði eða 4,24%.

Úkraínustríðið hefur hingað til bæt viðskiptakjör Ísland, útflutningur hækkað meira í verði en innflutningur. Þetta stafar af því að verð á útfluttum sjávarafurðum, einkum til Bretlands, hefur hækkað mikið vegna viðskiptabanns á Rússland. Hækkun

á innflutningsverði hefur hins vegar rýrt lífskjör almennings. Þannig verður styrjöldin til þess að flytja tekjur frá neytendum til fyrirtækja í sjávarútvegi. Gengisáhrif vega aftur á móti þessum áhrifum ef og þegar gjaldeyristekjurnar koma inn í landið og hækka gengi krónunnar sem vegur þá á móti verðhækkunum á innflutningi.

Hér á landi sem annars staðar hafa vextir hækkað síðustu mánuði. Síðan þeir náðu lágmarki í lok árs 2020 hafa þeir hækkað um 5 prósentustig og merki eru um að þessi vaxtahækkun ásamt öðrum aðgerðum Seðlabankans hafi náð að slá á þenslu á húsnæðismarkaði og mögulegt er að innlend verðbólga hafi nú náð hámarki.

Það er við þessi skilyrði mikillar óvissu sem peningastefnunefnd Seðlabankans ákvað að stíga varlega til jarðar og hækka vexti um 25 punkta í þessari viku. Sú stefna var tekin fyrr á árinu þegar verðbólga fór ört vaxandi að taka stærri skref í upphafi vaxtahækkunarferlisins til þess að slá sem fyrst á innlenda eftirspurn og

verðbólguþrýsting í stað að taka mörg smærri skref yfir lengri tíma.

Að lokum þetta. Mikilvægt er að koma á ódýru innlendu greiðslukerfi sem ekki er unnt að rjúfa með því að skemma þá neðansjávarstrengi og kapla sem fjarskipti okkar við umheiminn fara um. Það var bent á það fyrir rúnum þremur árum að greiðslukerfið hér á landi væri berskjaldað fyrir því að þessir strengir væru eyðilagðir. Nú hefur styrjöld brotist út og gasleiður í Eystrasalti verið sprengdar. Bretland og Noregur hafa gripið til aðgerða til þess að vernda neðansjávarstrengi og leiðslur. Það er illskiljanlegt af hverju eftir þrjú ár hefur ekki tekist að koma á innlendra greiðslumiðlun eins og þeirri sem var til í fjármálakreppunni árið 2008 og skipti sköpum þegar viðskipti við erlenda banka stöðvuðust. Á stríðstímum verður að hafa hraðann á **V**

*Þær skoðanir sem koma fram í þessari grein eru höfundar og endurspeгла ekki skoðanir annarra nefndarmanna í peningastefnunefnd.*

*framh. af bls. 2*

Og spillingin á Sri Lanka var litlu meiri en á Indlandi og miklu minni en í Bangladess og Pakistan eins og fram kemur á mynd 4. Myndin sýnir spillingarvísitölu Transparency International sem ætti kannski heldur að heita gegnsæisvísitala og nær frá 0 í gerspilltum löndum upp í 100 í löndum þar sem engar spillingar sem orð er á gerandi verður var.

Það flækir málið að hrun gerir ekki alltaf boð á undan sér eins og það gerði þó á Íslandi 2006-2008. Hitt er algengara að allt virðist vera með felldu þar til hrunið skellur á. Það stafar af því að mikil umsvif knúin áfram af skuldaföfnun erlendis blinda mönnum svo sýn að þeim virðist allt leika í lyndi þar til skyndilega reynist ekki vera til laust fé heima fyrir í erlendum gjaldeyri til að standa skil á skuldum. Einmitt þannig lýsti Ernest Hemingway gjaldþroti í einni bók sinni: Það gerist fyrst hægt og rólega og síðan gerist það skyndilega.

Velgengni í efnahagsmálum villir oft á sér heimildir. Menn halda áfram að safna skuldum til að reyna að halda andlitinu þangað til þeir geta ekki lengur staðið í skilum. Þetta á ýmist við um stjórnvöld eða einkageirann nema hvort tveggja sé. Einmitt þetta gerðist á Sri Lanka 2021 líkt og á Íslandi 2006-2008. Sri Lanka er nú í gergæzlu á vegum AGS líkt og Ísland var 2008-2011. Íslandi tókst að rífa sig upp úr öldudalnum og það mun Sri Lanka einnig takast. Yfirleitt tekur afturbattinn,

þ.e. endurheimt fyrri stöðu, átta til níu ár líkt og gerðist á Íslandi.

Vergar skuldir ríkissjóðs Sri Lanka í árslok 2021 námu 109% af landsframleiðslu og stefna hærra. Til samanburðar námu vergar skuldir ríkissjóðs Íslands 110% af landsframleiðslu í lok hrunársins 2008, fóru hæst í 138% í árslok 2011 og námu 75% í árslok 2021 (heimild: AGS). Ríkissjóður Íslands komst ekki í þrot í hruninu, AGS og Norðurlönd sáu til þess. Sri Lanka samdi nýlega við AGS um lán og ráðstafanir til að geta staðið skil á skuldum ríkisins. Lágir og stundum engir vextir síðustu ár hafa gert íslenska ríkinu kleift að velja skuldum sínum á undan sér við litlum sem engum eða jafnvel minni en engum tilkostnaði. Lágir sem engir vextir dugðu Sri Lanka þó ekki til að komast hjá kreppu.

Reynslan hefur kennt mönnum að vergar skuldir skipti jafnan meira máli en hreinar skuldir þar eð eignarnar sem menn kaupa sér með lánsfé geta reynzt ótryggar eins og raunin varð á Íslandi í hruninu. Sama á við um einkaskuldir sem riðu baggamuninn í hruninu á Íslandi en ekki á Sri Lanka því þar var það ríkið sem reisti sér hurðaras um öxl.

Efnahagshrun er ævinlega dauðans alvara. Löndin rísa að vísu alltaf upp aftur að átta til níu árum liðnum, stundum fyrir, stundum síðar, en eftir situr óbættur skaði þeirra sem misstu mikils, stundum vinnuna, stundum heimili sín, stundum allt. **V**

## Aðrir sálmar

### Er Credit Suisse næstur?

„Greiðsluföll eru á leiðinni“ og „Credit Suisse er næstur“ eru fullyrðingar sem finna má á umræðuvefum internetsins. Þótt slíkar fullyrðingar geta seint talist til áreiðanlegra heimilda, endurspeglar þær áhyggjur sem dvelja yfir fjármálamörkuðum um þessar mundir. Síðastliðinn föstudag urðu verðhækkningar á skuldtryggingum gefnar út af svissneska bankanum Credit Suisse, en slíkt bendir til að fjárfestar séu áhyggjufullir um fjárhagsstöðu bankans. Einnig hefur breska pundið náð nýjum lægðum eftir vægast sagt undarlegt útspil nýju ríkisstjórnarinnar í skattamálum og í kjölfar þess hefur seðlabanki Bretlands þurft að stíga inn á skuldabréfamarkað til að koma í veg fyrir greiðsluföll lífeyrissjóða þar á landi.

Credit Suisse átti sinn stað meðal fremstu fjármálastofnanna heims sem varla á þó við lengur. Eftir fjölda mistaka í stjórn bankans síðastliðin ár hefur markaðsvirði hans haldið öruggri siglingu niður á við. Nú þegar róður fer að þyngjast með hærri stýrivöxtum verða áhyggjur meiri.

Ástandið í Bretlandi hefur aðeins kynt undir þær áhyggjur. Í kjölfar útspils bresku ríkisstjórnarinnar eru áform um að stýrivextir þar í landi munu þurfa hækka enn meir en var upphaflega lagt til með. Háir stýrivextir hækka m.a. vexti fasteignalána og auka þar með greiðslufallslíkur heimila. Ef greiðslufall verður í hrönnum á slíkum lánnum munu önnur verðbréf tryggð með fasteignaveði falla í verði. Seinast þegar slíkt gerðist var það árið 2008 og olli falli bankans Lehman Brothers en stöðu Credit Suisse í dag hefur einmitt verið líkt við ástand þess tíma.

Fjárhagsstaða banka á við Credit Suisse er þó mun sterkari nú en árið 2008 vegna strangara regluverks banka. Nú eru t.d. skuldir Credit Suisse sex sinnum meiri en eigið fé sem telst frekar lágt í sögulegum skilningi en t.a.m. var sama hlutfall Lehmen Brothers yfirleitt um 30 til 60 á móti 1. Á tímum sem þessum er ekki annað hægt en að vona að þetta nýja regluverk dugi til að halda okkur frá öðru bankahruni.

Ritstjóri: Emil Dagsson  
 Ábyrgðarmaður: Eyrún Magnúsdóttir  
 Útgefandi: Kjarninn miðlar ehf.,  
 Fiskislóð 31 B, 101 Reykjavík  
 Sími: 551 0708 Netfang: visbending@kjarninn.is  
 Prentun: Umslag  
 Öll réttindi áskilin.  
 © Ritíð má ekki afrita án leyfis útgefanda.



# Peningamálafundur Viðskiptaráðs



Ásgeir Jónsson  
Seðlabankastjóri

24. nóvember 2022

## Faraldur, stríð og slitnar framleiðslukeðjur



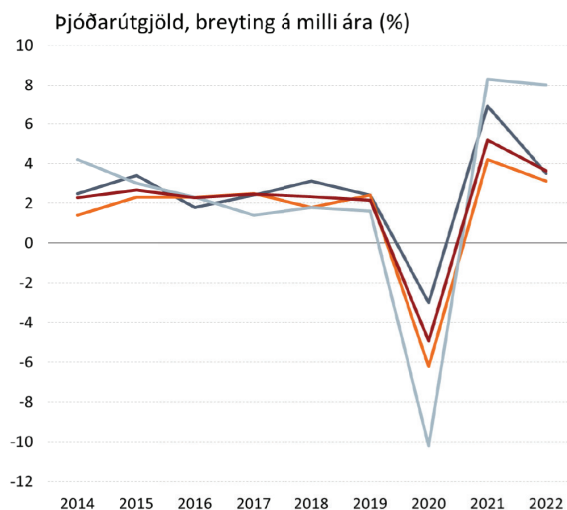
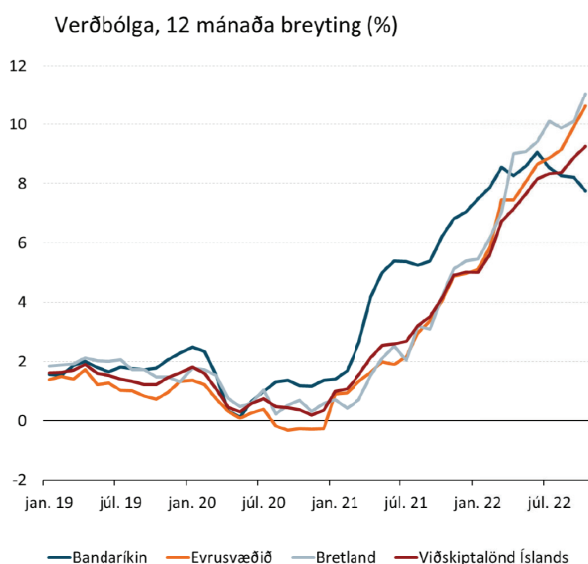
Fjórir reiðmenn dómsdags – Plágan, hungursneið, stríð og landvinningar. Á toppi myndarinnar er lambið  
Titill myndar: Four horseman of apocalypse. Höfundur: Viktor Vasnetsov.

## Aftur heim í hérað –



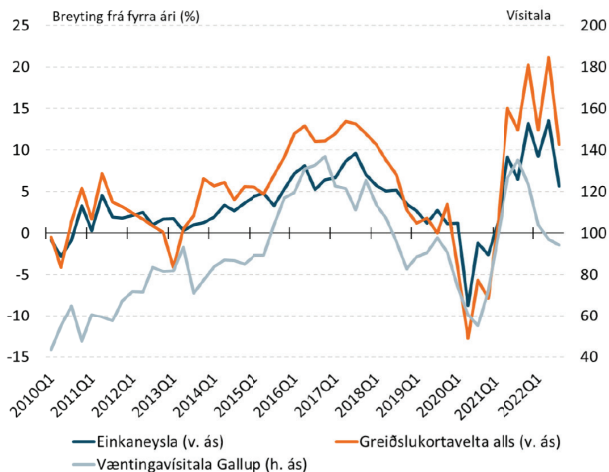
- Alþjóðavæðingin er að snúast við - iðnaður að flytjast aftur heim til vesturlanda.
  - Áhersla á afhendingaröryggi – færa framleiðslukeðjur nær markaðinum.
  - Fyrirtæki reyna að framleiða sjálf, eða í löndum sem liggja landfræðilega nálægt og/eða eru hluti af hinu vestræna þjóðabandalagi.
  - Mikill vinnuaflosskortur á vesturlöndunum – ný störf í iðnaði munu draga úr misskiptingu í tekjum en jafnframt valda verðbólguþrýstingi.
- Brattar hækkningar á stýrivöxtum helsta seðlabanka heimsins hafa leitt til endurmats á áhættu á fjármálamarkaði.

## Framboðið gat ekki haldið í við eftirspurn eftir Covid

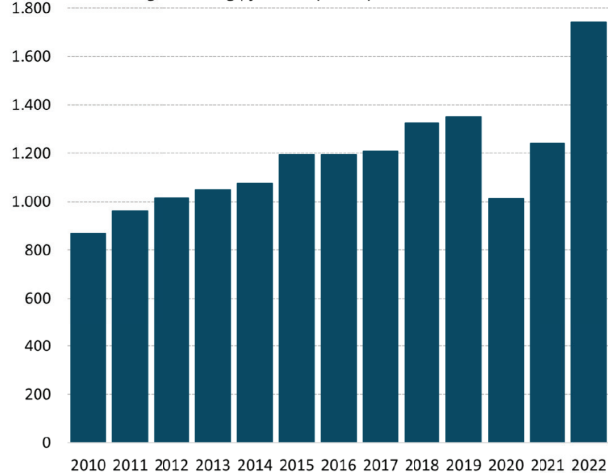


# Hraður efnahagsbati á Íslandi – eftirspurn mjög fljót að taka við sér

Einkaneysla og vísibendingar



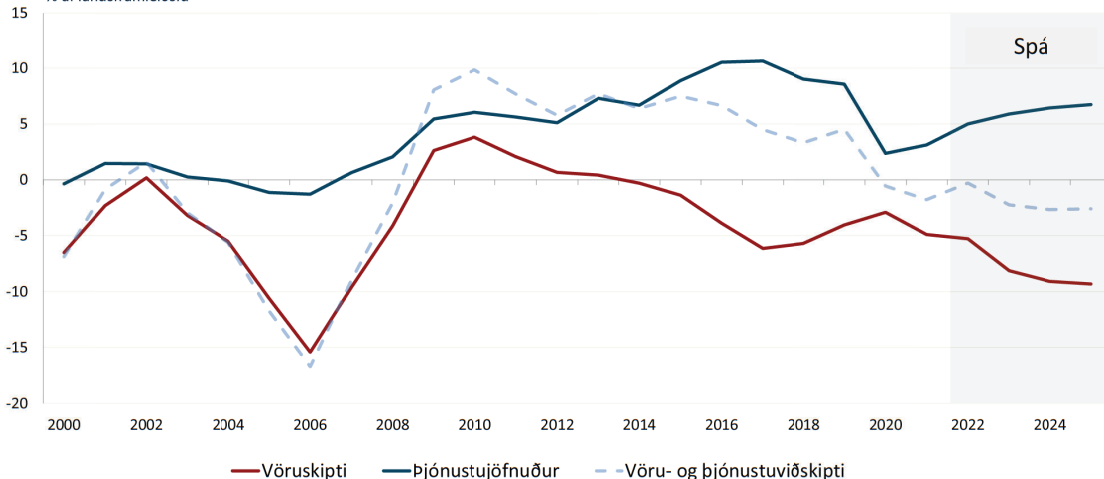
Útflutningur vöru og þjónustu (ma.kr)



Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

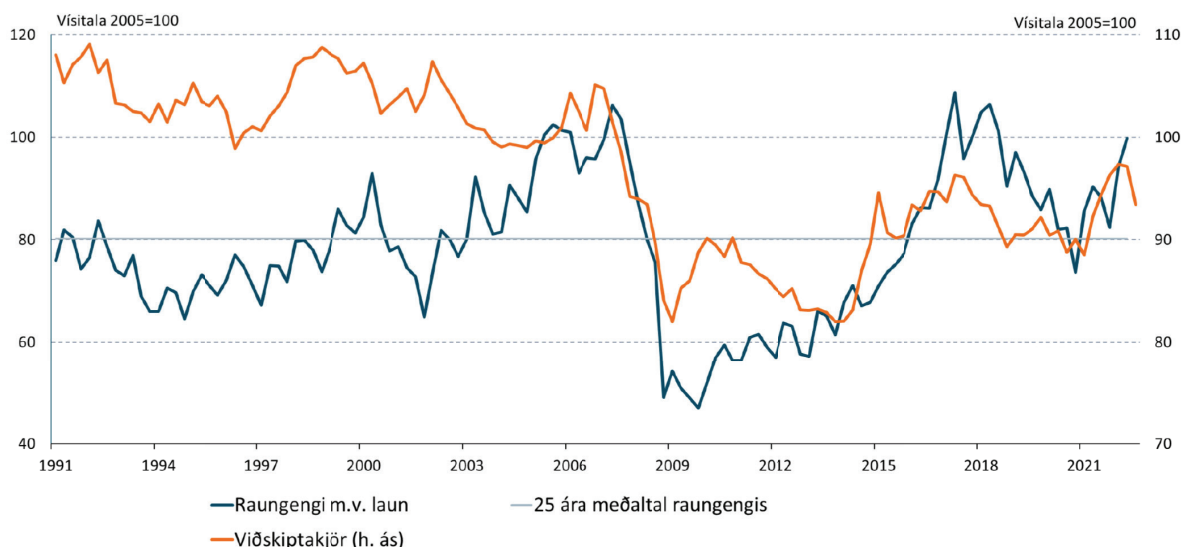
# Útflutningstekjur hafa ekki haldið í við innflutning

% af landsframleiðslu

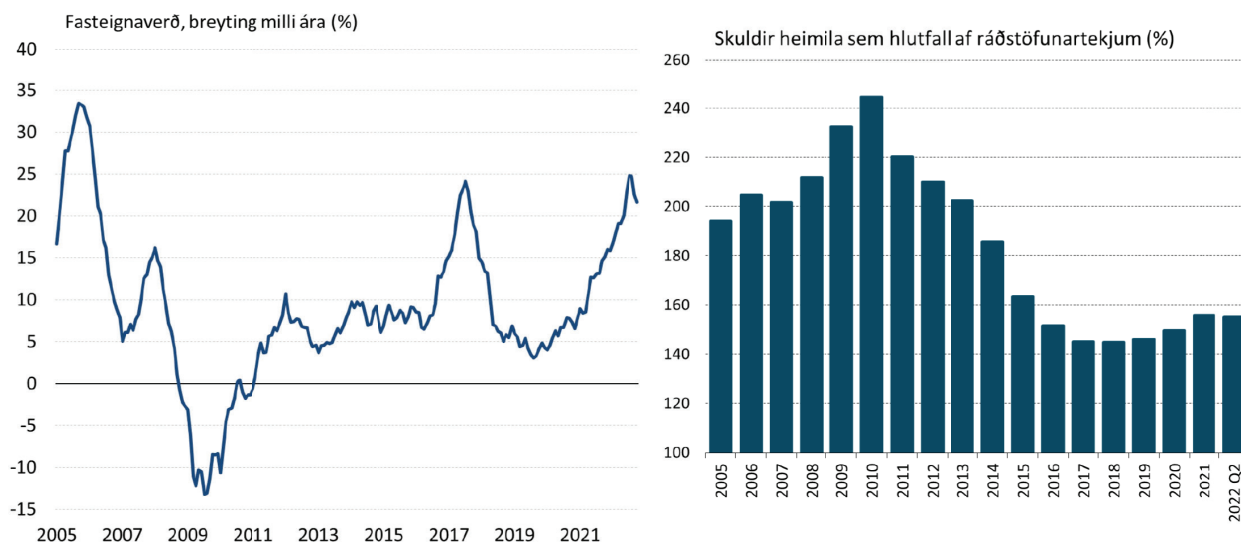


Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

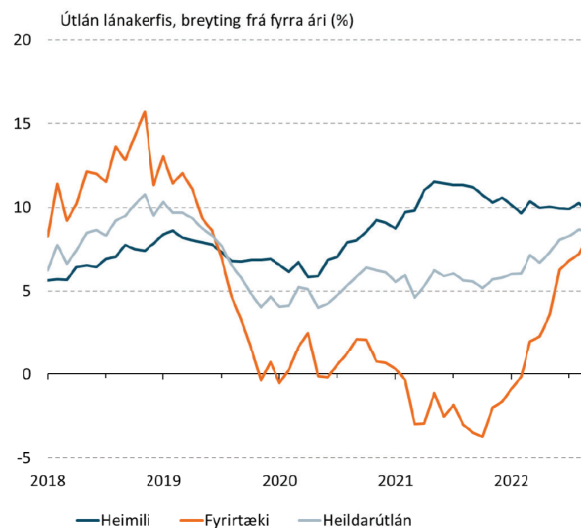
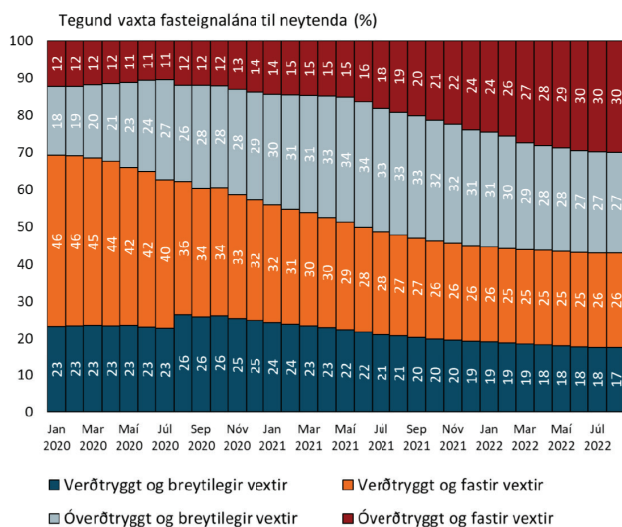
## Raugengi launa hefur líka hækkað verulega



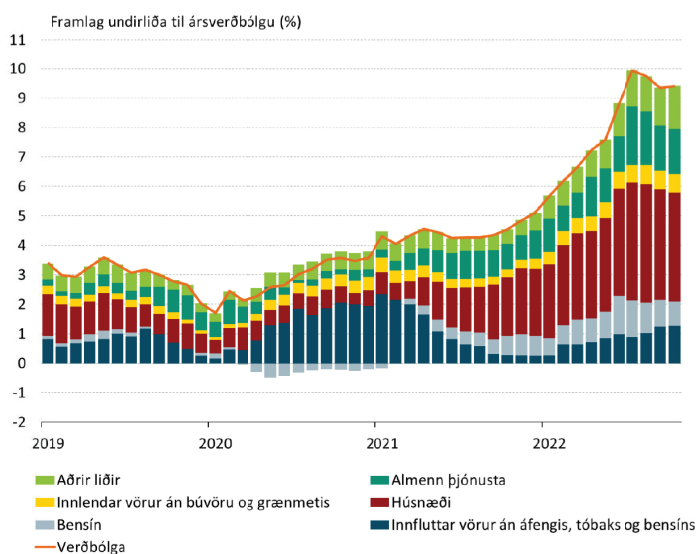
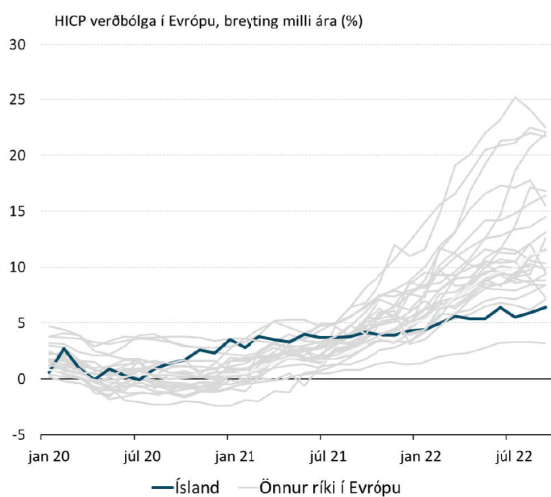
## Hækkun fasteignaverðs – en án lánabólu



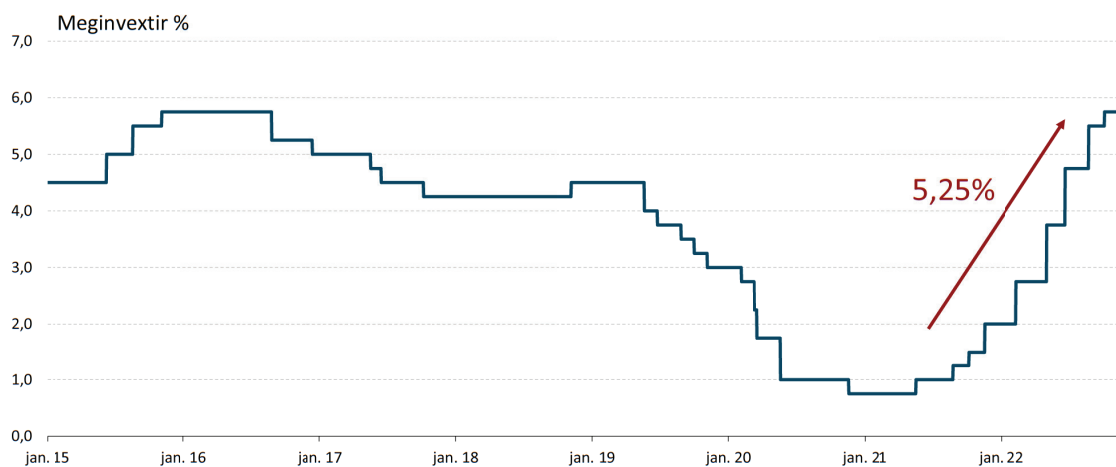
## Nýtt húsnæðislánakerfið byggt á nafnvöxtum hefur bætt miðlun peningastefnunnar



## Verðbólga án húsnæðisverðs næstlægst á Íslandi

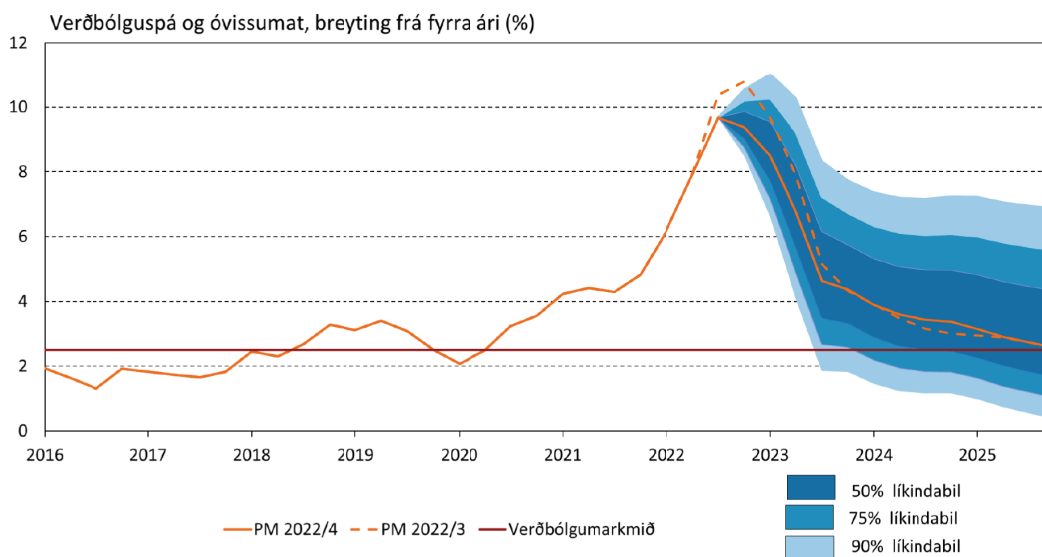


## Seðlabankinn eykur aðhaldið



Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

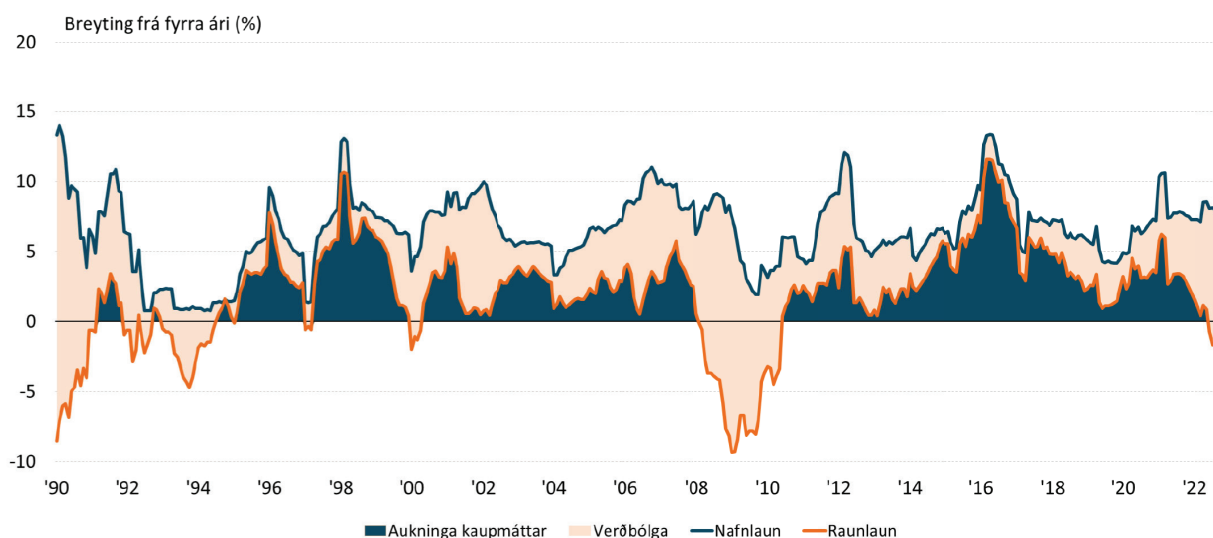
## Við ætlum okkur að ná verðbólgu aftur í markmið



## Hvað er framundan

- Útlit er fyrir samdrátt á næsta ári – beggja vegna Atlantshafsins. Orkuöflun Evrópu er öll í óvissu – öll álfan treystir á gas frá Síberíu.
- Ísland mun verða fyrir neikvæðum áhrifum – það er erfitt að sjá fyrir sér mikla lífskjarasókn á næsta ári ef helstu viðskiptalönd okkar fara í kreppu.
- Mjög mikilvægt að halda ytra jöfnuði landsins í jafnvægi – það er óráðlegt að fara inn í óvissutíma með mikinn viðskiptahalla. Við þurfum að hemja innlenda eftirspurn.
- Lengra fram litið – eru breytingar í alþjóðaviðskiptum að gagnast Íslandi. Og örugg græn orka er gulls ígildi.

## Hækkun nafnlauna leiðir ekki alltaf til hækkun kaupmáttar



## Samvinna nauðsynleg til að tryggja líf skjör

Íslenska þjóðin þarf

- Litla verðbólgu
- Hagstæða vexti
- Stöðugan gjaldeyrismarkað
- Stöðugan húsnæðismarkað
- Stöðugan og traustan fjármálamarkað

Seðlabankinn hefur bæði vilja og getu til þess að tryggja þessi almannagæði en allir verða að spila með

Takk fyrir



## Um vaxtaákvörðun 23. nóvember



Gylfi Zoega  
hagfræðiprófessor við HÍ

**P**eningastefnunefnd Seðlabankans hækkaði vexti í síðustu viku um 0,25 prósentur, úr 5,75% í 6%. Eftir þessa hækkun hafa meginvextir bankans hækkað um 5,25% frá miðju ári 2021 þegar núverandi vaxtahækkunarferli hófst. Vextir eru nú 25 punktum hærra en þeir voru á toppi uppsveiflunnar árin 2015-2016.

### Ástæður vaxtahækkunar

Peningastefnunefnd ákvað að hækka vexti vegna mikillar og vaxandi innlendrar eftirspurnar sem hefur m.a. komið fram í spennu á vinnumarkaði, ört hækkanði fasteignaverði og halla á viðskiptum við útlönd. Vaxtahækkunum er ætlað að slá á þennan vöxt eftirspurnar til þess að bankinn nái verðbólgu markmiði sínu til meðallangs tíma.

Orsakir mikillar innlendrar eftirspurnar eru nokkrar. Sparnaðarhlutfall heimila hefur lækkað (þótt þau séu enn að spara) og aukið einkaneyslu til muna. Þannig er greiðslukortavelta að vaxa um um það bil 11% á ársgrundvelli og einkaneyslan um 11,5% á fyrsta ársfjórðungi Fjármunamyndun atvinnuvega fer einnig ört vaxandi, um 15% á ársgrundvelli. Við þetta bætist að ferðaþjónusta er ört að taka við sér. Fjöldi gistinguþátta er búinn að ná sama stigi og fyrir COVID farsóttina og erlendum ferðamönnum fer ört fjölgandi. Viðskiptakjör hafa batnað vegna þess að verð á útlutningi hefur hækkað meira en verð á innflutningi.

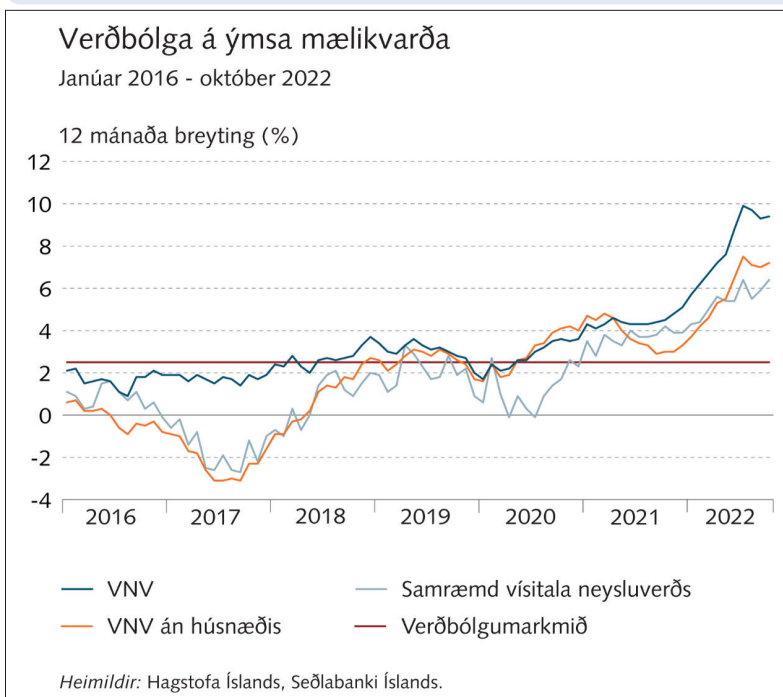
Spenna á vinnumarkaði hefur aukist og mörg fyrirtæki skortir starfsfólk. Atvinnuleysi er um 4% og fjöldi vinnustunda hefur aldrei verið meiri. Mikill fjöldi erlendra ríkisborgara hefur flutt til landsins á þessu ári sem er enn eitt merkið um kröftuga innlenda uppsveiflu.

Verðbólga hefur farið ört vaxandi frá lokum árs 2021. Hún mælist nú 9,3% en 7,1% án húsnæðis, sjá mynd 1. Verðbólga á alla mælikvarða er langt yfir verðbólgu markmiði sem er 2,5%. Verðbólgan er að hluta innflutt í gegnum hærri innflutningsverð



Ljósmynd: Birgir Þór Harðarson.

### Mynd 1 Verðbólga á ársfjórðungi fram í október 2022



**1** Gylfi Zoega útskýrir ástæður sem liggja að baki seinustu stýrivaxtahækkunar

**2** Umræðan hefur um margt verði á villigötum og gott er að hafa nokkur atriði í huga

**3** Ásta Dís Óladóttir fer yfir þau tækifæri sem felast í starfsþjálfun

**4** Hvaða efnahagslegu áhrif fylgja mannfjölda-fækkun nýja manntalsins?

## Í verðbólgu felst skattheimta á þá sem eiga peningalegar eignir... Munið að langstærsti fjármagnseigandi landsins eru launþegar sem eiga lífeyrissjóðina sem nú hafa eignir upp á tæplega 6000 milljarða

á neysluvörum og aðföngum en innlendir þættir hafa einnig hækkað í verði. Hún er tekin að breiða úr sér, ná yfir sífellt fleiri liði neysluverðsvísitölunnar. Fasteignir hafa hækkað um tæp 22% og laun um 8% síðustu 12 mánuði. Verðbólguvæntingar eru yfir markmiði.

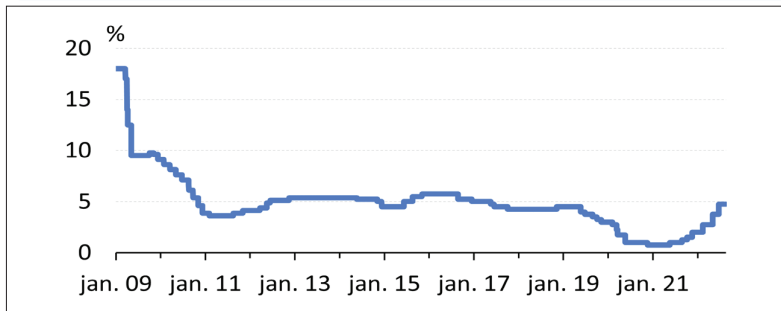
Mikill vöxtur innlestrar eftirspurnar hefur aukið innflutning á vörum og þjónustu og er nú svo komið að afgangur á þjónustujöfnuði nær ekki að greiða fyrir halla á vöruskiptajöfnuði, það er halli á viðskiptum við útlönd. Þessi halli hefur valdið gengislækkun krónunnar síðan í sumar. Þar fer saman viðskiptahalli og erfiðari fjármögnun hans á alþjóðlegum fjármálamörkuðum vegna vaxtahækkana Bandaríkjanna og samdráttar peningamagns.

Mynd 2 sýnir meginvexti Seðlabankans frá byrjun árs 2009 til ágústloka 2022. Ljóst er af myndinni að vextir eru ekki fjarri meðallagi síðustu ára þótt verðbólga sé mun meiri. Peningastefnan og stefna í ríkisfjármálum vinna um þessar mundir saman að því að hægja á aukningu eftirspurnar. Halli á rekstri ríkissjóðs fer minnkandi ár frá ári. Hann var yfir 8% af VLF árið 2020 og verður innan við 4% á þessu ári.

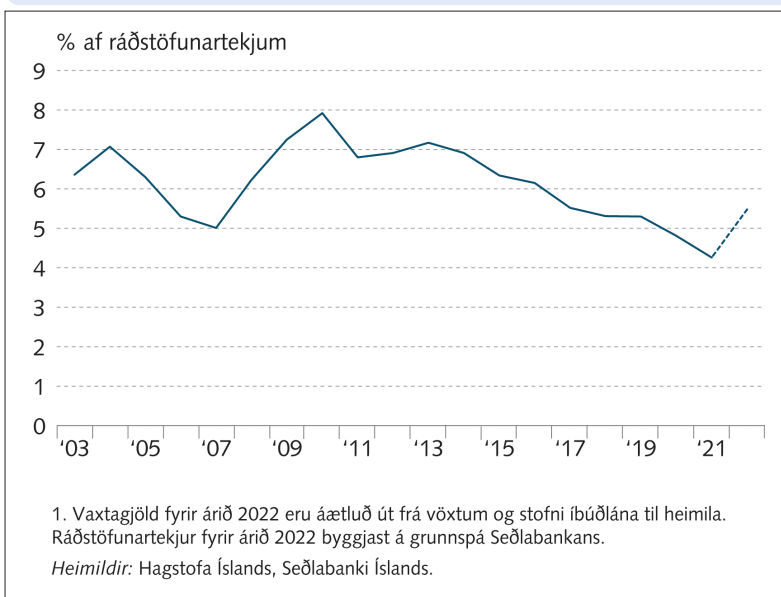
### Áhrif vaxtahækkunar á verðbólgu

Hærrir vextir hafa áhrif á verðbólgu með því að hægja á innlendri eftirspurn. Áhrifin koma m.a. í gegnum vaxtafarveg peningastefnunnar og gengisfarveg hennar. Vaxtahækkunirnar, ásamt reglum um hámarks greiðslubyrði, eru þegar byrjaðar að slá á hækkun fasteignaverðs sem mun smám saman draga úr umfangi byggingaframkvæmda. Minni framkvæmdir verða þá til þess að minnka innlenda eftirspurn. En

Mynd 2 Meginvextir Seðlabanka Íslands, 1. jan. 2009–19. ágúst 2022



Mynd 3 Vaxtagjöld heimila vegna íbúðalána 2003–2022<sup>1</sup>



lægra fasteignaverð getur einnig orðið til þess að einkaneysla vaxi hægar þegar heimili fara varlegar vegna þess að verð á húsnæði hefur lækkað, allavega hækkað minna en annað verðlag og laun. Þetta er hluti af vaxtafarvegi peningastefnunnar.

Gengisfarvegurinn er ekki síður mikilvægur. Vegna erfiðra alþjóðlegra fjármálamárkada hefur það reynst innlendum fjármálastofnunum erfiðara en áður að afla lánsfjár sem er nauðsynlegt til þess að fjármagna viðskiptahallann. Afleiðing hallans verður þá lækkan á gengi krónunnar sem síðan hækkar verð á innflutningi og eykur innlenda verðbólgu. Þegar vaxtahækkunir slá á innlenda eftirspurn og minnka innflutning þá verður það til þess að gengi krónunnar lækkar minna eða hækkar sem hjálpar til við að ná innlendri verðbólgu niður. Einnig hafa hærri innlendir vextir í för með sér að innlendir aðilar hafa minni hvata til þess að flytja fjármagn út landi sem sömuleiðis styrkir krónuna. Hærra gengi krónunnar

verður svo til þess að við kaupum meira erlent, ferðumst oftar til útlanda, sem minnkar innlenda eftirspurn en á móti vegur aukinn viðskiptahalli.

### Um opinbera umræðu um vaxtahækkun

Því hefur verið haldið fram að 25 punkta hækkun vaxta hafi ekki átt rétt á sér vegna þess að með hún hafi komið kjarasamningum í uppnám. Sumir aðilar vinnumarkaðar hafa einnig sagt að laun þurfi að hækka til þess að bæta launþegum upp minni kaupmátt vegna aukinnar greiðslubyrði lána. Umræðan hefur um margt verið á villigötum. Gott er að hafa eftirfarandi í huga:

Það er verkefni peningastefnunnar að sjá til þess að peningar haldi verðgildi sínu, að verðlag sé stöðugt. Þetta er gert til þess að peningar, í okkar tilfalli krónan, geti betur gengt hlutverki sínu í viðskiptum

framh. á bls. 4



March 27, 2001

## **Declaration on inflation target and a change in the exchange rate policy**

(From March 27, 2001 – as amended by agreement between between the Prime Minister of Iceland and the Board of Governors of the Central Bank of Iceland on November 11, 2005, cf. Press release no. 35/2005)

On March 27, 2001 the Prime Minister and the Governors of the Central Bank of Iceland signed a declaration on changes in the framework of monetary policy in Iceland. The declaration is as follows:

The Government of Iceland and the Central Bank of Iceland have decided the following changes in the framework of monetary policy in Iceland, effective March 28, 2001:

- (1) The main target of monetary policy will be price stability as defined below. The Central Bank shall also promote financial stability and the main objectives of the economic policy of the Government as long as it does not deem it inconsistent with the Bank's main objective of price stability.
- (2) Rather than basing monetary policy on keeping the exchange rate within a fluctuation band, the Central Bank will aim at keeping inflation within defined limits as specified below.
- (3) The change described above implies that the fluctuation limits for the króna are abolished. Nevertheless, the exchange rate will continue to be an important indicator in the conduct of monetary policy.
- (4) The Government grants full authority to the Central Bank to use its instruments in order to attain the inflation target.
- (5) Later this week, the Government will submit to Parliament a bill on a new Central Bank Act which, once enacted, will legally confirm the decisions described above on making price stability the main objective of monetary policy and on the independence of the Central Bank to use its instruments.
- (6) The inflation target of the Central Bank will be based on 12-month changes in the consumer price index as calculated by Statistics Iceland. Statistics Iceland will also be asked to calculate one or more indices which may be used to assess the underlying rate of inflation, as will be further agreed between the Central Bank and Statistics Iceland. The Central Bank will take note of such indices in its assessment of inflation and in the implementation of monetary policy.

(7) The Central Bank will aim at an annual inflation rate of about 2½ per cent.

(8) If inflation deviates by more than 1½ percentage point from the target, the Central Bank shall bring it inside that range as quickly as possible. In such circumstances, the Bank will be obliged to submit a report to the Government explaining the reasons for the deviations from the target, how the Bank intends to react and how long it will take to reach the inflation target again in the Bank's assessment. The report of the Bank shall be made public.

(9) The Central Bank shall aim at attaining the inflation target of 2½ percent not later than by the end of 2003. In the year 2001, the upper Declaration on inflation target and a change in the exchange rate policy limit for inflation shall be 3½ percentage points above the inflation target but 2 percentage points above it in the year 2002. The lower limit for inflation will always be 1½ percentage point below the inflation target. Should inflation move outside the target range in 2001 and 2002, the Bank shall respond as set out in item 8 above.

(10) Despite the elimination of the fluctuation limits for the króna, the Central Bank will intervene in the foreign exchange market if it deems such action necessary in order to promote the inflation objective described above or if it thinks that exchange rate fluctuations might undermine financial stability.

(11) The Central Bank shall publish inflation forecasts, projecting inflation at least two years into the future. Forecasts shall be published in the Bank's Monetary Bulletin. This shall also contain the Bank's assessment of the main uncertainties pertaining to the inflation forecast. The Bank shall also publish its assessment of the current economic situation and outlook.

**[Amended text by agreement between the Prime Minister of Iceland and the Board of Governors of the Central Bank of Iceland on November 11, 2005]**

(12) The Central Bank shall in its publications explain how successful it is in implementing the inflation target policy. The Governors will also report to the Minister, the Government and committees of the Parliament on the policy of the Bank and its assessment of current economic trends and prospects.

