



# FX Market

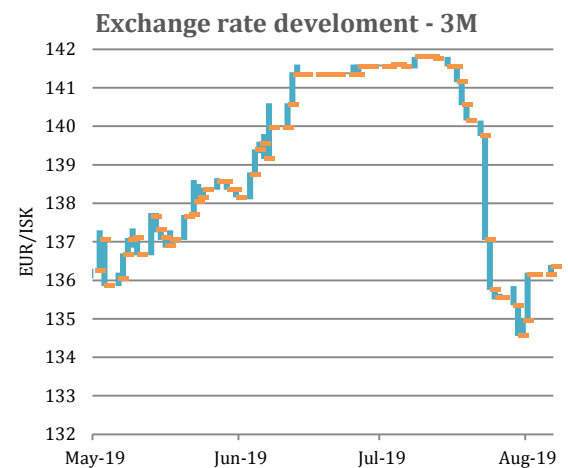
## Monthly Overview

7 August 2019

- The Icelandic króna remained nearly unchanged against the euro from mid-June to mid-July in very low trading.
- In mid-July, the króna began to appreciate, with the EUR/ISK reaching a low of 134.55 at the end of the month after peaking at 141.8 in mid-July.
- Turnover in the foreign exchange market in July was similar to that in June. Almost all turnover in July was in the second half of the month.
- The Central Bank bought EUR 3m against the appreciation on July 24, but has otherwise remained on the sideline.
- The real exchange rate in June was 10.1% lower than in the same month the year before. The nominal rate was 11.6% weaker.
- Some 231,000 foreign visitors travelled through Keflavík International Airport in July, a YOY decrease of 17.0%. The total was approximately the same as in July 2016. This is the third month in a row that the number is similar to the same month in 2016.

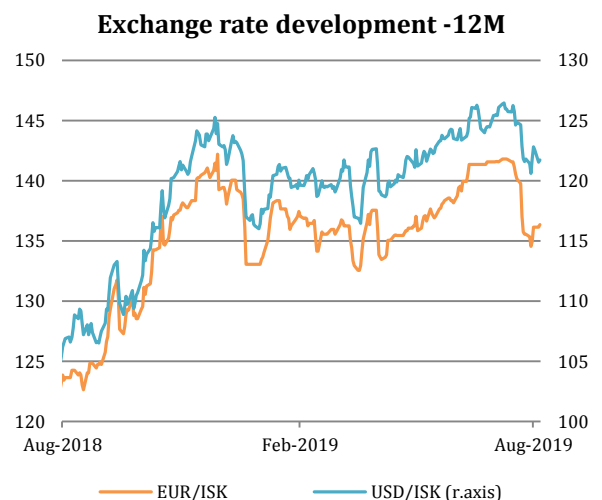
	06/08/2019	YTD	1M	3M	12M
TWI	178.6	2.7%	-4.3%	-0.8%	10.3%
EUR	136.4	2.5%	-3.7%	0.2%	10.3%
USD	121.7	4.9%	-3.5%	0.2%	13.7%
GBP	148.1	0.0%	-6.2%	-6.9%	6.9%
DKK	18.3	2.5%	-3.7%	0.2%	10.1%
NOK	13.7	1.8%	-6.6%	-1.9%	5.4%
SEK	12.7	-3.1%	-4.9%	-0.1%	6.0%
CHF	124.6	5.5%	-2.0%	4.5%	16.1%
JPY	1.14	8.0%	-1.7%	4.3%	19.0%

Source: Thomson Reuter Eikon



Low, high and close. Last date 6.8.2019

Source: Thomson Reuters Eikon

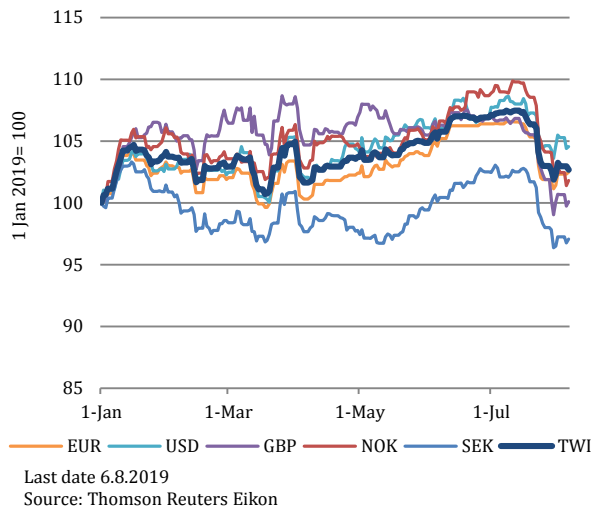


Last date 6.8.2019

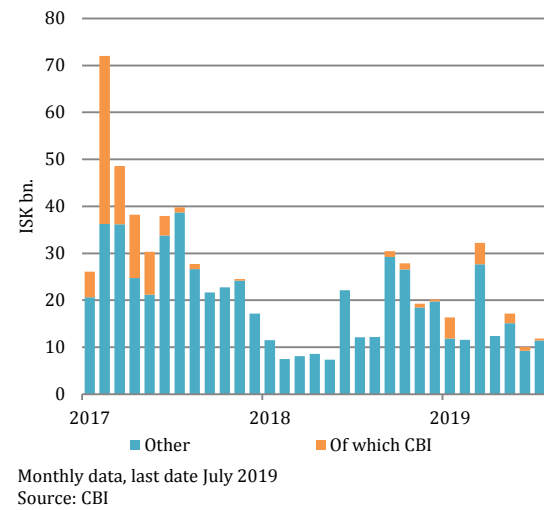
Source: Thomson Reuters Eikon



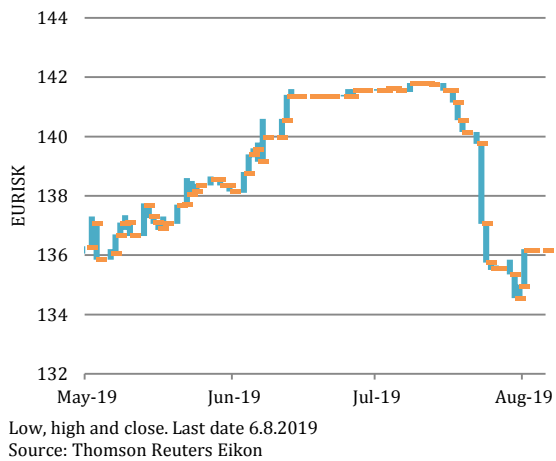
Despite appreciating in the second half of July, the Icelandic króna has depreciated against the currencies of most of Iceland's main trading partners' year-to-date.



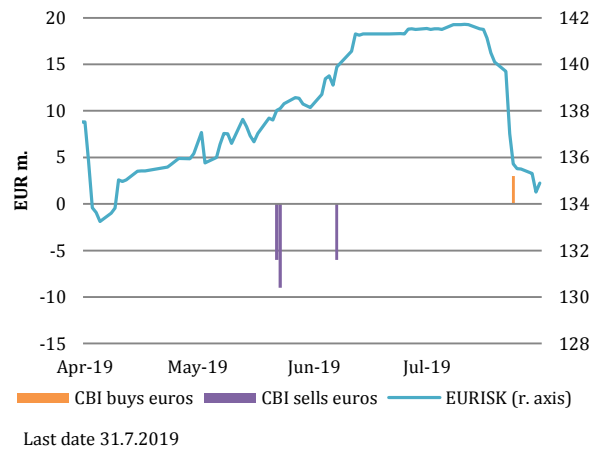
Turnover in the interbank FX market was about the same in July and June. Most of the turnover in July was in the second half of the month.



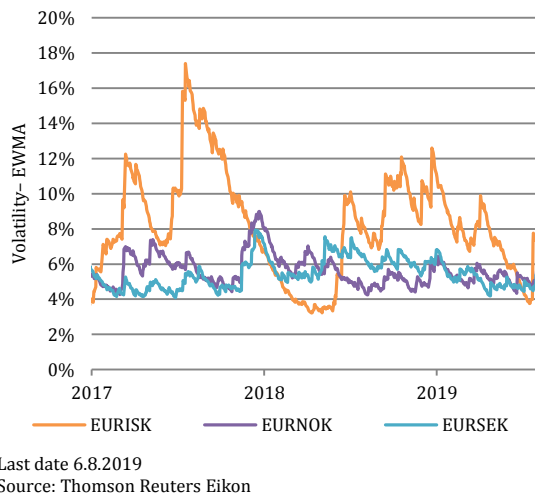
After holding steady since the middle of June, the EUR/ISK exchange dropped in the second half of July.



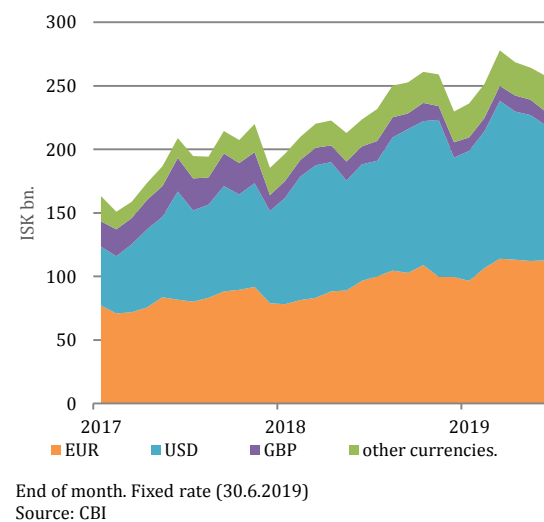
The CBI intervened in the market once in July, selling EUR 3m on 24 July.



The volatility of the Icelandic króna against the euro increased again in July.

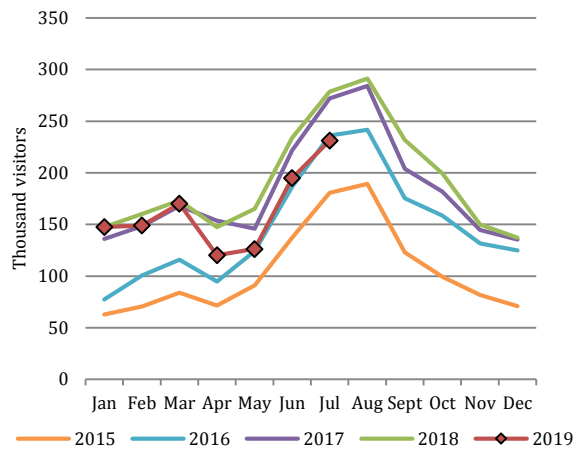


Domestic deposits in foreign currency accounts decreased by ISK 6.7bn (2.5%) in June.



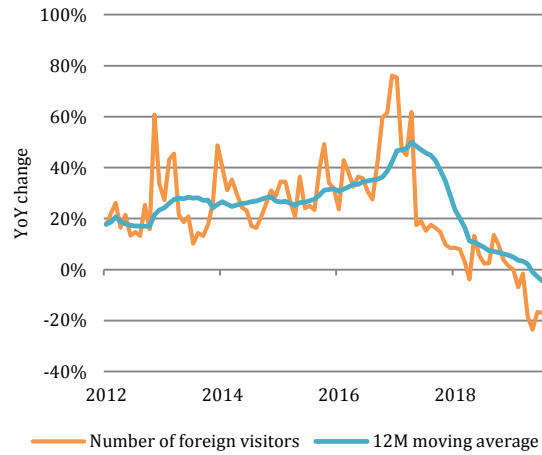


Some 231,000 foreign visitors travelled through Keflavik International Airport in July, about the same as in July 2016.



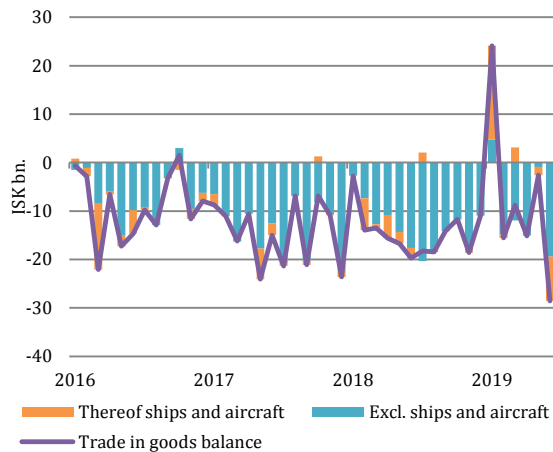
Source: Icelandic Tourist Board

Foreign visitors through Keflavik International Airport decreased 17.0% YoY in July.



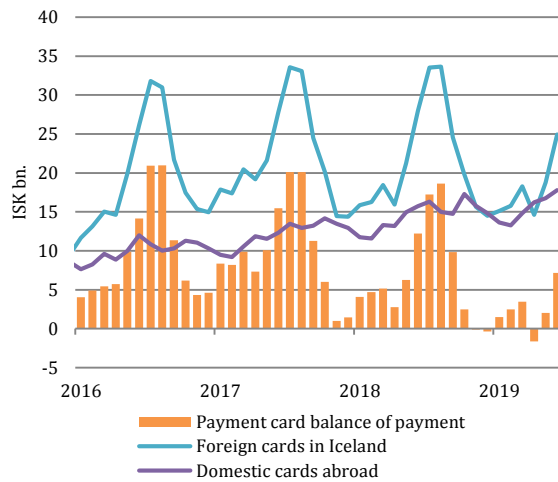
Monthly data, last date June 2019  
Source: Icelandic Tourist Board

Excluding ships and aircraft, the trade in goods deficit was ISK 19.5bn in June and ISK 57.4bn in the first 6M of 2019.



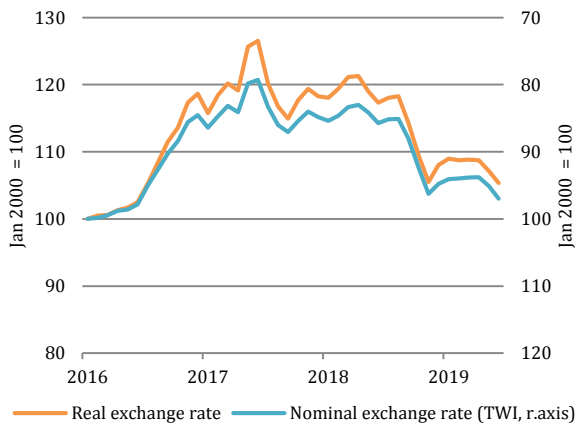
Monthly data, last date June 2019  
Source: Statistics Iceland

The external balance on payment card turnover was positive by ISK 7.2bn in June.



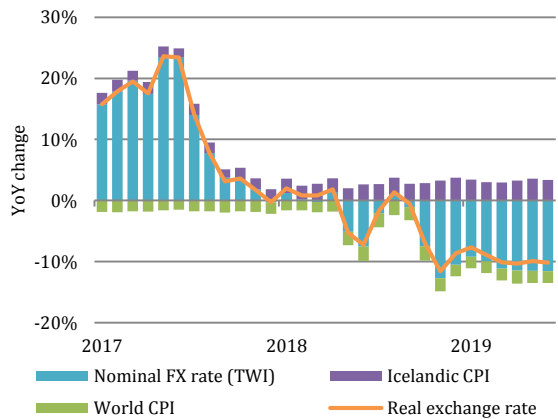
Monthly data, last date June 2019  
Source: CBI

The real exchange rate in June was 10.2% weaker than in June 2018; the nominal exchange rate was 11.6% weaker.



Monthly averages, last date June 2019  
Source: CBI

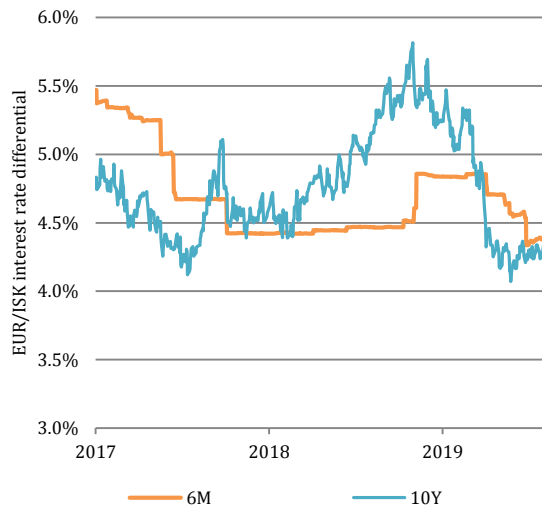
Real exchange rate changes result mainly from the development of the nominal exchange rate.



Monthly averages, last date June 2019  
Source: CBI, Statistics Iceland

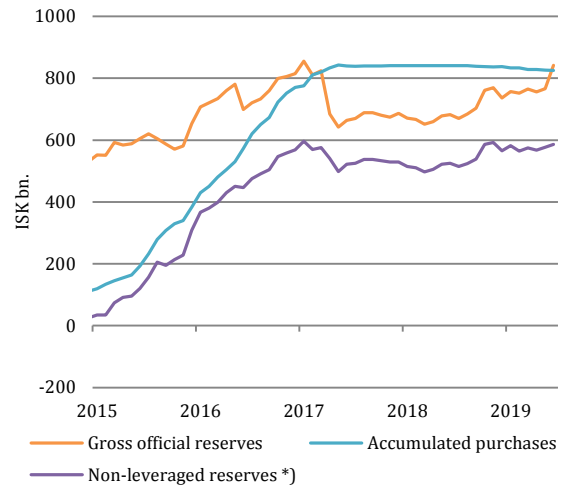


The long-term interest rate differential with the euro is about the same as the short-term.



Last date 2.8.2019  
Source: Thomson Reuters Eikon

Gross FX reserves increased by ISK 74bn in June due to a new issue of a EUR-denominated bond. Non-leveraged reserves were unchanged.



\*) Foreign currency reserves net of debt owed by the CBI and the Treasury in foreign currencies.  
End of month. Last date 30.6.2019  
Source: CBI, GDM

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