



The Icelandic *króna* depreciated slightly in December

The Icelandic króna depreciated slightly against the currencies of Iceland's main trading partners in December, apart from the Japanese yen. The Central Bank of Iceland did not intervene in the market in December.

At the end of December, the euro stood at ISK 147.6 compared to 147.0 at the end of November and the US dollar at 130.4 compared to 129.4 at the end of November. The trade-weighted index increased (the *króna* depreciated) by 1.0% in November.

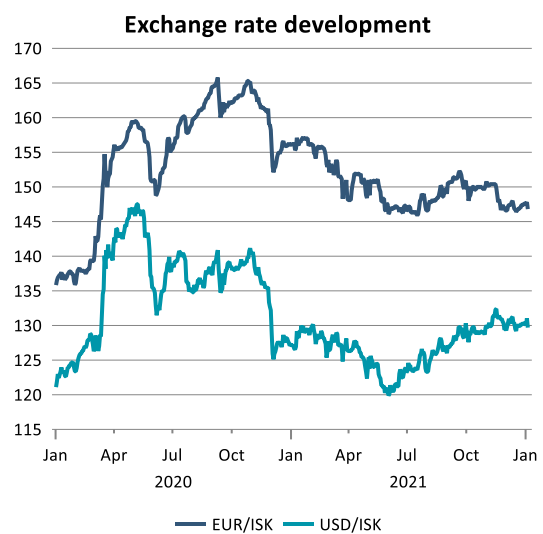
Turnover in the foreign exchange market was ISK 16.5 bn (EUR 112m) in December, roughly unchanged between months.

The Central Bank did not intervene in the market in December, for the second month in a row. The Central Bank last intervened on 5 October.

In 2021, the ISK appreciated by 2.4% based on changes to the trade-weighted index. The ISK appreciated by 5.4% against the EUR while depreciating by 2.5% against the USD and 1.3% against the GBP.

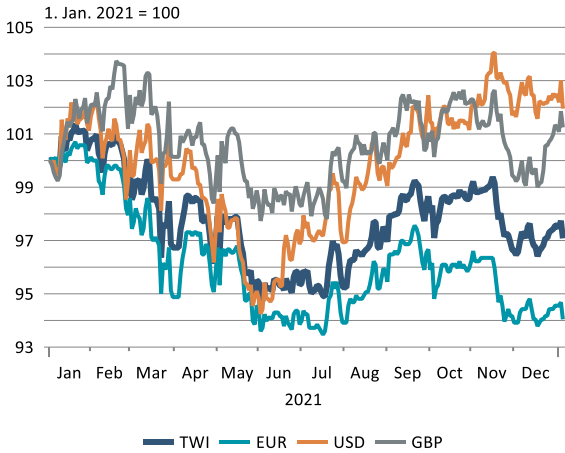
	31/12/2021	YTD	1M	3M	12M
TWI	195.6	-2.4%	1.0%	-1.1%	-2.4%
EUR	147.6	-5.4%	0.4%	-2.2%	-5.4%
USD	130.4	2.5%	0.8%	0.0%	2.5%
GBP	175.7	1.3%	1.8%	0.2%	1.3%
DKK	19.8	-5.4%	0.4%	-2.2%	-5.4%
NOK	14.8	-1.0%	3.3%	-0.5%	-1.0%
SEK	14.4	-7.6%	0.7%	-3.0%	-7.6%
CHF	142.8	-1.1%	1.3%	2.5%	-1.1%
JPY	1.13	-8.2%	-1.2%	-2.7%	-8.2%

Source: Kofiak



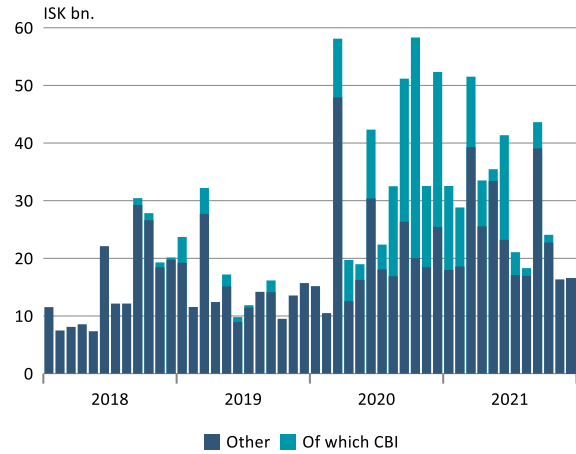


In 2021, the ISK strengthened against the EUR while weakening against USD and GBP. The trade-weighted index decreased (the ISK strengthened).



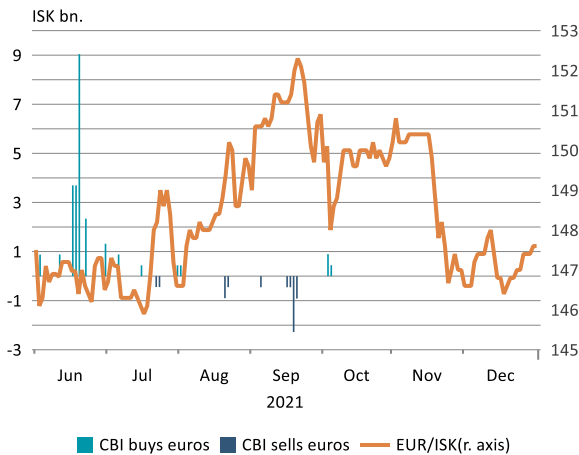
Source: Macrobond

Turnover in the FX market was ISK 16.5bn (EUR 112m) in December.



Source: Macrobond

The CBI did not intervene in the FX market in December.



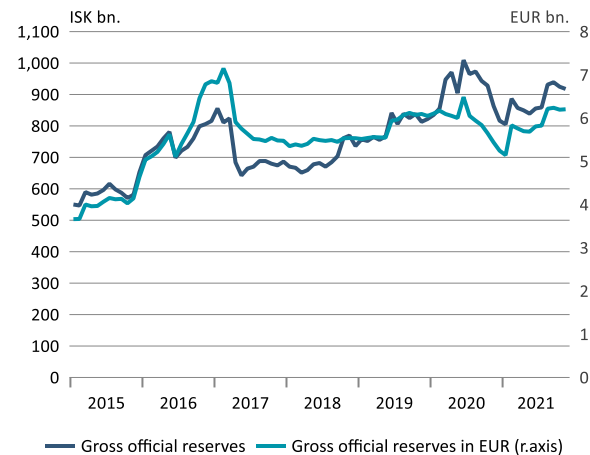
Source: Macrobond

The CBI's net sale of foreign currency in 2021 amounted to ISK 22.7bn (EUR 140m).



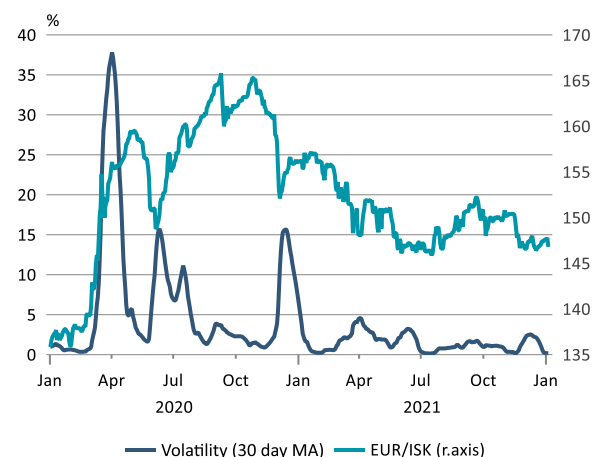
Source: Macrobond

Gross foreign exchange reserves were ISK 918bn (EUR 6.2bn) at the end of November.



Source: Macrobond

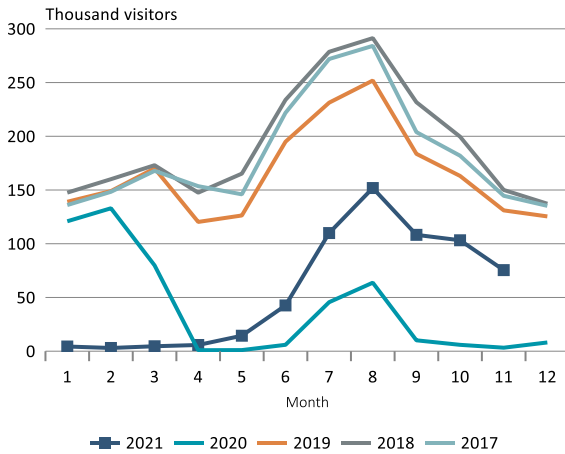
The volatility of the *króna* against the euro decreased in December.



Source: Macrobond

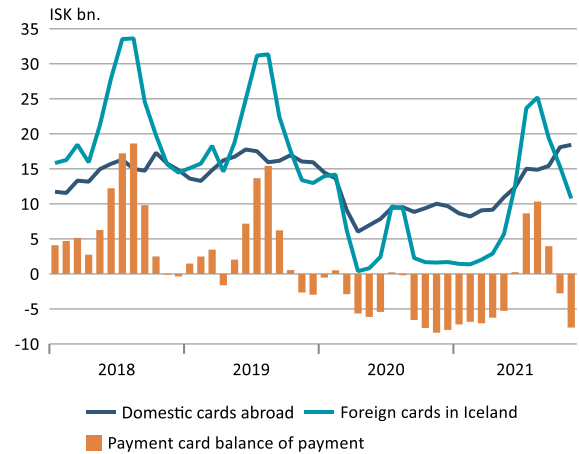


75,500 foreign visitors travelled through Keflavík International Airport in November.



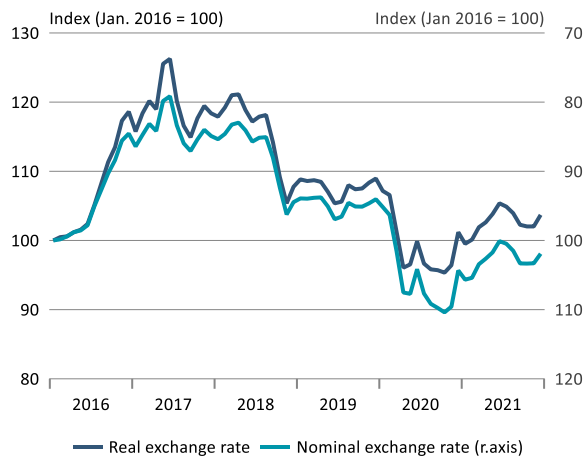
Source: Macrobond

The payment card balance was negative by ISK 7.7bn in November.



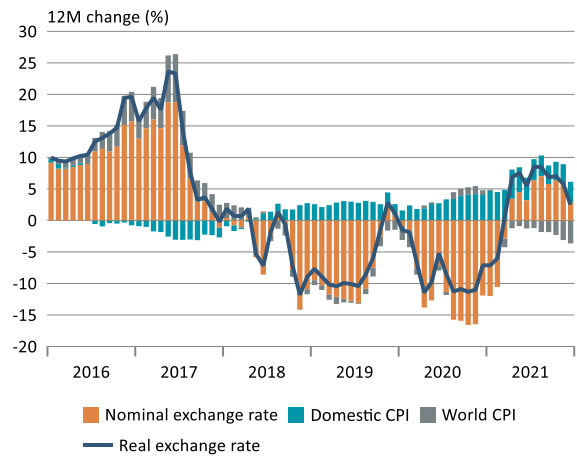
Source: Macrobond

The real exchange rate was 2.5% higher in December 2021 than in December 2020; the nominal exchange rate was 2.8% stronger.



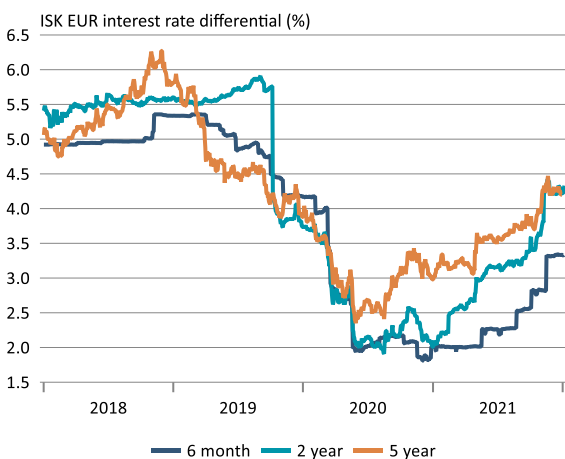
Source: Macrobond

The contribution of domestic inflation to changes in the real exchange rate was +3.3%; the contribution of international inflation was -3.6%.



Source: Macrobond

The interest rate differential with the euro remained roughly unchanged in December



Source: Macrobond



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