



## The CBI both sold and bought foreign currency in July

*In the second half of July, the króna began to weaken, but that weakening was fully reversed towards the end of the month. At the end of July, the euro stood at ISK 146.6, which is almost unchanged from the end of June. Of 22 trading days in July, the CBI intervened seven days, on four days it bought euros and on three days it sold euros.*

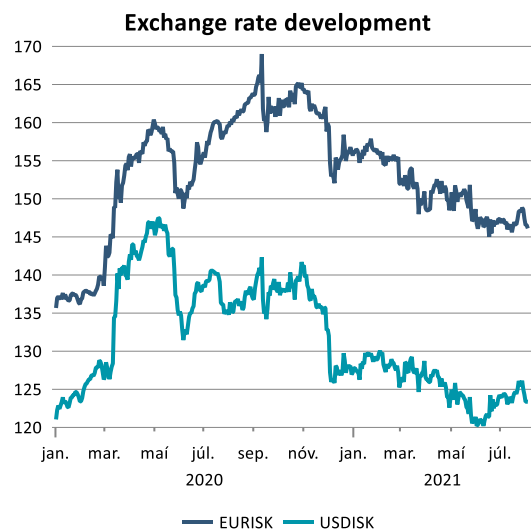
At the end of June, the euro stood at ISK 146.5. Around 20 July, the króna began to weaken and the euro peaked at ISK 149 on 27 July. That weakening reversed and at the end of the month the euro stood at ISK 146.6, i.e. almost unchanged from the end of June.

Turnover in the foreign exchange market amounted to ISK 21.4bn. (EUR 143 million) in July and decreased by approx. half between months. This is the lowest turnover in one month since February 2020. The CBI's share was ISK 4.0bn (18%).

Of the 22 trading days in July, The CBI intervened seven days. Four days it bought euros and three days it sold euros. In total, the CBI bought euros for ISK2.6bn (EUR 18m) and sold for ISK 1.3bn (EUR 9m). The CBI's net purchases in July were therefore ISK 1.3 bn (EUR 9m).

	7/31/2021	YTD	1M	3M	12M
TWI	190.9	-4.8%	-0.1%	-1.8%	-7.1%
EUR	146.6	-6.1%	0.1%	-2.0%	-8.3%
USD	123.3	-3.1%	0.1%	-0.4%	-8.5%
GBP	172.2	-0.8%	0.9%	0.0%	-2.7%
DKK	19.7	-6.1%	0.0%	-2.0%	-8.2%
NOK	14.0	-5.9%	-2.5%	-6.6%	-5.5%
SEK	14.4	-7.6%	-0.7%	-2.2%	-7.3%
CHF	136.1	-5.7%	2.0%	0.1%	-8.3%
JPY	1.12	-8.9%	0.8%	-1.1%	-12.7%

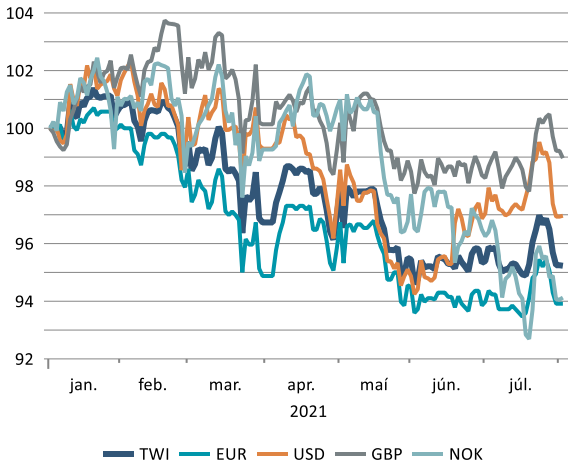
Source: Kofíak



Source: Macrobond

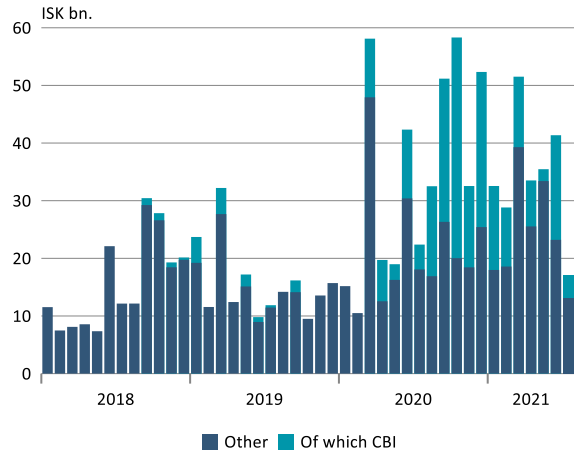


The Icelandic *króna* has appreciated against the currencies of most of Iceland's main trading partners year to date.



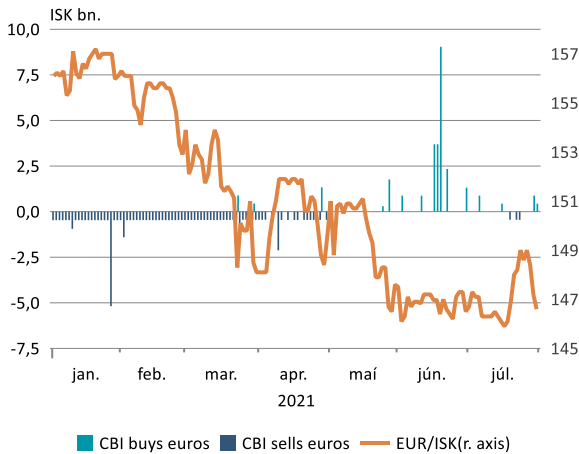
Source: Macrobond

Turnover in the FX market was ISK 21.4bn (EUR 143m) in July. The CBI's share was ISK 4.0bn (18%).



Source: Macrobond

Out of 22 trading days in July the CBI intervened seven days, on four days it bought euros and on three days it sold euros.



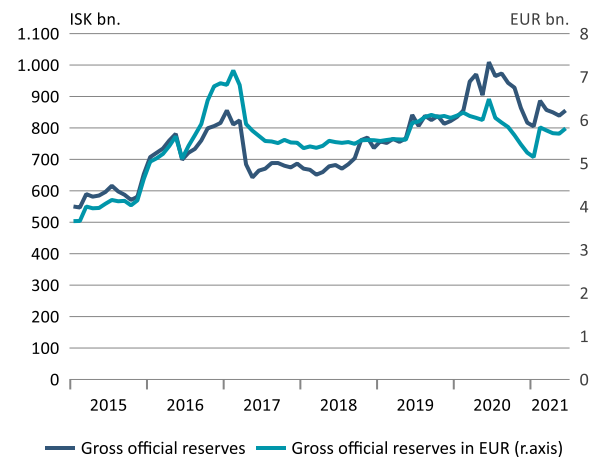
Source: Macrobond

The CBI's net purchase of foreign currency was ISK 1.3bn (EUR 9m) in July.



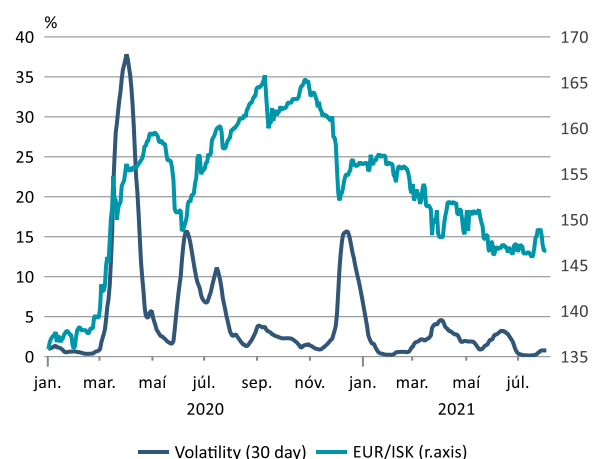
Source: Macrobond

Gross foreign exchange reserves were ISK 855bn (EUR 5.8bn) at end of May.



Source: Macrobond

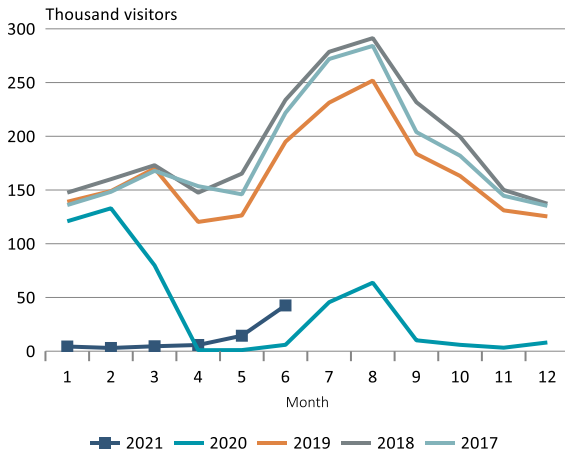
The volatility of the Icelandic *króna* increased in July.



Source: Macrobond

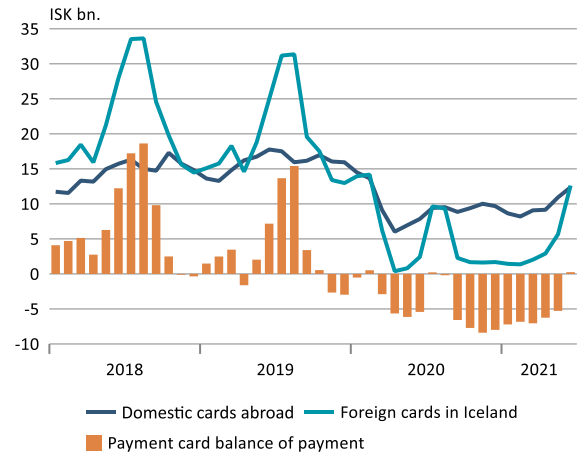


42,600 foreign visitors travelled through Keflavík International Airport in May.



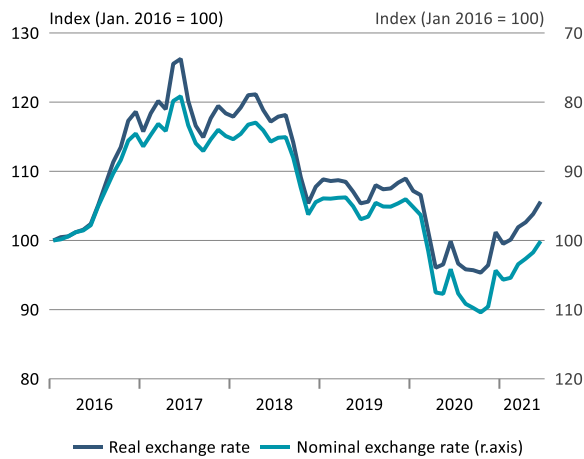
Source: Macrobond

The payment card balance was positive by ISK 0.2bn in April.



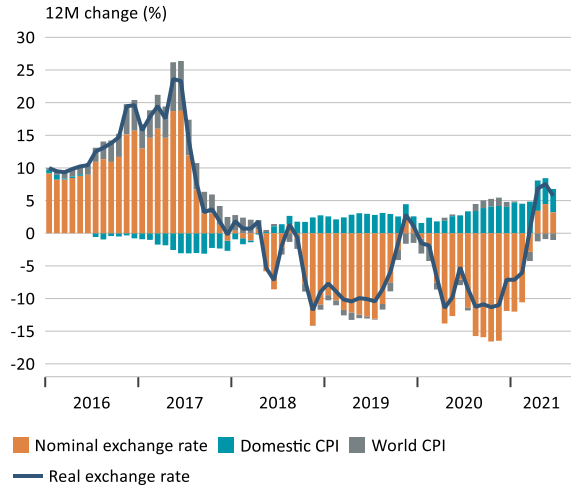
Source: Macrobond

The real exchange rate was 5.7% higher in June 2021 than in June 2020; the nominal exchange rate was 4.0% stronger.



Source: Macrobond

The contribution of domestic inflation to changes in the real exchange rate was +3.6%; the contribution of international inflation was -1.0%.



The contents and form of this document were produced by employees of Landsbankinn Economic Research (hagfraedideild@landsbankinn.is) and are based on information available to the public when the analysis was compiled. Assessment of this information reflects the views of Economic Research's employees on the analysis date, which may change without notice.

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