

# DIGITALES ARCHIV

ZBW – Leibniz-Informationszentrum Wirtschaft  
*ZBW – Leibniz Information Centre for Economics*

## Periodical Part

### Monetary Policy Committee report to Parliament / Sedlabanki Islands. 2023

Monetary Policy Committee report to Parliament / Sedlabanki Islands

*Reference:* In: Monetary Policy Committee report to Parliament / Sedlabanki Islands Monetary Policy Committee report to Parliament / Sedlabanki Islands. 2023 (2023).

[https://www.cb.is/library/Skraarsafn---EN/Monetary-Policy-Committee/Meetings-with-Parliament/Report%20MPC%20to%20Parliament\\_June%202023.pdf](https://www.cb.is/library/Skraarsafn---EN/Monetary-Policy-Committee/Meetings-with-Parliament/Report%20MPC%20to%20Parliament_June%202023.pdf).

<https://www.cb.is/library/Skraarsafn---EN/Monetary-Policy-Committee/Meetings-with-Parliament/MPC%20Report%20to%20Parliament%202023%20II.pdf>.

This Version is available at:

<http://hdl.handle.net/11159/652914>

#### Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics  
Düsternbrooker Weg 120  
24105 Kiel (Germany)  
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)  
<https://www.zbw.eu/econis-archiv/>

#### Standard-Nutzungsbedingungen:

Dieses Dokument darf zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden. Sie dürfen dieses Dokument nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen. Sofern für das Dokument eine Open-Content-Lizenz verwendet wurde, so gelten abweichend von diesen Nutzungsbedingungen die in der Lizenz gewährten Nutzungsrechte.  
<https://zbw.eu/econis-archiv/termsfuse>

#### Terms of use:

*This document may be saved and copied for your personal and scholarly purposes. You are not to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public. If the document is made available under a Creative Commons Licence you may exercise further usage rights as specified in the licence.*

2023|2

# REPORT

MONETARY POLICY COMMITTEE REPORT TO PARLIAMENT







# REPORT

MONETARY POLICY COMMITTEE REPORT  
TO PARLIAMENT 2023/2

12 January 2024

# Accompanying documents

## This report is accompanied by the following documents

Statement of the Monetary Policy Committee, 23 August 2023	11
Statement of the Monetary Policy Committee, 4 October 2023	12
Statement of the Monetary Policy Committee 22 November 2023	13
Minutes of the Monetary Policy Committee meeting in August 2023	14
Minutes of the Monetary Policy Committee meeting in October 2023	22
Minutes of the Monetary Policy Committee meeting in November 2023	30
Speech/Presentation on the state of the economy, delivered by the Deputy Governor for Monetary Policy to the Icelandic Federation of Trade on 5 September 2023 (in Icelandic).	37
Governor's speech, given at the Iceland Chamber of Commerce's monetary policy meeting, 23 November 2023 (in Icelandic).	47
Interest rate decisions and the inflation outlook. Article by Ásgerdur Ósk Pétursdóttir, external member of the Monetary Policy Committee, published in Vísbinding on 1 September 2023 (in Icelandic).	61
Interest rate decision by the Monetary Policy Committee. Article by Ásgerdur Ósk Pétursdóttir, external member of the Monetary Policy Committee, published in Vísbinding on 20 October 2023 (in Icelandic).	64
The negative impact of high inflation. Article by Ásgerdur Ósk Pétursdóttir, external member of the Monetary Policy Committee, published in Vísbinding on 8 December 2023 (in Icelandic).	67
Joint declaration by the Government and the Central Bank on inflation targeting, March 2001	70

# Monetary Policy Committee Report to Parliament

## 12 January 2024

The Act on the Central Bank of Iceland, which entered into force on 1 January 2020, 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 Act 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 meetings, most recently on 22 November 2023. The following report discusses the work of the Committee between July and December 2023.

### 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 2023.

### Developments from July to December 2023

The MPC decided at its August meeting to raise the Bank's key interest rate by 0.5 percentage points, to 9.25%, as domestic price increases had proven

Table 1. Central Bank of Iceland interest rate decisions H2/2023 (%)

Date	Current accounts	Seven-day term deposits <sup>1</sup>	Collateralised loans	Overnight loans
23 August	9.0	9.25	10.0	11.0
4 October	9.0	9.25	10.0	11.0
22 November	9.0	9.25	10.0	11.0

1. Central Bank key interest rate.

Chart 1

Central Bank of Iceland key interest rate<sup>1</sup>  
3 January 2001 - 29 December 2023



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.

persistent and inflation remained widespread. The Committee was of the view that the labour market was still very tight and that strong demand pressures remained in the overall economy, although there were signs that economic activity had begun to slow down. Furthermore, inflation expectations were well above target and appeared less firmly anchored to the target.

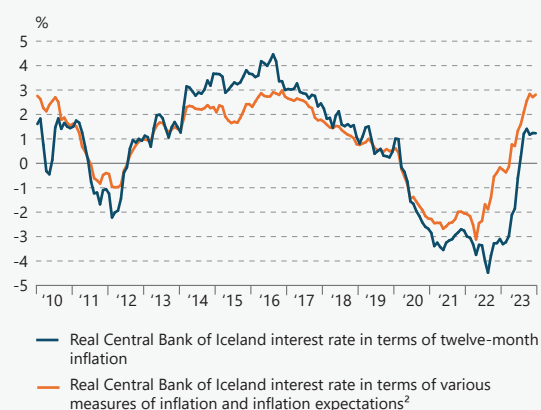
At its October meeting, however, the MPC had decided to wait and see, as there was some uncertainty about economic developments and about whether the monetary stance was appropriate. At the Committee's next meeting, in November, the Bank's new macroeconomic and inflation forecast would be available. Although indicators implied that price increases had lost pace and that inflation expectations had fallen by some measures, they were still too high. The Bank's real rate had risen, however, and the impact of policy rate hikes had started to come more clearly to the fore. The labour market remained quite tight, and domestic economic activity was still brisk.

According to the Bank's new macroeconomic forecast, published in November, the inflation outlook had deteriorated and the domestic output gap had proven larger than previously anticipated. Indicators continued to suggest a slowdown in private consumption and investment, however. Inflation expectations had also remained high, and it appeared that cost increases had a stronger and more persistent impact on inflation than they had previously. It looked as though it might prove necessary to tighten the monetary stance still further, but because of uncertainty about the economic impact of the seismic activity that had begun in early November on Reykjanes peninsula, the MPC decided to hold the policy rate unchanged for the present. The Bank's key rate was therefore 9.25% at the end of December 2023, or 0.5 percentage points higher than at mid-year, 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 markedly in H2/2023, in the wake of the increase in the key rate and the decline in inflation. In terms of the average of various measures of inflation and one-year inflation expectations, the Bank's real rate was 2.9% at the end of December, or 1.7 percentage points higher than at mid-year. It was 3.2 percentage points higher than at the beginning of the year, as the Bank's real rate was

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 2023



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.

negative until March. The Bank's real rate in terms of twelve-month inflation rose by 1.6 percentage points in H2/2023, to 1.4% at the end of December.

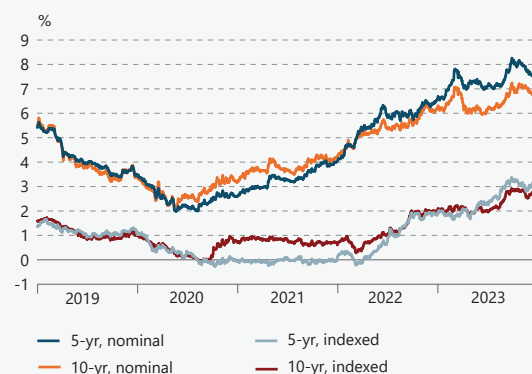
Yields on long-term nominal Treasury bonds were more or less unchanged over the summer but then began to rise following the policy rate hike in August and a minor spike in inflation that same month. Yields began to fall in November, however, with the surge in seismic activity on the Reykjanes peninsula. Yields on ten-year nominal Treasury bonds were 6.5% at the end of 2023, after rising by 0.4 percentage points in the latter half of the year. Yields on ten-year indexed Treasury bonds were 2.7% at the end of 2023, after rising by 0.7 percentage points since mid-year, in line with other real rates.

Annual growth in M3 lay in the 8-13% range from July through November and gained pace relative to H1/2023. This can be attributed in part to payments made to domestic entities in late August for the sale of biotech firm Kerecis to foreign investors. In general, households' share in growth increased, whereas businesses' share declined.

Year-on-year growth in credit system lending to households eased in H2/2023. It measured 6% in October, down from the H1/2023 average of 8.2%. Presumably, slower growth reflects declining demand due to higher interest rates and tighter borrower-based measures. Since mid-year, net new lending to households has grown, but new loans have primarily been inflation-indexed, and early retirement of non-indexed loans has increased. Interest rates on non-indexed residential mortgages continued to rise in H2/2023, in tandem with Central Bank rate hikes, although deposit rates offered to households rose more rapidly. Interest rates on inflation-indexed mortgage loans have also increased. Interest rates on corporate loans rose as well during this period, and credit spreads on corporate loans have widened relative to rates on the deposits available to businesses. Growth in credit system lending to companies declined in H2/2023. It measured 7% in October, down from an average of 14% in H1/2023. The increase in real rates has probably made an impact, as investment has eased, the economic outlook has deteriorated somewhat, and the results of the upcoming wage negotiations are highly uncertain.

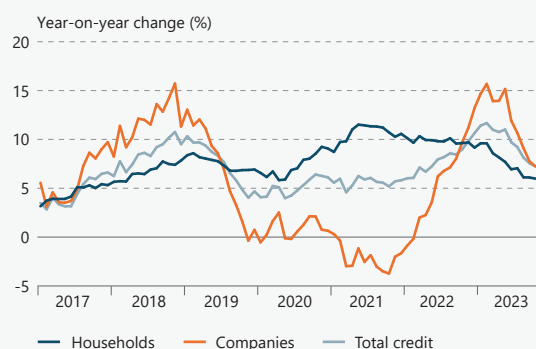
Inflows of capital for new investment totalled around 19.5 b.kr. from July through November 2023 and were due almost exclusively to purchases of listed equities and Treasury bonds. Outflows of capital previously imported for new investment totalled 11.2 b.kr., mostly due to sales of listed shares. Net inflows

Chart 3  
Government-guaranteed bond yields<sup>1</sup>  
2 January 2019 - 29 December 2023



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.

Chart 4  
Credit system lending<sup>1</sup>  
January 2017 - October 2023



1. Credit stock adjusted for reclassification and effect of Government debt relief measures. Excluding loans to deposit institutions, failed financial institutions and the Treasury. Companies include non-financial companies and non-profit institutions serving households.  
Source: Central Bank of Iceland.



for new investment between July and November therefore totalled 8.3 b.kr., as compared with 15.4 b.kr in H1/2023.

The króna appreciated between the spring and late August. Tourism was brisk at that time, and news of the summer 2023 sale of Kerecis to foreign buyers apparently gave rise to expectations of increased foreign currency inflows and a stronger króna. In late August, the króna began to weaken, and after the seismic activity on Reykjanes peninsula gained pace in November, the króna depreciated still further. By the end of November, it had recovered in part, but it remained broadly unchanged in December. The exchange rate rose by over 1.4% in trade-weighted terms in H2/2023. In mid-November, the Bank sold currency for about 2.8 b.kr. This was its only intervention in the market in H2/2023, accounting for 2.4% of total market turnover during the period.

Inflation subsided in H2. It measured 7.7% in December, down from 8.9% in June, when the MPC submitted its last report to Parliament. Inflation averaged 7.9% in Q4/2023, as was forecast in the November *Monetary Bulletin*. Inflation excluding housing measured 6.7% in December. It, too, has fallen in recent months, after having measured 7.9% in June. According to the average of various measures, underlying inflation measured 6.2% in December, as compared with 7.3% in June 2023.

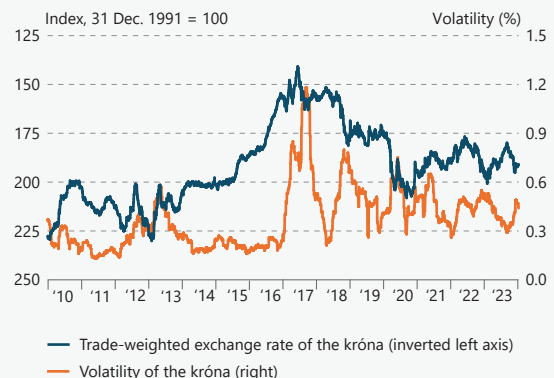
Housing market activity eased during the summer, and the contribution of the housing component to headline inflation declined as well. On the other hand, house prices ticked upwards again in the autumn and now account for 2.8% of twelve-month inflation. Owner-occupied housing costs were up by just over 12% year-on-year in December, as compared with a twelve-month increase of just over 13% in June.

Domestic goods and services prices have continued to rise, even though domestic demand growth has tapered off recently. As of December, domestic goods prices had risen by 9.8% in the past twelve months, owing largely to higher food prices. Private services prices had risen by 6.3% year-on-year in December, and the twelve-month increase is somewhat smaller than in mid-2023. Imported inflation has held broadly unchanged overall in H2/2023. The year-on-year increase in imported food prices is still sizeable, at 10.6% as of December, although it was smaller than in June. Petrol prices, however, were 2.7% lower than at the same time a year earlier. On the whole, imported goods prices have risen by 5.2% in the past twelve months.

Chart 5

#### Exchange rate and volatility of the króna<sup>1</sup>

4 January 2010 - 29 December 2023



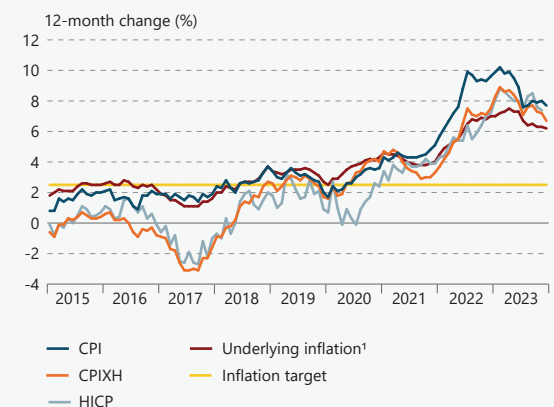
1. Price of foreign currency in terms of the króna. Inverted axis shows a stronger króna as a rise. Volatility is measured by the standard deviation of daily changes in the past 3 months.

Source: Central Bank of Iceland.

Chart 6

#### Various measures of inflation

January 2015 - December 2023



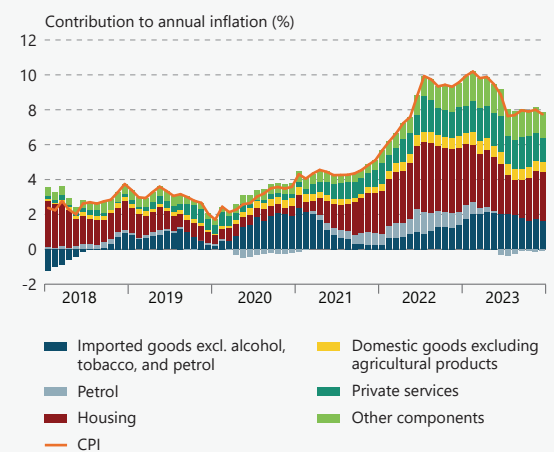
1. Underlying inflation shows the average of five different measures.

Sources: Statistics Iceland, Central Bank of Iceland.

Chart 7

#### Components of CPI inflation

January 2018 - December 2023



Sources: Statistics Iceland, Central Bank of Iceland.

According to the forecast in the November 2023 issue of *Monetary Bulletin*, the short-term inflation outlook had deteriorated again, as the housing market had softened less than previously expected, the króna had been weaker, and the output gap larger. In the forecast, inflation was estimated at 4.9% at the end of 2024, a full percentage point higher than had been projected in August. Further ahead, the situation was broadly unchanged, however, and headline inflation was projected to average 3.6% in 2025.

Short-term inflation expectations had either fallen marginally or held steady since the last report to Parliament, but they are still well above target. According to a recent survey, market agents' two-year inflation expectations have fallen to 4.2%. According to Gallup's winter survey, firms' two-year inflation expectations have remained unchanged since the summer, at 5%, whereas households expect inflation to measure 6% in two years' time, about a percentage point less than in June 2023.

Furthermore, long-term inflation expectations have held steady by most measures since June. Market agents expect inflation to average 4% over the next five years and 3.5% over the next ten years, the same as in the summer. Households expected five-year inflation to average 6%, as in the summer survey, whereas executives expected it to average 4.5%. Their inflation expectations were nevertheless higher than over the same period a year ago. The breakeven inflation rate in the bond market rose in H2/2023, however: the five-year breakeven rate five years ahead was about 3.4% at the end of December, down from just over 3% at the end of June.

It emerged at the November meeting that economic activity had continued to lose pace, and growth in private consumption and investment had subsided. It was clear that the effects of the previous interest rate hikes were coming to the fore, the real rate had risen since H1/2023, and consumers were more pessimistic about the economic outlook. It was pointed out as well that indexed lending rates had also risen in the recent past, which could reduce demand for loans, all else being equal.

On the other hand, the Committee considered it cause for considerable concern that inflation was so persistent and that the inflation outlook had deteriorated again. The output gap was wider than previously thought, the labour market was still tight, house prices were still rising, mortgage lending growth had begun to gain pace again, and the outlook was still for robust GDP growth. In addition, it was pointed out that, even

Chart 8  
Goods and services prices  
January 2019 - December 2023

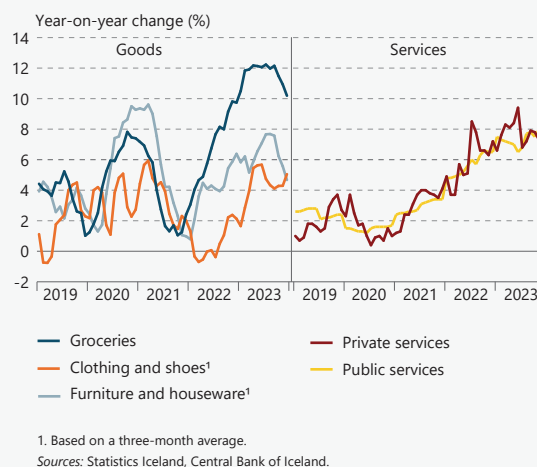


Chart 9  
Two- and five-year inflation expectations<sup>1</sup>  
Q1/2018 - Q4/2023

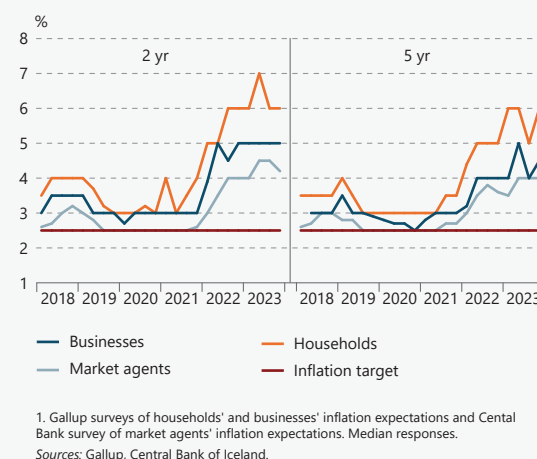
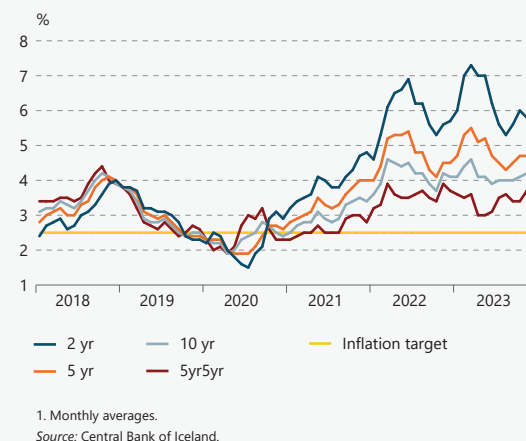


Chart 10  
Breakeven inflation rate<sup>1</sup>  
January 2018 - December 2023



though indicators implied that domestic demand had eased, they were not unequivocal. Thus it was probable that the monetary stance was not tight enough to bring inflation back to target within an acceptable time frame. Had it not been for the uncertainty about a possible volcanic eruption, the need for a tighter stance would therefore have been broadly the same as at the previous meeting. It emerged at the November meeting that although the effects of recent interest rate hikes were coming more clearly to the fore, the poorer inflation outlook suggested that it could prove necessary to tighten the monetary stance still further.

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

23 August 2023

The Monetary Policy Committee (MPC) of the Central Bank of Iceland has decided to raise the Bank's interest rates by 0.5 percentage points. The Bank's key interest rate – the rate on seven-day term deposits – will therefore be 9.25%.

Inflation has eased recently, measuring 7.6% in July. The contribution of the housing component to inflation has diminished, global price hikes have subsided, and the króna has appreciated. Nevertheless, domestic price increases have proven persistent and remain widespread. Underlying inflation has therefore fallen more slowly than headline inflation, to 6.7% in July.

GDP growth measured 7% in Q1/2023, and unemployment has continued to fall. The labour market is therefore still very tight and strong demand pressures remain in the overall economy, although there are signs that economic activity has begun to slow down.

The long-term inflation outlook is broadly unchanged, even though the short-term outlook has improved since May. Furthermore, long-term inflation expectations are well above target, and the risk remains that inflation will become entrenched.

In light of this, it is necessary to tighten the monetary stance still further. It is particularly important to prevent a wage-price spiral. Indicators imply that the effects of recent interest rate hikes are coming more clearly to the fore, and near-term monetary policy will be determined by developments in economic activity, inflation, and inflation expectations.

# Statement of the Monetary Policy Committee

4 October 2023

The Monetary Policy Committee (MPC) of the Central Bank of Iceland has decided to keep the Bank's interest rates unchanged. The Bank's key interest rate – the rate on seven-day term deposits – will therefore remain 9.25%.

On the whole, economic developments have been consistent with the assessment made by the MPC at its last meeting. Inflation has risen again, measuring 8% in September. Inflation excluding housing has risen as well, but underlying inflation has tapered off slightly. There are signs that price increases are somewhat less frequent than before, and less widespread. Inflation expectations are still too high but have fallen by some measures.

GDP growth measured 5.8% in H1/2023 but was just over 7% in 2022. Economic activity has therefore lost pace, and indicators imply that growth in domestic demand has eased even further in Q3. On the other hand, the labour market and the economy as a whole remain relatively tight. The Bank's real rate has risen in 2023 to date, however, and the impact of policy rate hikes has started to come more clearly to the fore.

At this point in time, there is some uncertainty about economic developments and about whether the current monetary stance is sufficient. The MPC has therefore decided to await further developments, as the Bank's new macroeconomic and inflation forecast will be available at its next meeting. Near-term monetary policy will be determined by developments in economic activity, inflation, and inflation expectations.

## Statement of the Monetary Policy Committee

### 22 November 2023

The Monetary Policy Committee (MPC) of the Central Bank of Iceland has decided to keep the Bank's interest rates unchanged. The Bank's key interest rate – the rate on seven-day term deposits – will therefore remain 9.25%.

Inflation fell slightly between months and measured 7.9% in October. Underlying inflation has subsided as well. Indicators continue to suggest a slowdown in private consumption and investment.

According to the Central Bank's new forecast, however, the inflation outlook has deteriorated. The output gap has been larger than previously anticipated, and the króna has depreciated. Inflation expectations have also remained high, and it appears that cost increases have a stronger and more persistent impact on inflation than they did previously.

Although the effects of recent interest rate hikes are coming more clearly to the fore, the poorer inflation outlook suggests that it may prove necessary to tighten the monetary stance still further. In spite of this, the MPC has decided to keep the key interest rate unchanged, owing to uncertainty about the economic impact of seismic activity on the Reykjanes peninsula. As before, near-term monetary policy formulation will be determined by developments in economic activity, inflation, and inflation expectations.



# MINUTES

## MONETARY POLICY COMMITTEE



2023

October  
117th meeting  
Published 18 October  
2023

## Minutes of the Monetary Policy Committee meeting

August 2023 (116th meeting)

Published: 6 September 2023

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 August 2023, 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 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 24 May 2023, as published in the updated forecast in *Monetary Bulletin* 2023/3 on 23 August.

#### Financial markets

Since the May meeting, the króna had appreciated by 5.5% 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 tightened since the May meeting. In terms of the average of various measures of inflation and inflation expectations, the Bank's real rate was 2.1%, or 0.6 percentage points higher than just after the announcement of the May interest rate decision. In terms of twelve-month inflation, it was 1.1% and had risen by 2.1 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 May, 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 0.2 percentage points since the May meeting, and yields on long-term indexed Treasury bonds had risen by 0.2-0.3 percentage points. Furthermore, average non-indexed mortgage lending rates had risen following the rise in the key rate in May, whereas average indexed mortgage rates had held broadly unchanged.



In terms of three-month interbank rates, the short-term interest rate differential had widened by 0.3-0.5 percentage points between meetings, to 5.6 percentage points versus the euro area and 3.8 percentage points versus the US. At the same time, the long-term interest rate differential versus the US had narrowed by 0.4 percentage points, to 2.5 percentage points, whereas the spread versus Germany had remained unchanged at 4.2 percentage points. The CDS spread on the Treasury's five-year obligations in US dollars was 0.8% and had increased slightly between MPC meetings. The spread between the Treasury's euro-denominated issues and German government bonds narrowed slightly at the same time, to 1.2-1.4 percentage points.

According to the Central Bank's quarterly market expectations survey, conducted in mid-August 2023, respondents expected the Bank's key rate to rise to 9% in Q3 and then begin to fall in Q1/2024. They expected the key rate to be 6% in two years' time, as they had in the May 2023 survey. Survey participants' responses on the monetary stance changed markedly between surveys. Most respondents, or 44%, considered the current monetary stance appropriate, up from 17% in the previous survey. The share who considered the monetary stance too loose declined from 66% to 30%, and the share who considered the stance too tight increased from 17% to 26%.

Financial institutions' analysts expected the MPC to raise the Bank's interest rates by either 0.25 percentage points or 0.5 percentage points, citing indicators implying that private consumption had begun to contract in Q2, the housing market had cooled more than anticipated, and inflation had fallen relatively quickly in the recent term. As a result, it would not be necessary to raise rates as much as in the first half of the year. On the other hand, the fall in inflation during the summer had been due partly to base effects, in line with expectations, while the labour market was still fairly tight and the next wage negotiations were due to begin soon. Furthermore, long-term inflation expectations were largely unchanged since the MPC's last meeting, and somewhat above the Bank's inflation target, which supported a larger interest rate hike.

Annual growth in M3 averaged about 8½% in H1/2023. Growth in household deposits had gained pace, whereas corporate deposit growth had eased. Year-on-year growth in credit system lending to households had lost pace, even though price indexation on indexed loans had increased. Household lending had grown by 7½% in Q2, as compared with an average of nearly 10% in 2022. Year-on-year growth in the corporate loan stock had also begun to subside, to 11.9% in June. According to the Bank's lending survey from August, the banks expected household demand for credit to remain unchanged in the next six months; however, they expected a small increase in demand for corporate loans. They projected a slight increase in the supply of residential mortgages but expected the supply of other loans to remain unchanged.

The Nasdaq OMXI10 index had risen by 5.4% between meetings. Turnover in the Main Market totalled 467 b.kr. in the first seven months of 2023, some 26% less than over the same period in 2022. The difference between years is due largely to the March 2022 auction of a portion of the State's holding in Íslandsbanki.

## Global economy and external trade

According to the International Monetary Fund's (IMF) July forecast, global GDP growth is projected to shrink from 3.5% in 2022 to 3% in 2023. Although this is somewhat above the IMF's April forecast, it is well below the average of recent decades. As in the Fund's April forecast, GDP growth is also expected to measure 3% in 2024. According to the forecast, growth will subside particularly in advanced economies, falling from 2.7% in 2022 to 1.5% in 2023 and 1.4% in 2024. Although the supply side of the

global economy has largely normalised, other factors have impeded global economic activity. Factors that weigh heavily are the recent surge in inflation, which has eroded real disposable income, and the effects of continuing central bank policy rate hikes. The IMF therefore projects that global inflation will fall from 8.7% in 2022 to 6.8% in 2023 and an average of 5.2% in 2024. Underlying inflation will fall more slowly, however, according to the Fund, and has been revised upwards for 2024. Uncertainty about the global GDP growth forecast is still considered concentrated on the downside.

According to preliminary figures from Statistics Iceland, the goods account deficit totalled 78.5 b.kr. in Q2/2023 and 124.5 b.kr. in H1, as compared to a deficit of 56 b.kr. at constant exchange rates in H1/2022. Export values contracted by just over 7% year-on-year at constant exchange rates, as the value of most categories of exports contracted between years. The largest downward impact stemmed from the value of industrial goods, mainly aluminium, owing to a reduction in prices between years. At the same time, the value of goods imports increased by nearly 6% at constant exchange rates, driven mainly by investment goods and transport equipment.

Global aluminium prices fell by 3.3% after the MPC's May meeting, to around 2,100 US dollars per tonne. This is 13% lower than in August 2022. Preliminary figures from Statistics Iceland indicate that foreign currency prices of marine products fell by just over 1% quarter-on-quarter in Q2/2023 but were around 10% higher in H1 than in H1/2022. The global price of Brent crude rose by 9.4% between MPC meetings, to 84 US dollars per barrel by the time of the August meeting. This is 13% lower than in August 2022, however. On the other hand, other commodity prices have fallen since the May meeting.

The real exchange rate in terms of relative consumer prices rose by 1.65% month-on-month in July, when it was 10.2% above its 25-year average and 0.75% higher than in December 2019. In the first seven months of 2023, it was down by 1.6% compared with the same period in 2022, as the nominal exchange rate of the króna was 4.4% lower and inflation in Iceland was 3.1 percentage points above the trading partner average.

## Domestic economy and inflation

According to preliminary figures published by Statistics Iceland in late May, GDP grew by 7% year-on-year in Q1/2023, slightly less than was forecast in the May *Monetary Bulletin*. Strong household demand and favourable external trade were the main drivers of growth during the quarter. Domestic demand grew by 4.5%, and its subcomponents were weaker than projected in the last forecast.

Indicators suggest that household spending contracted in Q2, and it appears that private consumption subsided more quickly than was assumed in May. In addition, households appear to have grown more pessimistic, which may have prompted more precautionary saving and dampened appetite for spending, as can be seen in data on domestic payment card use.

According to the results of Gallup's summer survey, conducted in May and June among Iceland's 400 largest firms, respondents' assessment of the current economic situation was slightly more negative than in the spring survey. Their expectations six months ahead were also more negative, as 37% of executives expected the economic situation to deteriorate in six months' time, a slightly larger share than in the spring. Roughly a fifth of executives expected economic conditions to improve in the next six months. Executives were slightly more pessimistic about domestic and foreign demand than in the spring survey.

Seasonally adjusted survey results indicated that the balance of opinion on staffing was 12 percentage points in favour of those planning to recruit in the next six months. The balance of opinion narrowed between surveys but was still above its historical average. The shortage of staff is still significant, and

broadly unchanged between surveys, with around 43% of executives reporting shortages of workers. At the same time, the share of firms operating at full capacity rose to an all-time high of 62%. The share of companies operating at full capacity was highest in the construction sector and in miscellaneous specialised services, while understaffing was most pronounced in construction and in industry and manufacturing.

According to the Statistics Iceland labour force survey (LFS), the number of employed persons increased by 5.5% year-on-year in Q2, whereas the average work week grew shorter by 0.8%. Thus the total number of hours worked rose by about 4.6% year-on-year. According to seasonally adjusted LFS results, the labour participation rate fell marginally between quarters, while the employment rate rose by 0.6 percentage points. Unemployment therefore fell by roughly 1 percentage point between quarters, to 2.8%. Thus it has continued to decline and was down to its autumn 2017 level. Seasonally adjusted unemployment according to the Directorate of Labour was slightly higher, or 3% in Q2.

Iceland's population grew by 3.4% year-on-year in Q2/2023. In H1, net migration was positive by 5,500, which represents an increase relative to H1/2022, when immigrants outnumbered emigrants by 4,520.

In Q2, the general wage index rose by 3.1% between quarters and by 10% year-on-year. The year-on-year rise grew by just over 1 percentage point relative to the previous quarter, when new wage agreements between large worker federations, on the one hand, and State and municipal employees, on the other, entered into effect. Real wages increased by only 0.5% between years in Q2, however.

Statistics Iceland's nationwide house price index, published at the end of July, fell by 1% month-on-month when adjusted for seasonality but rose by 3.8% year-on-year. The capital area house price index, calculated by the Housing and Construction Authority, fell by 0.5% month-on-month in July when adjusted for seasonality, but rose by 0.8% year-on-year. The number of purchase agreements registered nationwide fell by 26.3% year-on-year in the first seven months of 2023, and the number of contracts for new construction declined by 41% over the same period. The average time-to-sale in the capital area was 6.3 months in July, considerably more than the July 2022 figure of 1.5 months, and the number of homes for sale has increased markedly in recent months.

The CPI rose by 0.03% month-on-month in July, and twelve-month inflation measured 7.6%. It has fallen in the recent term, partly because of strong base effects due to substantial price increases in July 2022, which have now dropped out of the twelve-month measurement. Inflation excluding housing declined as well, to 7.1% in July. Underlying inflation was 6.7% according to the average of various measures and has fallen by 0.8 percentage points from its April 2023 peak.

The decline in owner-occupied housing costs had a strong downward impact on the CPI in July. Housing market prices fell between months, both in greater Reykjavík and in regional Iceland. The cost of owner-occupied housing has risen by about 9.6% in the past twelve months, whereas the year-on-year increase peaked at 22.4% in July 2022. The effects of summer sales were about the same as in 2022 but remain more modest than they generally were before the pandemic. International airfares and hotel and restaurant prices rose between months, as is typical at this time of year. Food prices continued to rise and are now 12.4% higher than they were a year ago.

According to Gallup's summer surveys, households' two-year inflation expectations rose to 7%, while their long-term inflation expectations were unchanged at 6%. On the other hand, businesses' long-term inflation expectations increased to an average of 5% over the next five years. According to the market expectations survey taken this August, respondents expect inflation to average 4% over the next five years, although their ten-year expectations inched upwards from the May survey, to 3.6%. The long-term breakeven inflation rate in the bond market has risen as well, and the five-year breakeven rate five

years ahead was 3.6% in mid-August, whereas it had fallen to around 3% in May. The breakeven rate for periods up to five years has declined, however.

According to the forecast in the *Monetary Bulletin* issued on 23 August, inflation is expected to be slightly lower in the near term than was forecast in May. Inflation has eased recently. In July it fell to 7.6%, the same level as in May 2022. However, the disinflation in July is due in large part to strong base effects, as substantial price hikes a year earlier have now dropped out of twelve-month measurements. The impact of imported inflation has diminished, partly because of the recent appreciation of the króna, whereas domestic price hikes have been more persistent. The general wage index rose by 10% year-on-year in Q2, and the price of groceries and private services has kept climbing. Furthermore, medium- and long-term inflation expectations are broadly unchanged, although inflation fell more than expected in July. Thus the long-term inflation outlook has changed little since May.

GDP growth has eased in Iceland's main trading partner countries, albeit less than was assumed in the Bank's May forecast. Nevertheless, the outlook is for weak output growth in 2023 and 2024 – about 1% per year. Falling energy prices have lowered headline inflation in advanced economies, but underlying inflation has proven far more persistent despite steep interest rate hikes implemented by major central banks.

Preliminary figures from Statistics Iceland indicate that Iceland's GDP growth measured 7% in Q1/2023, owing mainly to strong growth in private consumption and exports, plus an increase in inventories during the quarter. Although GDP growth was above the 2022 average, it fell short of the May forecast. The Bank had expected private consumption growth to be even stronger, and investment – especially in residential construction and energy-intensive industry – proved far weaker than projected. Indicators imply that domestic demand growth softened still further in Q2/2023. Because of weaker growth in H1, GDP growth is now forecast at 3.5% for 2023 as a whole, well below the 4.8% forecast in May. The GDP growth outlook for the next two years is broadly unchanged, however.

Total hours worked increased somewhat in Q2, and unemployment continued to fall, averaging 2.8% in Q2, its lowest since autumn 2017. Although job vacancies have declined in number recently, there are still clear signs that the labour market is quite tight. The baseline forecast assumes, however, that unemployment will gradually inch upwards to a level consistent with a balanced economy and price stability.

Although the supply side of the global economy appears largely to have normalised after the shocks of the past few years, there is still considerable uncertainty about the global economic outlook and about how costly it will be to re-establish price stability in major advanced economies. This applies to Iceland as well, as inflation expectations have apparently become less firmly anchored to the target. As a result, inflation could prove more persistent than is currently forecast, which would call for a stronger contraction in domestic economic activity to bring it under control again.

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

The MPC discussed the monetary stance in view of economic developments and the increase in the Bank's real rate since the May meeting. Members discussed whether the monetary stance was appropriate in view of the inflation outlook, as the Committee had decided at its May meeting to raise interest rates still further. At that time, the inflation outlook had continued to deteriorate, long-term inflation expectations had risen, and economic activity was stronger than previously anticipated.

Committee members noted that inflation had eased in the recent past, measuring 7.6% in July. It emerged that the contribution of the housing component to inflation had diminished, global price hikes had subsided, and the króna had appreciated. Members also discussed that domestic price increases had proven persistent and remained widespread. Underlying inflation had therefore fallen more slowly than headline inflation, to 6.7% in July.

The MPC noted that GDP growth had measured 7% in Q1/2023 and that unemployment had continued to fall. The Committee was of the view that the labour market was therefore still very tight and strong demand pressures remained in the overall economy, although there were signs that economic activity had begun to slow down.

Members noted that the long-term inflation outlook was broadly unchanged, even though the short-term outlook had improved since May. Furthermore, long-term inflation expectations were well above target, and therefore the risk remained that inflation would prove persistent.

Committee members agreed that the effects of interest rate hikes were coming more strongly to the fore, as could be seen in developments in private consumption and investment. It was pointed out, however, that based on experience, the first national accounts estimates would probably be revised upwards. It also emerged that the króna had appreciated recently, and imported inflation should therefore taper off, all else being equal. It was uncertain, however, how much of the appreciation would pass through to the price level while inflation remained as demand-driven as it indeed was.

The Committee's discussion centred mainly on how much to raise the key rate after having raised it by 1.25 percentage points at the last meeting in May. The main arguments expressed in favour of a larger rate hike were that the labour market remained very tight, a large share of firms were operating at full capacity, and unemployment was low and had fallen between meetings. Few clear indications were present of a turnaround in the labour market. The MPC agreed that the recent large wage increases, together with other factors, had driven domestic demand. It was noted that medium- and long-term inflation expectations had been broadly unchanged in the recent term, even though inflation had fallen and the short-term inflation outlook had improved. Committee members were of the view that it was cause for considerable concern that inflation expectations were well above target and appeared less anchored to the target. This could lead to too little resistance against cost increases being passed through to prices, as well as to higher wage demands in the upcoming negotiations. This could in turn lead to a wage-price spiral and persistent inflation. The economy was still quite strong, albeit less so than had been forecast. It was positive that inflation had subsided somewhat recently, although a large share of the disinflation had been due to base effects, as had been expected. The long-term inflation outlook was broadly unchanged since May, and the risk remained that inflation would continue to be persistent. Given these factors and the outlook for disinflation to remain slow, the Central Bank's real rate would probably have to be somewhat above the equilibrium real rate and would have to remain high for a longer period. It was pointed out that, although the monetary stance had tightened between meetings, it was not clear that it had tightened enough to bring inflation under control. In light of the demand pressures present in the economy, it would be riskier for the monetary stance to remain too loose than too tight.

The main arguments expressed in favour of taking a smaller step, or even keeping rates unchanged, was that the effects of interest rate hikes were coming more strongly to the fore, and growth in the economy appeared to have lost pace compared to assumptions in previous forecasts. A number of factors contributed to weaker inflationary pressures, including the appreciation of the króna, which had yet to pass through to the price level. Housing market activity had continued to subside, and the outlook was for a slowdown in private consumption in Q2. Moreover, mortgage interest rate reviews had already

begun for some households, and these borrowers would be faced with a rising debt service burden. Furthermore, deposit interest rates had risen somewhat, which should encourage an increase in saving. Both of these factors should dampen household demand. It was therefore possible that a large rate hike would not be needed to push the real rate higher.

In view of the discussion, the Governor proposed that the Bank's interest rates be raised by 0.5 percentage points. The Bank's key rate (the seven-day term deposit rate) would be 9.25%, the current account rate 9%, the seven-day collateralised lending rate 10%, and the overnight lending rate 11%. Ásgeir Jónsson, Rannveig Sigurdardóttir, Ásgerdur Ósk Pétursdóttir, and Herdís Steingrimsdóttir voted in favour of the proposal. Gunnar Jakobsson voted against the Governor's proposal and wanted to raise rates by 0.25 percentage points. He pointed out that the impact of the most recent rate hikes might be underestimated, as interest rates had risen sharply in the recent past and their effects had yet to come fully to the fore. He stressed that the real rate had increased steadily and the monetary stance had tightened in the past year. Therefore, the odds were that large rate increases would not be needed in order to tighten the monetary stance still further.

Committee members agreed that, in view of circumstances, it was now necessary to tighten the monetary stance still further. They considered it particularly important to prevent a wage-price spiral. In the MPC's opinion, indicators implied that the effects of recent interest rate hikes were coming more clearly to the fore and that near-term monetary policy would be determined by developments in economic activity, inflation, and inflation expectations.

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

Herdís Steingrimsdóttir, Associate Professor, external member

Ásgerdur Ósk Pétursdóttir, Assistant 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 4 October 2023.





# MINUTES

## MONETARY POLICY COMMITTEE



2023

October  
117th meeting  
Published 18 October  
2023

## Minutes of the Monetary Policy Committee meeting

October 2023 (117th meeting)

Published: 18 October 2023

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 2-4 October 2023, 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 4 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 23 August 2023.

#### Financial markets

Since the August meeting, the króna had depreciated by 2.1% 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 tightened since the August meeting. In terms of the average of various measures of inflation and one-year inflation expectations, the Bank's real rate was 2.9%, 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 1.2% and had fallen by 0.3 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 0.6-0.8 percentage points since the August meeting, and yields on long-term indexed Treasury bonds had risen by 0.5-0.6 percentage points. Average non-indexed mortgage lending rates had risen following the rise in the key rate in August, and average indexed mortgage rates had also risen marginally. Furthermore, non-indexed rates on savings accounts had risen in line with the increase in the key rate in August.



In terms of three-month interbank rates, the short-term interest rate differential had widened by 0.3-0.4 percentage points between meetings, to 6 percentage points versus the euro area and 4.3 percentage points versus the US. The long-term interest rate spread widened by 0.4-0.5 percentage points between meetings, to 2.9 percentage points versus the US and 4.7 percentage points versus Germany. Measures of the risk premium on the Treasury's foreign obligations were broadly unchanged between meetings. The CDS spread on the Treasury's five-year US dollar obligations was 0.8%, and the spread between the Treasury's eurobonds and comparable bonds issued by Germany was 1.2-1.4 percentage points.

Financial institutions' analysts expected the MPC to raise the Bank's interest rates by either 0.25 percentage points or 0.5 percentage points, on the grounds that although indicators implied that domestic demand was easing and the housing market had cooled, inflation had increased again, the breakeven inflation rate in the bond market had risen, and long-term inflation expectations were still above target. Furthermore, the labour market was still tight and the real rate would possibly need to be higher given the demand pressures in the domestic economy.

Year-on-year growth in M3 gained pace strongly in August, measuring 13.3%. Part of the increase is probably due to payment made for the sale of a domestic biotech firm to foreign buyers. Year-on-year growth in credit system lending to households has continued to ease, even though indexation on inflation-linked loans has increased. Household lending growth measured 6.1% in August, as compared with the H1/2023 average of over 8%. Year-on-year growth in credit system lending to companies has begun to ease as well, as has net new corporate lending.

The Nasdaq OMXI10 index had fallen by 10.9% between meetings. Turnover in the Main Market totalled 156 b.kr. in Q3/2023, some 31% less than over the same period in 2022.

## 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. This is 0.3 percentage points more than in the OECD's June 2023 forecast but below the average of recent decades. Improved prospects for the US and Japan are a major factor in the forecast, albeit offset by a poorer economic outlook for the eurozone and China. On the other hand, the OECD expects weaker global output growth in 2024, or 2.7% instead of the 2.9% provided for in its June forecast. The OECD projects that G20 inflation will fall from 7.8% in 2022 to 6% in 2023, which is slightly below its June forecast. Furthermore, inflation is projected to taper off to 4.8% in 2024, slightly more than in the June forecast.

According to preliminary figures from Statistics Iceland, the deficit on goods trade measured 200 b.kr. in the first eight months of 2023, as compared with a deficit of 87 b.kr. at constant exchange rates over the same period in 2022. The year-on-year increase in the goods account deficit is attributable to an 11.6% contraction year-to-date in goods export values, with a decline in all key categories of exports. This, in turn, is due to a year-on-year reduction of 23% in the value of manufactured goods, aluminium products in particular, together with a sizeable contraction in marine product export values, owing to a downturn in capelin exports. At the same time, the value of imported goods rose by 5% at constant exchange rates, and growth remains positive in all key subcategories of imports, apart from commodities and operational inputs. Increased value of imported goods stems mainly from price increases, however, while volume remains broadly unchanged between years.

Global aluminium prices rose by 5.9% after the MPC's August meeting, to around 2,100 US dollars per tonne, which is 2% higher than in October 2022 but well below the level seen during the months

following the invasion of Ukraine. Preliminary figures from Statistics Iceland indicate that foreign currency prices of marine products fell marginally in August but were up by about 5% year-on-year over the first eight months of 2023. The global price of Brent crude rose by 8.2% between MPC meetings, to 91 US dollars per barrel at the time of the October meeting. This is about 2.3% below the price in October 2022. On the other hand, other global commodity prices have fallen since the August meeting.

The real exchange rate in terms of relative consumer prices rose by 2% month-on-month in August, when it was 12.5% above its 25-year average and 2.8% higher than in December 2019. In the first eight months of 2023, it was down by 0.9% compared with the same period in 2022, as the nominal exchange rate of the króna was 3.8% lower and inflation in Iceland was 3.1 percentage points above the trading partner average.

## Domestic economy and inflation

According to preliminary figures published by Statistics Iceland at the end of August, GDP growth measured 4.5% in Q2, outpacing the forecast in the August *Monetary Bulletin*. The deviation is due largely to private consumption, which grew marginally instead of contracting as expected, and to a larger contribution of inventory changes to GDP. Growth in domestic demand weakened somewhat during the quarter, after growing strongly in the quarters beforehand, and measured 1.4% year-on-year, as compared with 4% in Q1 and 6.6% in 2022. The contribution of net trade to output growth was positive by 3.2 percentage points, which was in line with the August forecast and attributable to the tourism-generated increase in export revenues.

GDP growth measured 5.8% in H1/2023, owing mainly to favourable external trade and an increase in private consumption and gross capital formation. According to figures from Statistics Iceland, most subcomponents of domestic demand deviated slightly from the Bank's August forecast. The deviations are due in large part to revisions of previously published figures for 2022, as GDP growth for the year proved stronger than previously estimated. Exports grew by 9% in H1/2023 and imports by 1.6%; therefore, the contribution from net trade was positive by 3.2 percentage points, in line with the last forecast.

The main indicators of developments in private consumption in Q3 suggest a slight slowdown in household demand. Payment card turnover contracted marginally year-on-year in July and August, and according to the Gallup Consumer Confidence Index, pessimism increased among households in September, when the index declined between months.

According to the fiscal budget proposal for 2024, the Treasury is expected to show a deficit of 46 b.kr., or 1% of estimated GDP, which represents an improvement of 5 b.kr. between years. Furthermore, the Treasury primary balance is projected to be positive in 2024 by 28 b.kr., or 0.6% of GDP, which is a smaller surplus than is forecast for 2023. This is due in part to high inflation in 2023, which shows earlier on the revenues side than on the expenditures side. It has emerged that the output gap is projected to narrow in 2024 and that, in view of this and including the effects of one-off items, the fiscal stance is expected to tighten by 0.3% of GDP during the year.

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 positive than in the summer survey. Their expectations six months ahead were also more positive, as nearly 28% of executives expected the economic situation to improve in six months' time, a somewhat larger share than in the summer. About 45% expected the economic situation to be unchanged over the

next six months. Nevertheless, executives were somewhat more pessimistic about both domestic and foreign demand than in the summer survey, particularly those in the financial and insurance sector and in transport, transit, and tourism.

Prospects for firms' operating performance had improved relative to the spring survey, with nearly one-third of respondents expecting larger profits in 2023 than in 2022, while 36% expected their profits to shrink. Executives' expectations about profit margins in the next six months had improved slightly since the last survey: 28% expected profits to increase, while one-third expected them to decline. The outlook for investment during the year had improved significantly between surveys, as one-fifth of executives expected investment to be stronger than in 2022, whereas 55% expected no change year-on-year.

According to the seasonally adjusted survey results, labour demand remains robust, although it has begun to ease. The share of firms planning to recruit workers net of those planning to downsize was therefore positive by 16 percentage points. This difference has been broadly unchanged in 2023 to date, although it was 12 percentage points smaller than at the same time in 2022. Nevertheless, it was still somewhat above its historical average. Similarly, firms' staffing problems eased, even though a majority of them are still operating at full capacity. About 36% of executives considered themselves short-staffed, which is 7 percentage points lower than in the previous survey but still above the historical average. On the other hand, 58% of respondents were of the view that their firms would have difficulty responding to an unexpected increase in demand. This share has been at or close to its historical average in 2023 to date. The survey indicates persistent capacity constraints in most sectors of the economy, apart from transport, transit, and tourism.

The wage index rose by 0.3% month-on-month in August and by 10.8% year-on-year. Real wages were 2.8% higher during the month than at the same time in 2022.

Statistics Iceland's nationwide house price index, published in September, rose by 0.2% month-on-month when adjusted for seasonality, and by 2.3% year-on-year. The capital area house price index, calculated by the Housing and Construction Authority, rose by 0.5% month-on-month in August when adjusted for seasonality, and by 2% year-on-year. The number of purchase agreements registered nationwide fell by 22.4% year-on-year in the first eight months of 2023, and the number of contracts for new construction declined by 36.4% over the same period. The average time-to-sale in the capital area was 5.5 months in August, considerably more than the August 2022 figure of 1.8 months, and the number of homes for sale has continued to increase markedly in recent months.

The consumer price index (CPI) rose by 0.35% month-on-month in September, raising twelve-month inflation to 8%. Inflation excluding housing rose as well, to 7.7%. Underlying inflation was 6.5% according to the average of various measures. It therefore fell marginally between meetings and has fallen by 1 percentage point from its April 2023 peak.

Movements in the CPI in September were due mainly to end-of-sale effects, higher owner-occupied housing costs, and lower airfares. The overall effects of summer sales on inflation were similar to those in 2022, as retailers increased prices over and above the impact of the sales. The cost of owner-occupied housing rose by 0.9% month-on-month, after falling for two months in a row. The increase was due mainly to higher condominium prices in greater Reykjavík. Food prices also kept rising in September and are up 12.4% in the past twelve months.

According to Gallup's autumn survey, businesses' inflation expectations one and two years ahead declined, and executives now expect inflation to measure 6% in two years' time. Two-year inflation expectations remained unchanged at 5%, however. Both households' and businesses' long-term inflation expectations fell between surveys: households expect inflation to average 5% over the next five years,

and businesses expect it to average 4%. The ten-year breakeven inflation rate in the bond market held more or less unchanged from the time of the August meeting, measuring 4% at the beginning of October. The five-year breakeven rate five years ahead had fallen, however, to just below 3.5%.

## 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 at its August meeting to raise interest rates still further. At that time, the long-term inflation outlook was broadly unchanged, although the short-term outlook had improved and the labour market remained tight.

The Committee also discussed monetary policy instruments in general and the experience gained from applying different instruments in recent years. In this context, the MPC discussed the Bank's liquidity management, various market-based measures, the interest rate tool, and the transmission of monetary policy. Members discussed monetary policy transmission over various periods, as well as the times when failures had apparently emerged. An assessment of the monetary policy transmission mechanism with various methods was then presented, and Committee members discussed that the monetary policy transmission had been effective in the recent term. They also discussed the interactions between monetary policy and financial stability, and the experience gained in recent years from applying macroprudential tools in the context of monetary policy instruments.

They noted that on the whole, economic developments had been consistent with the assessment made by the MPC at its last meeting. As the Committee had expected, inflation had risen again, measuring 8% in September. It emerged that inflation excluding housing had risen as well, while underlying inflation had tapered off slightly. Members noted that there were signs that price increases were somewhat less frequent than before, and less widespread. They also observed that even if inflation expectations were still too high they had fallen by some measures.

The MPC discussed that GDP had measured 5.8% in H1/2023, as compared with just over 7% in 2022. Economic activity had therefore lost pace somewhat, and it emerged that indicators implied that growth in domestic demand had eased even further in Q3. On the other hand, the labour market and the economy as a whole remained rather tight. The Bank's real rate had risen in 2023 to date, however, and Committee members agreed that the impact of policy rate hikes had started to come more clearly to the fore.

The Committee discussed the possibility of keeping interest rates unchanged or raising them by 0.25 or 0.50 percentage points. The main arguments expressed in favour of keeping rates unchanged were that growth in economic activity had eased and indicators implied more clearly than before that private consumption growth had also tapered off. Payment card turnover had continued to shrink year-on-year, and import growth had abated. It emerged at the meeting that although inflation remained high, it had receded since the spring and price increases had slowed recently. Underlying inflation in terms of the average of various measures had also declined marginally since the Committee's August meeting. It emerged in the discussion that the task outlined by the Committee in the spring – to raise interest rates steeply so as to get results sooner – had been achieved. The real rate had risen somewhat recently which had among other things resulted in the rise of household savings. Furthermore, the effects of higher real rates had yet to emerge more clearly in the near future. Monetary policy transmission had been successful, and deposit and lending rates had increased in the recent term. It was pointed out that the real rates available to companies were somewhat higher than real rates in terms of the average of various

measures, and that it could be assumed that under current circumstances, the monetary stance was now sufficient by that measure. It was also noted that it was likely that the monetary stance would continue to tighten in the coming term due to declining inflation, and therefore it was not clear whether interest rates needed to be raised further.

The main arguments in favour of raising rates were that the labour market was still tight and that indicators of reduced economic activity were still weak. According to preliminary national accounts figures, the output gap appears to have been wider in 2022 and H1/2023 than was anticipated at the last MPC meeting, perhaps necessitating higher interest rates. As a result, there was considerable uncertainty about whether the monetary stance was sufficient to bring inflation back to target within an acceptable time frame. It was also pointed out that there was greater risk in tightening the monetary stance too little than in tightening it too much, as real rates had only recently turned positive and it would not take much to push them lower once again. There were few indicators that the monetary stance was too tight, and therefore some risk entailed in concluding the monetary tightening phase too soon. In view of this, there were concerns that inflation expectations had become less firmly anchored, which could mean that the monetary stance would have to be that much tighter. The MPC also discussed that the króna had depreciated recently, which could be cause for concern if imported inflation should rise more than it might otherwise. It was pointed out that there was still a strong likelihood of second-round effects of cost increases on the price level.

It emerged at the meeting that at that point in time, there was some uncertainty about economic developments and about whether the current monetary stance was sufficient. Indicators implied that domestic economic activity had begun to ease by some measures, but that by other measures it had increased. Given that the overall situation had not changed appreciably since the last meeting, it could be appropriate to await further developments, as the Bank's new macroeconomic and inflation forecast would be available by the time of the Committee's next meeting.

In view of the discussion, the Governor proposed that the Bank's interest rates be held unchanged. The Bank's key rate (the seven-day term deposit rate) would be 9.25%, the current account rate 9%, the seven-day collateralised lending rate 10%, and the overnight lending rate 11%.

Ásgeir Jónsson, Rannveig Sigurdardóttir, and Gunnar Jakobsson voted in favour of the proposal. Ásgerdur Ósk Pétursdóttir also voted in favour of the proposal but would have preferred to raise rates by 0.25 percentage points. Herdís Steingrimsdóttir voted against the proposal, voting instead to raise rates by 0.25 percentage points. She was of the opinion that indicators of a slowdown in economic activity were not convincing enough. She emphasised that demand pressures in the labour market remained strong and that even though the monetary stance had tightened and the real rate had recently turned positive, she was concerned that the policy stance was not sufficient to bring inflation back to target within an acceptable time frame. Ásgerdur concurred with these views but nevertheless thought it was possible to wait and see, as the MPC's next meeting would take place soon and the Bank's new macroeconomic forecast would then be available.

In the Committee's opinion, near-term monetary policy will be determined by developments in economic activity, inflation, and inflation expectations.

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

Herdís Steingrímsdóttir, Associate Professor, external member

Ásgerdur Ósk Pétursdóttir, Assistant 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 22 November 2023.



# MINUTES

## MONETARY POLICY COMMITTEE



2023

November  
118th meeting  
Published 6 December  
2023



## Minutes of the Monetary Policy Committee meeting

November 2023 (118th meeting)

Published: 6 December 2023

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 20-21 November 2023, 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 22 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 4 October 2023, as published in the new forecast and analysis of uncertainties in *Monetary Bulletin* 2023/4 on 22 November.

#### Financial markets

Since the October meeting, the króna had depreciated by 3.5% in trade-weighted terms. Between meetings, the Bank sold foreign currency for 18 million euros (2.8 b.kr.). The Bank's transactions during the period accounted for 7% of total turnover in the foreign exchange market.

In terms of the Central Bank's real rate, the monetary stance had eased slightly 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 2.7%, or 0.1 percentage points lower than just after the announcement of the October interest rate decision. In terms of twelve-month inflation, however, it was 1.3% and had risen 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 were virtually unchanged between meetings, but there had been no turnover in the market during the period. Yields on long-term nominal Treasury bonds had fallen by as much as 0.3 percentage points since the October meeting, and yields on long-term indexed Treasury bonds had fallen by up to 0.4 percentage points. Furthermore, average rates on non-indexed and indexed mortgage loans had risen between meetings.



In terms of three-month interbank rates, the short-term interest rate differential had narrowed by 0.1 percentage points versus the euro between meetings, to 6 percentage points, but was unchanged at 4.3 percentage points versus the US. The long-term interest rate spread widened by 0.1 percentage points between meetings, to 4.9 percentage points versus Germany and 3 percentage points versus the US. Measures of the risk premium on the Treasury's foreign obligations were broadly unchanged between meetings. The CDS spread on the Treasury's five-year US dollar obligations was 0.8%, and the spread between the Treasury's eurobonds and comparable bonds issued by Germany was 1.2-1.3 percentage points.

According to the Bank's quarterly survey of market agents' expectations, carried out in early November, respondents were of the view that the Bank's key rate had peaked at 9.25% and would start to fall in Q2/2024. They also expected the key rate to measure 8.25% in one year and 6.25% in two years. This is a somewhat higher interest rate than they expected in the August survey. Survey participants' responses on the monetary stance changed somewhat between surveys. Most participants still considered the monetary stance appropriate at present, with 60% reporting this opinion, up from 44% in the previous survey. The share that considered the monetary stance too loose fell between surveys from 30% to 13%, and around 27% of respondents considered the monetary stance too tight.

Financial institutions' analysts had projected that the MPC would hold interest rates unchanged, on the grounds that although inflation was still high and the labour market still tight, uncertainty about the seismic activity on Reykjanes peninsula would weigh heavier in the decision-making process.

Annual growth in M3 measured 10.4% in September. The pace slowed after a brief increase in August, which was due in part to the sale of a domestic biotech firm to foreign investors. Twelve-month growth in credit system lending to households has eased, measuring 6.1% in September. Net new lending to households has picked up since mid-year, however. Furthermore, year-on-year growth in credit system lending to companies has lost pace, measuring 7.7% in September after averaging 14% in H1/2023.

The Nasdaq OMXI10 index had fallen by 5.6% between meetings. Turnover in the Main Market totalled 624 b.kr. in the first ten months of 2023, some 29% less than over the same period in 2022.

## **Global economy and external trade**

According to the International Monetary Fund's (IMF) October forecast, global GDP growth is projected to fall from last year's 3.5% to 3% this year and 2.9% in 2024. This is in line with the Fund's recent forecasts, but well below the twenty-year average. Weaker output growth in 2023 can be attributed in particular to advanced economies, where growth is projected to fall from 2.6% in 2022 to 1.5% this year and 1.4% in 2024. Prospects have improved for the US, according to the IMF, but have worsened for the eurozone and China. In addition, the outlook is for a marked slowdown in world trade, which is expected to decline more than GDP growth. Prospects for advanced economies' imports have deteriorated in particular this year, according to the IMF. The Fund therefore projects that global headline inflation will fall from 8.7% in 2022 to 6.9% in 2023 and then expected to drop to an average of 5.8% in 2024, reflecting the impact of monetary tightening by major central banks and lower global commodity prices. Core inflation will fall more slowly, in the IMF's opinion, and in most cases headline inflation will not return to target until 2025.

According to preliminary figures from Statistics Iceland, the deficit on goods trade measured 95.7 b.kr. in Q3/2023 and 223.7 b.kr. in the first three quarters of the year, as compared with a deficit of 121.8 b.kr. at constant exchange rates over the first three quarters of 2022. Export values shrank by 11% year-on-

year at constant exchange rates, with contractions in all key export categories. The year-on-year decline in values is due both to lower prices in most categories and to a contraction in marine product exports. At the same time, import values rose by about 2% at constant exchange rates, owing to an increase in the value of investment goods, consumer goods, and transport equipment, which was offset by a decrease in the value of fuels and commodities and operational inputs. The year-on-year increase in imported goods values is due to price hikes, as the volume of imports contracted between years.

The global price of aluminium had risen slightly since the MPC's October meeting, to 2,200 US dollars per tonne. Nevertheless, this is nearly 6% lower than in November 2022. Preliminary figures from Statistics Iceland indicate that foreign currency prices of marine products rose again between quarters in Q3 and were an average of 7% higher over the first three quarters of 2023 than in the same period of 2022. The global price of Brent crude had fallen by nearly 4% between MPC meetings, to about 82 US dollars per barrel by the time of the November meeting, some 6% lower than in November 2022. Other commodity prices had also fallen since the October meeting.

The real exchange rate in terms of relative consumer prices fell by 1.15% month-on-month in October, when it was 10.5% above its 25-year average and 1% higher than in December 2019. By this measure, it was unchanged year-on-year during the first ten months of 2023, as the króna depreciated by just over 3% in nominal terms, while inflation in Iceland was just over 3% above the trading partner average.

## Domestic economy and inflation

According to the Statistics Iceland labour force survey (LFS), total hours worked rose by 6.4% year-on-year in Q3/2023. Job creation measured slightly less than 5.7% year-on-year, and the average work week grew longer by 0.7%. Growth in jobs and total hours worked during the quarter were affected strongly by the quarter-on-quarter decline a year earlier. In terms of seasonally adjusted LFS data, job numbers rose negligibly between quarters, while total hours worked increased by ½%, as did the seasonally adjusted number of wage-earners according to the pay-as-you-earn (PAYE) register.

Seasonally adjusted LFS data for Q3 show strong labour participation and employment rates. By the same token, unemployment is low, at 3.3% during the quarter, broadly in line with the H1 average. Seasonally adjusted registered unemployment is low as well, but it rose slightly between quarters, for the first time since late 2020. It measured 3.2% in Q3, or 0.1 percentage points more than in the quarter beforehand, and continued to rise to 3.4% in October.

Iceland's population grew by 3% year-on-year in Q3. Net inward migration of foreign nationals – the main driver of job creation in the recent term – was just over 2,400 during the quarter. Increased inflows of refugees have also explained a fair share of population growth from 2022 onwards. Although population growth is still strong in historical context, it has eased somewhat in the past two quarters.

The general wage index rose by 1.2% between quarters in Q3, and by 10.8% year-on-year. Real wages were 2.8% higher in Q3 than in the same quarter of 2022.

Key indicators of private consumption suggest broadly unchanged year-on-year growth between Q2 and Q3. Total payment card turnover continued to shrink between years and the Gallup Consumer Confidence Index showed that consumer pessimism had risen again, although these were offset by a minor increase in new motor vehicle registrations. If the Bank's forecast of private consumption in Q3 materialises, households have stepped up their saving again, pushing the saving rate above its pre-pandemic average once more.

Statistics Iceland's nationwide house price index, published at the end of October, rose by 0.3% month-on-month, after adjusting for seasonality, and by 2% year-on-year. The capital area house price index, calculated by Registers Iceland, rose by 1.1% month-on-month in October when adjusted for seasonality, and by 2.9% year-on-year. The number of purchase agreements registered nationwide fell by 15.8% year-on-year in the first ten months of 2023, and the number of contracts for new construction declined by 23% over the same period. The average time-to-sale in the capital area was 5.6 months in October, considerably more than the October 2022 figure of three months, and the number of homes for sale has continued to increase markedly in recent months.

The CPI rose by 0.6% month-on-month in October, and twelve-month inflation eased marginally, from 8% to 7.9%. Inflation excluding housing declined as well, to 7.3%. Underlying inflation was 6.3% according to the average of various measures and has fallen steadily from its spring 2023 peak of 7.5%.

Increased owner-occupied housing costs, higher food prices, and higher prices for recreation and cultural activities were the main drivers of the rise in the CPI in October. Owner-occupied housing costs rose 2% month-on-month, and the housing component is once again the main contributor to twelve-month inflation. Year-on-year house price inflation nationwide increased from September, measuring 3.2%. Food prices rose by 1% in October and are up 11.7% in the past twelve months.

According to the Bank's market expectations survey, participants' one- and two-year inflation expectations fell marginally, to 5.5% and 4.2%, respectively. As in August, they expected inflation to average 4% over the next five years, while their ten-year expectations fell slightly, to 3.5%. However, the breakeven inflation rate in the bond market rose between MPC meetings. The five-year breakeven rate five years ahead was just under 4% in mid-November, some 0.6 percentage points higher than at the beginning of October.

According to the forecast published in *Monetary Bulletin* on 22 November, the near-term inflation outlook has deteriorated again. Inflation is now projected to measure 7.9% in Q4 and fall to 6.8% in Q1/2024, which is 1 percentage point above the August forecast. It is also expected to fall more slowly next year than previously anticipated, to 4.9% at the end of 2024 and an average of 3.6% in 2025. The poorer outlook is due in part to a larger output gap than was assumed in August; furthermore, the króna has depreciated more than was forecast then. There are also signs that cost hikes have a stronger and more persistent impact on inflation than before.

Global GDP growth has softened due to steep cost hikes and rising household living expenses. As in August, trading partner GDP growth is forecast at roughly 1% in both 2023 and 2024. Global inflation is also expected to continue easing. Underlying inflation has fallen less, however, and the outlook is for policy rates in major advanced economies to remain high.

After Statistics Iceland's revision, year-2022 GDP growth proved 0.8 percentage points stronger than previously projected, or 7.2%, in line with the Bank's February forecast, which was prepared before the 2022 national accounts were available. The revised figures imply as well that the output gap was wider in 2022 than previously estimated. GDP growth in Iceland measured 5.8% in H1/2023, or 0.4 percentage points above the Bank's August forecast. Although private consumption growth has eased, domestic demand has been a major driver of economic activity in 2023. Added to this is favourable external trade, fuelled by strong growth in tourism. The outlook is for 3.7% GDP growth in 2023 as a whole, up from 3.5% in the August forecast. This represents a sharp decline relative to 2022, although it remains well above estimated long-term potential output. As in August, GDP growth is expected to continue easing, to an average of 2¾% per year over the next three years; however, it is assumed both that the output

gap will be wider than was estimated in August and that a small positive output gap will remain at the end of the forecast horizon.

The supply side of the global economy has largely normalised after recent shocks, and non-energy commodity prices have fallen. The outlook is ambiguous, however, not least because of the wars in Ukraine and the Middle East. The resilience of the recovery in major advanced economies and China remains uncertain as well. Although measured inflation has eased, underlying inflation has proven stubborn. The inflation outlook is uncertain in Iceland as well, as inflation expectations seem less firmly anchored to the target and the upcoming wage negotiations could throw the prospect of continued disinflation into disarray.

Domestic uncertainty has also escalated due to increased seismic activity on the Reykjanes peninsula. If a large eruption takes place near key infrastructure, the resulting damage could be substantial. The economy could also be strongly affected by a protracted eruption. A major eruption could have a profound impact on tourism, other exports, public sector performance, the exchange rate, and inflation.

## 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 fallen marginally 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 hold interest rates unchanged. At that time, economic developments had been consistent overall with the assessment made by the MPC at its August meeting. Inflation had risen again, while economic activity had lost pace, and indicators implied that growth in domestic demand had eased even further in Q3.

The MPC noted that inflation had fallen slightly between months, to 7.9% in October. Underlying inflation had subsided as well. It came to light that indicators continued to suggest a slowdown in private consumption and investment.

The Committee discussed the fact that the inflation outlook had nevertheless deteriorated according to the Bank's forecast. They noted that the output gap had been larger than previously anticipated, and the króna had depreciated. Committee members were concerned that inflation expectations remained high and that cost increases appeared to have a stronger and more persistent impact on inflation than they had previously.

All members agreed that interest rates should be held unchanged for the time being, owing to uncertainty about the economic impact of the seismic activity on the Reykjanes peninsula. It emerged in the discussion that it was highly uncertain how the seismic unrest would affect the economy, especially Government finances, tourism, and the housing market, and therefore inflation, depending on how the situation developed. The MPC therefore considered it appropriate to wait and see how matters played out. It also emerged in the discussion that economic activity had continued to lose pace and that growth in private consumption and investment had subsided. It was clear that the effects of the previous interest rate hikes were coming to the fore, the real rate had risen since H1/2023, and consumers were more pessimistic about the economic outlook. It was pointed out that indexed lending rates had risen as well in the recent past, in tandem with the rise in the real rate, which could reduce demand for loans, all else being equal.

On the other hand, the Committee considered it cause for considerable concern that inflation was so persistent and that the inflation outlook had deteriorated again. The outlook was still for robust GDP

growth, the output gap was larger than previously estimated, and the labour market remained quite tight. House prices were still rising, and mortgage lending growth had picked up again. It was pointed out as well that, even though indicators implied that domestic demand had eased, they were not unequivocal. Thus it was probable that the monetary stance was not tight enough to bring inflation back to target within an acceptable time frame. Had it not been for the uncertainty about a possible volcanic eruption, the need for a tighter stance would therefore have been broadly the same as at the previous meeting. It was pointed out that given how persistent inflation was, and given the outlook for a slow disinflation process, there was greater risk that inflation would become entrenched at a level well above the target. As a consequence, tightening the monetary stance too little was riskier than tightening it too much. It was pointed out that in view of the poorer inflation outlook, and because economic activity was still relatively brisk, it would probably have been appropriate to raise interest rates further had it not been for the uncertainty arising from the Reykjanes situation. In addition, concerns were expressed that if inflationary pressures should begin mounting again, it could prove necessary to raise interest rates more, and keep them high for longer, than would otherwise be needed. MPC members also discussed whether fiscal easing in connection with the seismic activity would possibly push inflation higher in the future.

In view of the discussion, the Governor proposed that the Bank's interest rates be held unchanged. The Bank's key rate (the seven-day term deposit rate) would be 9.25%, the current account rate 9%, the seven-day collateralised lending rate 10%, and the overnight lending rate 11%. All Committee members voted in favour of the proposal.

It emerged at the meeting that although the effects of recent interest rate hikes were coming more clearly to the fore, the poorer inflation outlook suggested that it could prove necessary to tighten the monetary stance still further. The Committee was of the opinion that as before, near-term monetary policy formulation would be determined by developments in economic activity, inflation, and inflation expectations.

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

Herdís Steingrímisdóttir, Associate Professor, external member

Ásgerdur Ósk Pétursdóttir, Assistant 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 7 February 2024.

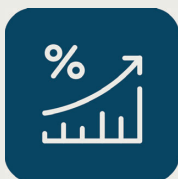
# Jafnvægislistir í Seðlabankanum

Hversu mikið er of mikið?



Kynning fyrir Félag atvinnurekenda  
5. september 2023

Rannveig Sigurðardóttir  
Varaseðlabankastjóri peningastefnu

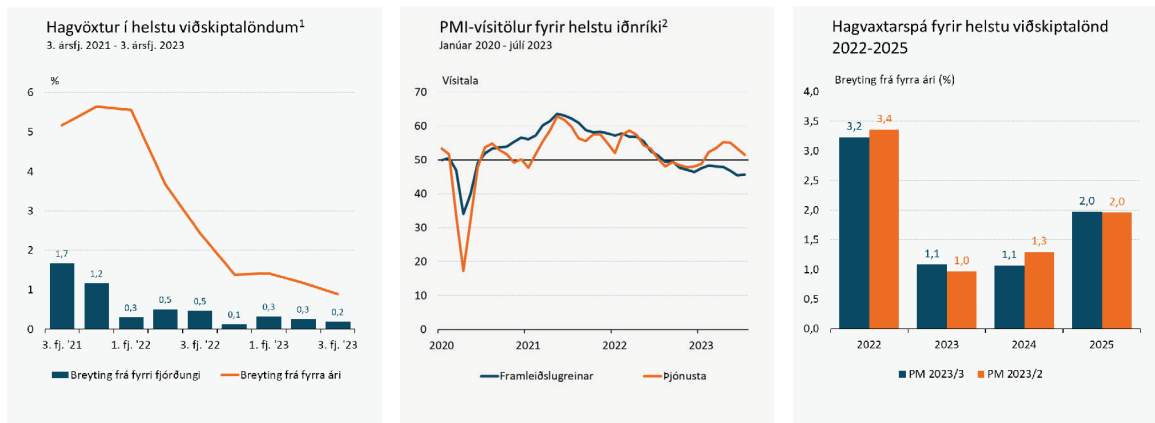


## Efnahagsumsvif



## Slakar hagvaxtarhorfur í helstu viðskiptalöndum

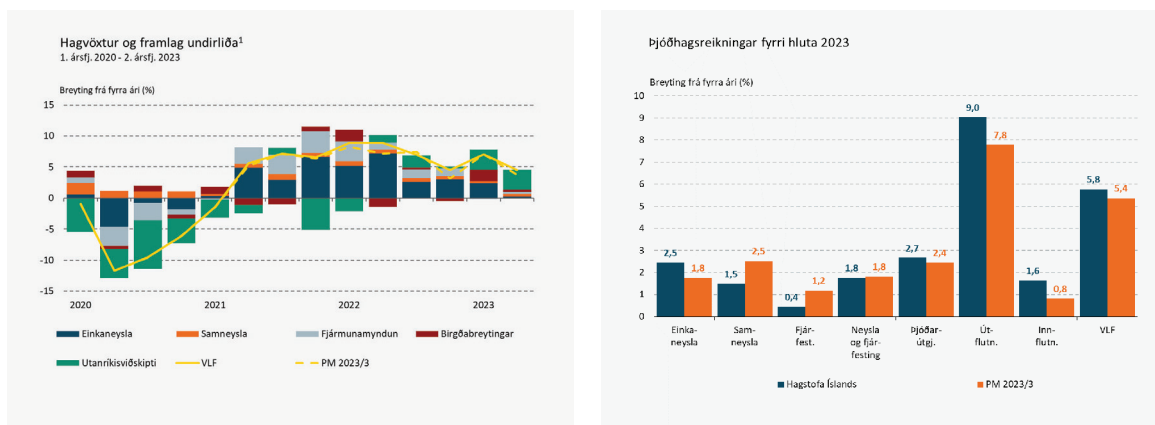
- Áfram hægir á hagvexti í helstu viðskiptalöndum – þótt hann hafi verið lítillega meiri á fyrri hluta ársins en spáð var í maí
- Árshagvöxtur kominn niður í 1,2% á F2 ... vísbendingar um að umsvif hafi gefið meira eftir á F3 og árshagvöxtur farið undir 1%
- Hægir á vexti þjónustuumsvifa og framleiðslugreinar gefa enn frekar eftir ... slakar hagvaxtarhorfur í ár og 2024



1. Árstíðarleiðréttar tölur. Grunnspá Seðlabankans fyrir 2. og 3. ársfj. 2023. 2. PMI-framleiðsluvísitala S&P Global fyrir þjónustu (Services Business Activity Purchasing Managers' Index) og framleiðslu (Manufacturing Purchasing Managers' Index). Vísitölurnar eru birtar mánaðarlega og eru árstíðarleiðréttar. Þegar gildi þeirra er yfir 50 gefur það vísbendingu um vöxt í framleiðslu milli mánaða en samdrátt ef það er undir 50. Myndin sýnir einfalt meðaltal fyrir Bandaríkin, Bretland og evrusvæðið.  
Heimildir: Refinitiv Datastream, Seðlabanki Íslands.

## Hagvöxtur 5,8% á fyrri helmingi ársins

- Lítilsháttar vöxtur einkaneyslu á F2 þrátt fyrir vísbendingar um samdrátt ... 2,5% vöxtur á H1
- Enn mælist tæplega 6% vöxtur atvinnuvega fjárfestingar en á móti vegur íbúðafjárfesting (óáreiðanlegar tölur)
- Hagvöxtur á árinu 2022 nú talinn hafa verið töluvert meiri en í síðustu birtingu – 7,2% í stað 6,4%

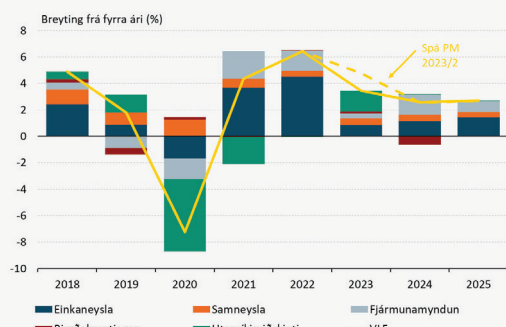


1. Frávik geta verið á milli samtölu framlags undirlíða og hagvaxtar vegna keðjutengingar þjóðhagsreikninga.  
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

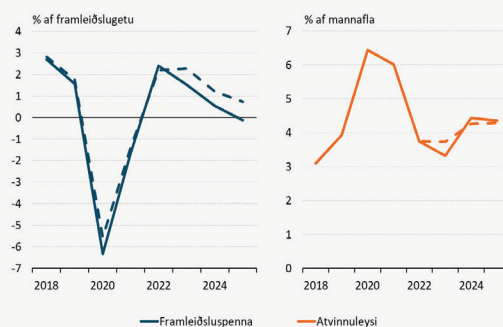
## Spáð var minni hagvexti í ár í ágúst en í maí

- Hagvöxtur reyndist minni á F1 en gert var ráð fyrir í maí og útlit var fyrir að hann hefði gefið meira eftir á F2
- Hagvöxtur fyrir árið í heild var því færður niður í 3,5% í ágústspá (þýngst vögu endurskoðun á einkaneyslu og fjárfestingu)
- Horfur fyrir næstu 2 ár voru nánast óbreyttar frá í maí: áfram gert ráð fyrir um 2½% hagvexti á ári

Hagvöxtur og framlag undirliða 2018-2025<sup>1</sup>



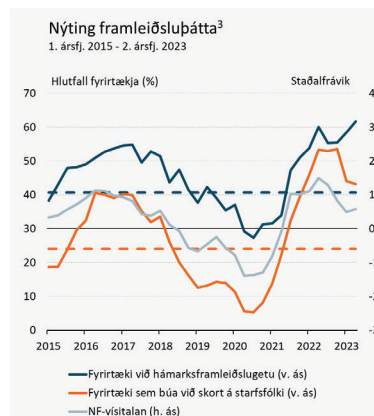
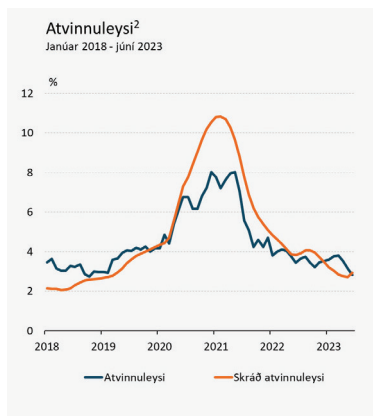
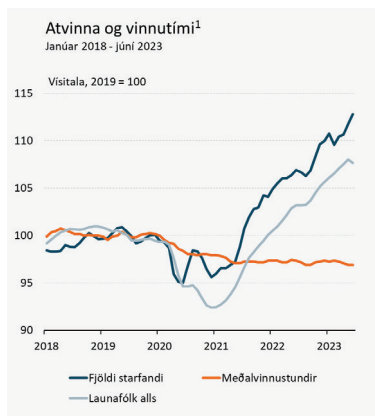
Framleiðsluspenna og atvinnuleysi 2018-2025<sup>1</sup>



1. Grunnspá Seðlabankans 2023-2025. Brotalína sýnir spá PM 2023/2.  
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

## Atvinnuleysi minnkar og áfram spenna í þjóðarþúinu

- Störfum fjölgaði um 5,5% milli ára á F2 skv. VMK (4,4% skv. skráningargögnum) ... 4,6% fjölgun heildarvinnustunda
- Atvinnuleysi komið niður í 2,8% á F2 skv. VMK og hefur ekki mælst minna síðan haustið 2017
- Fyrirtækjum sem skortir starfsfólk fækkar en hlutfallið enn hátt og hlutfall fyrirtækja sem starfa við full afköst aldrei hærra

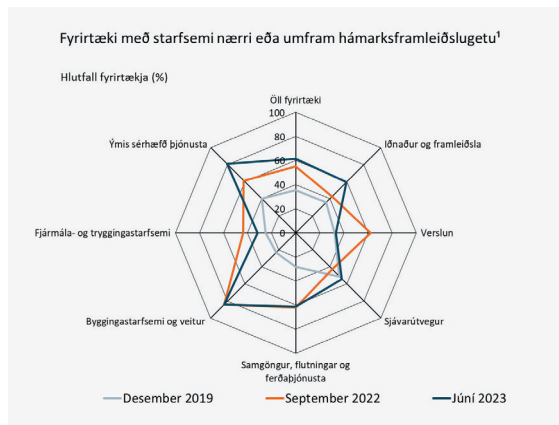
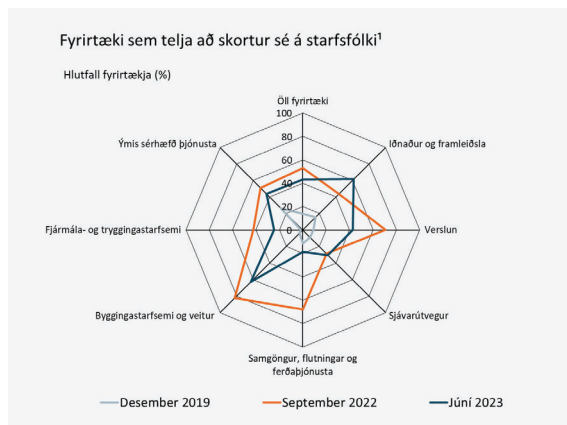


1. Launafólk samkvæmt tölum úr staðgreiðsluskrá ríkisskattstjóra en önnur gögn eru úr vinnumarkaðsskönnun Hagstofu Íslands. Fólk á aldrinum 16-74 ára. Þriggja mánaða hreyfanlegt meðaltal árstíðarleifréttra talna. 2. Skráð atvinnuleysi er án fólks á hlutabótum frá og með mars 2020. Þriggja mánaða hreyfanlegt meðaltal árstíðarleifréttra talna. 3. Mælikvarðar fyrir nýtingu framleiðslubátta byggjast á viðhorfsskönnun Gallup meðal 400 stærstu fyrirtækja landsins. Visitala nýtingar framleiðslubátta (NF-visitalan) er fyrsti frumpáttur valinna vísbendinga um nýtingu framleiðslubátta sem er skalaður til svo meðaltal hans er 0 og staðalfrávik 1. Ítarlegri lýsingu má finna í rammagrein 3 í PM 2018/2. Árstíðarleifréttra tölur: Brotalínur sýna meðaltöl frá 2006.  
Heimildir: Gallup, Hagstofa Íslands, Vinnumálastofnun, Seðlabanki Íslands.



## Mismikil spenna eftir atvinnugreinum

- Hlutfall stjórnenda sem töldu vera skort á starfsfólki fjölgaði mikið í batanum eftir farsóttina – hefur fækkað en er enn um 20 prósentum yfir sögulegu meðaltali
- Hlutfall þeirra sem eiga í vandræðum með að mæta eftirspurn var 62% í júní og hefur aldrei mælst hærra



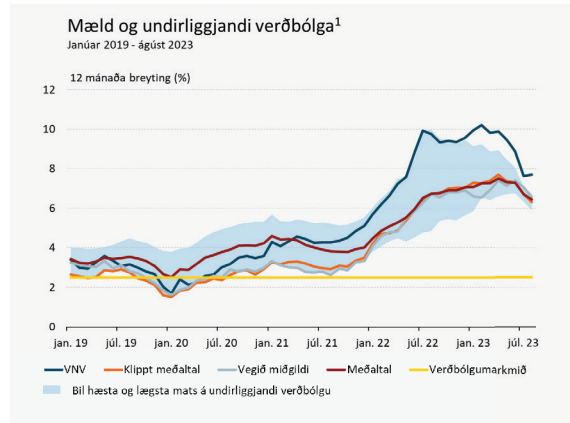
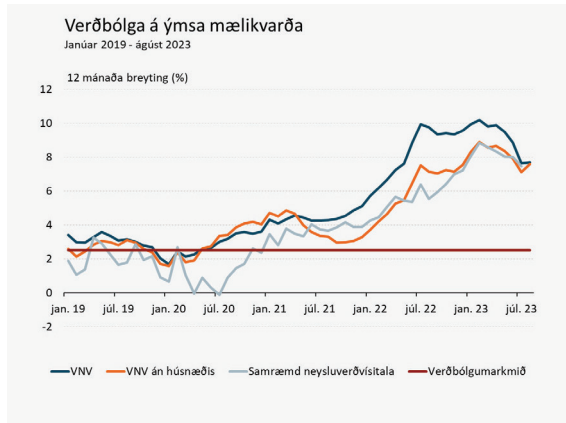
1. Árstíðarleiddar tölur.  
Heimildir: Gallup, Seðlabanki Íslands.



## Verðbólga

## Verðbólga tekin að hjaðna - en er enn of mikil

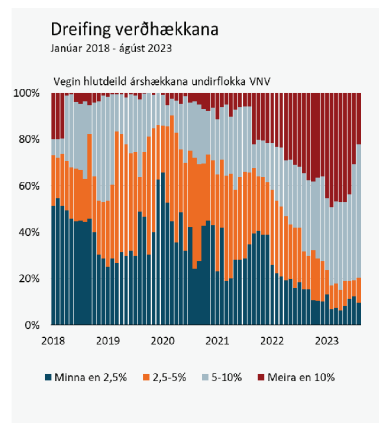
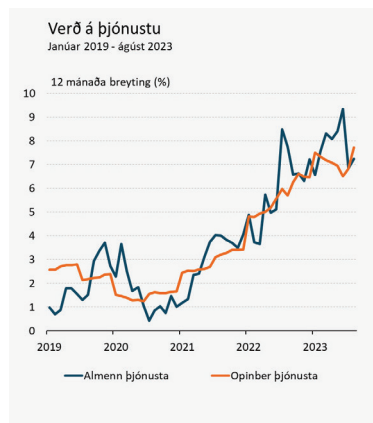
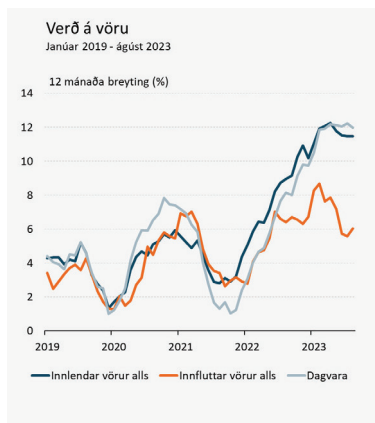
- Verðbólga minnkaði úr 8,9% í júní í 7,6% í júlí – en jókst lítilega í 7,7% í ágúst - grunnáhrif hafa áhrif
- Undirliggjandi verðbólga minnkaði einnig – en hægar ... komin í 6,4% að meðaltali og flestir mælikvarðar sýna áþekkt mat
- Verðbólga án húsnæðis jókst úr 7,1% í júlí í 7,6% í ágúst



1. Undirliggjandi verðbólga er mæld með kjarnavísitölu (áhrif óbeinna skatta, sveiflukenndra matvörulíða, bensins, opinberra þjónustu og raunvaxtakostnaðar húsnæðisins eru undanskilin) og tölfræðilegum mælikvörðum (vegið miðgildi, klippt meðaltal, kvikt þáttalíkan og sameiginlegur þáttur vísitölu neysluverðs).  
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

## Verð á vöru og þjónustu hækkar áfram

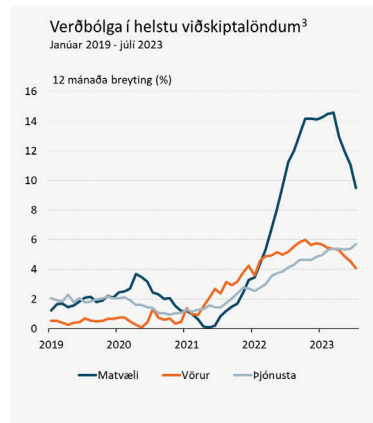
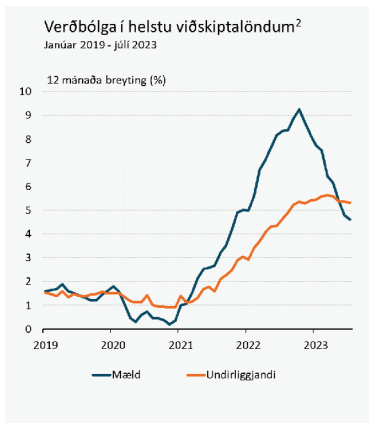
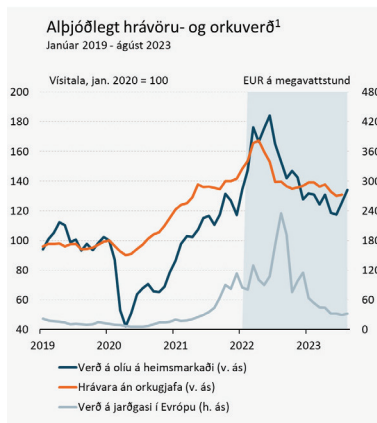
- Húsnæðisverð lækkaði milli mánaða í ágúst og framlag húsnæðis til ársverðbólgu minnkar áfram
- Hægt hefur á innfluttum verðhækkunum en bætti í ágúst einkum vegna grunnáhrifa tengt bensínverði
- ... innlendar verðhækkanir eru þó áfram þrálátar – þótt hlutfall vöruflokka sem hækka meira en 10% sé tekið að lækka



1. Hlutfall af neyslukörfu VNV flokkað eftir árshækkun.  
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

## Mæld verðbólga hjaðnar hratt í viðskiptalöndum

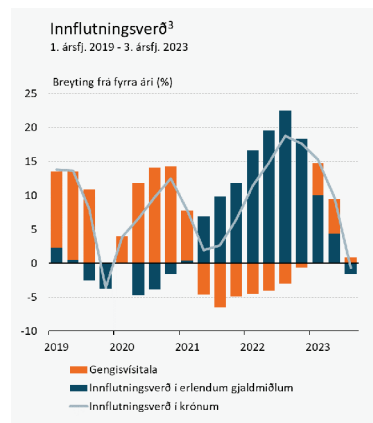
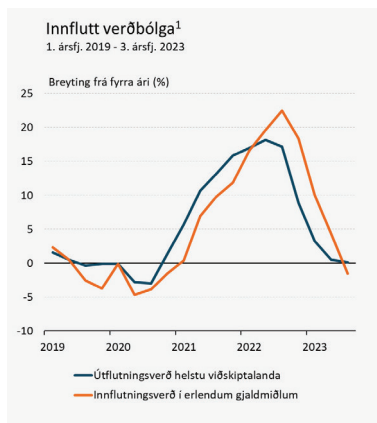
- Framboðshlið heimshagkerfisins hefur lagast og verð helstu hrávara án orkugjafa lækkað ... en olíuverð hækkar aftur
- Mæld verðbólga í helstu viðskiptalöndum hefur minnkað hratt vegna mikillar lækkunar orku- og matvæla-verðs undanfarið ...
- ... en undirliggjandi verðbólga minnkar lítið vegna þráláttra hækkana þjónustuverðs



1. Brent verð á hráolíu. Skýggða svæðið sýnir tímabilið frá upphafi stríðsátaka í Úkraínu. 2. Undirliggjandi verðbólga mæld sem verðbólga án orkuverðs og matvæla-verðs, nema í Noregi (án orkuverðs og skattabreytinga) og Svíþjóð (án orkuverðs en miðað við fasta vexti). 3. Vöruverð án orku- og matvæla-verðs.  
Heimildir: Alþjóðabankinn, Refinitive Datastream, Seðlabanki Íslands.

## Gengi ISK hækkar og innflutt verðbólga minnkar

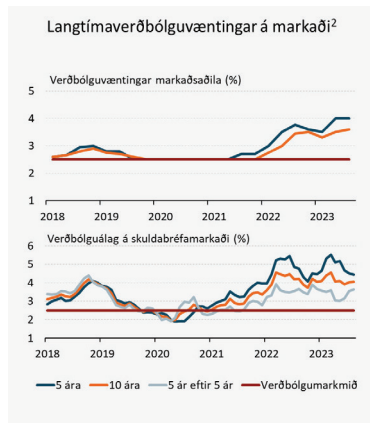
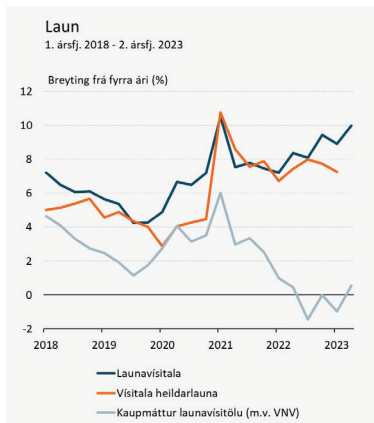
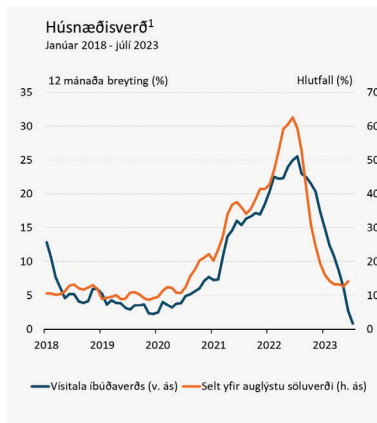
- Hægt hefur verulega á hækkun innflutningsverðs í erlendum gjaldmiðlum í takt við þróun útflutningsverðs helstu viðskiptalanda
- Þessu til viðbótar hafði gengi krónunnar hækkað um 5½% frá því í maí og 6½% frá því í byrjun árs ...
- ... sem ætti að hægja enn frekar á hækkun innflutningsverðs í krónum – og jafnvel leiða til verðlækkunar þegar líða tekur á árið



1. Útflutningsverð helstu viðskiptalanda í erlendum gjaldmiðlum. Verðvísitala innflutnings vöru og þjónustu í erlendum gjaldmiðlum miðað við viðskiptavega gengisvísitölu. Grunnspá Seðlabankans fyrir 2. og 3. ársfj. 2023. 2. Verð erlendra gjaldmiðla í krónum (þröng viðskiptavog). 3. Grunnspá Seðlabankans fyrir 2. og 3. ársfj. 2023.  
Heimildir: Hagstofa Íslands, Refinitive Datastream, Seðlabanki Íslands.

## Húsnæðisverð hjaðnar en þrálát laun og væntingar

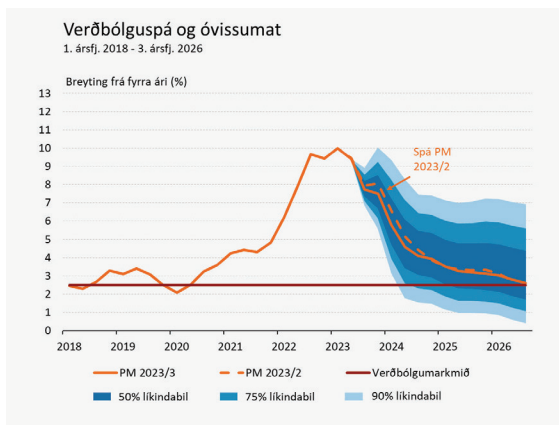
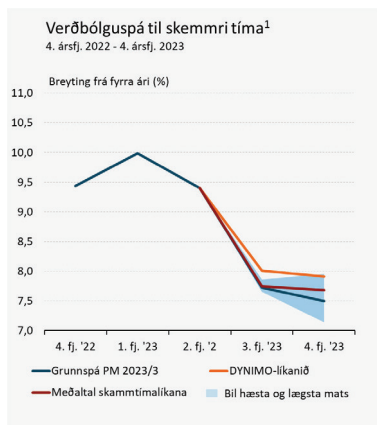
- Verulega hefur dregið úr árshækkun húsnæðisverðs sem nam 0,8% í júlí – minnsta árshækkun húsnæðisverðs í ríflega áratug
- Laun halda hins vegar áfram að hækka hratt og nam árshækkun launavísitölu 10% á F2 – raunlaun hækka á ný milli ára ...
- ... og verðbólguvæntingar til langs tíma hafa lítið lækkað og jafnvel hækkað sé t.d. lítið til 5/5-ára verðbólguálags



1. Húsnæðisverð á höfuðborgarsvæðinu. Hlutfall íbúða sem seldar eru yfir auglýstu söluverði af heildarfjölda íbúða á sölu. Þriggja mánaða hlaupandi meðaltal. 2. Miðgildi verðbólguvæntinga markaðsaðila samkvæmt könnun Seðlabankans (1. ársfj. 2018 – 3. ársfj. 2023) og verðbólguálag á skuldabréfamarkaði (mánaðarleg meðaltöl janúar 2018 – ágúst 2023). Gögn til og með 18. ágúst. Heimildir: Hagstofa Íslands, Húsnæðis- og mannvirkjastofnun, Seðlabanki Íslands.

## Betri nærhorfur verðbólgu en lengri horfur óbreyttar

- Verðbólga var 9,4% á Q2 líkt og spáð var í maí en hjóðnun verðbólgu í júlí var meiri en gert var ráð fyrir og nærhorfur batna ...
- ... spáð að verðbólga hjaðni í 7,7% á Q3 og í 7,5% á Q4 en í maíspánni var hún við 8% út árið
- Horfur til lengri tíma breytast hins vegar lítið: spáð yfir 4% fram undir lok næsta árs og fer ekki undir 3% fyrr en á fyrri hluta 2026



	Ársmeðaltöl	Árslok
2022	8,3%	9,4%
2023	8,6%	7,5%
2024	4,6%	3,9%
2025	3,3%	3,1%

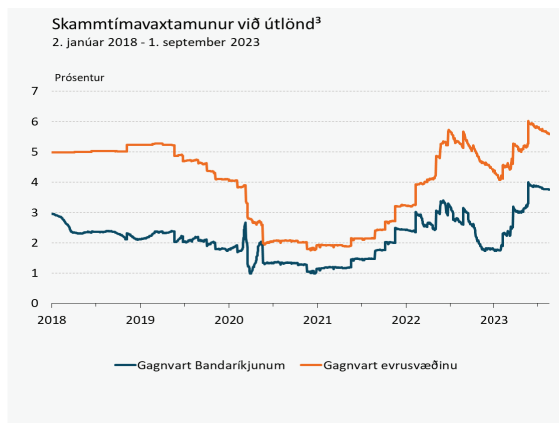
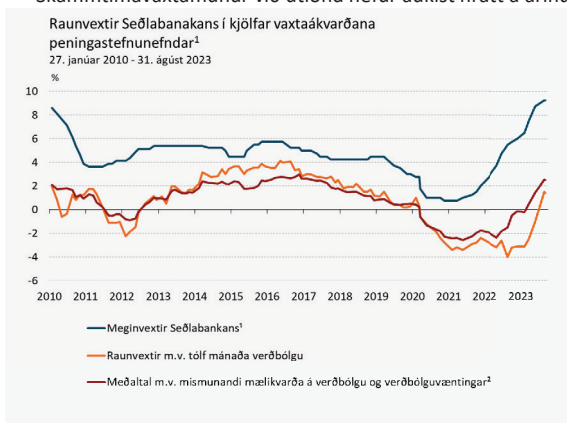
1. Samanburður á grunnspá og spám heildarjafnvægislíkans bankans (DYNIMO) og meðaltals 5 tölræðilega metinna verðbólgu líkana sem bankinn notar við að gera skammtíma verðbólguþspá. Heimildir: Hagstofa Íslands, Seðlabanki Íslands.



## Peningastefnan

### Raunvextir við jafnvægisraunvexti

- Raunvextir miðað við meðaltal mismunandi mælikvarða á verðbólgu jákvæðir síðan eftir vaxtahækkun í mars ...
- ... voru 2,5% í lok ágúst miðað við meðaltal mismunandi mælikvarða á verðbólgu
- ... og 2,6% miðað við tólf mánaða verðbólgu
- Skammtímavaxtamunur við útlönd hefur aukist hratt á árinu

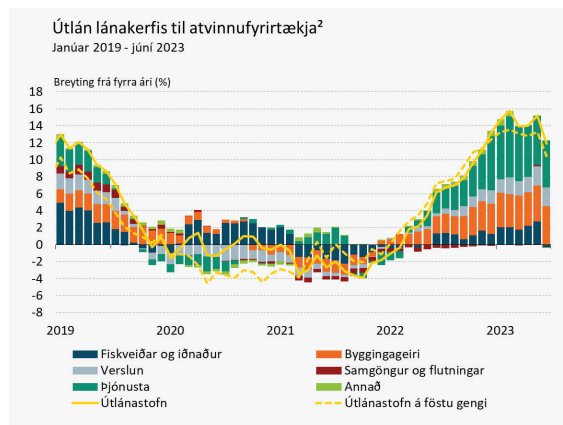
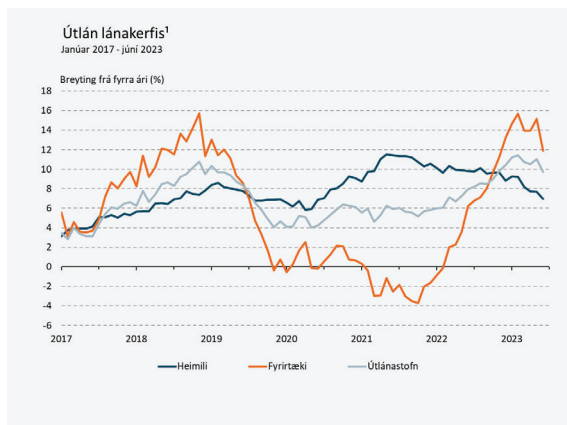


1. Fram til 21. maí 2014 er miðað við meðaltal innlámsvaxta og hámarksaxta á innstæðubréfum með 28 daga binditíma sem meginvexti bankans en vexti 7 daga bundinna innlána frá heim tíma. 2. Fram til febrúar 2012 er miðað við 12 mánaða verðbólgu, verðbólguvæntingar fyrirtækja til eins árs, verðbólguvæntingar heimila til eins árs, verðbólguálag á fjármálamarkaði til eins árs og spá Seðlabankans um ársverðbólgu eftir fjóra ársfjórðunga. Frá mars 2012 er einnig miðað við verðbólguvæntingar markaðsaðila til eins árs samkvæmt ársfjórðungslegri könnun Seðlabankans. 3. Vaxtamunur miðað við þriggja mánaða millibankavexti.

Heimildir: Gallup, Refinitiv Datastream, Hagstofa Íslands, Seðlabanki Íslands.

## Hægir á útlánavexti

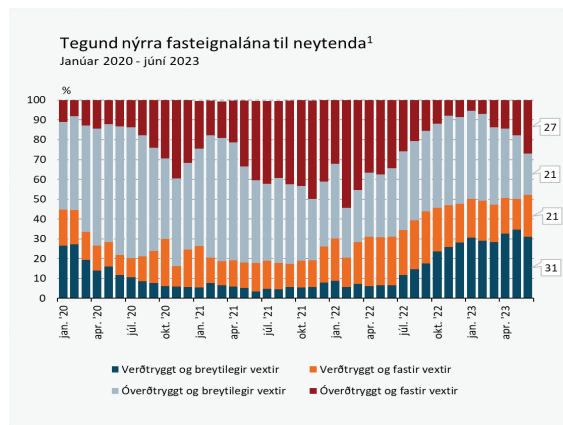
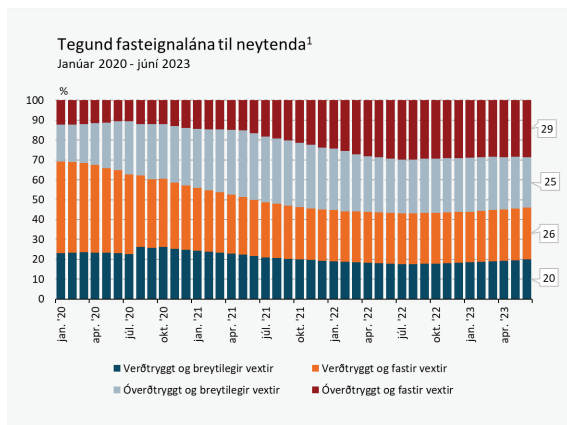
- Hægt á vexti útlán lánakerfisins til heimila frá því á seinni hluta 2022
- ... og nú einnig merki um að tekið sé að hægja á útlánavexti til fyrirtækja



1. Leiðrétt fyrir endurflokkun og skuldalækkunaraðgerðum stjórnvalda. Eingöngu sjóðfélagalán með talin hjá lífeyrissjóðum. Án útlána til innlánsstofnanna, fallinna fjármálafyrirtækja og ríkissjóðs. 2. Stofn útlána í erlendum gjaldeyri er reiknaður miðað við vísitölu meðalgengis í júní 2023.  
Heimild: Seðlabanki Íslands.

## Breytt samsetning nýrra lána

- Aukin eftirspurn eftir verðtryggðum íbúðalánum undanfarið ár ...
- ... þótt rúmlega helmingur útlánastofnsins séu enn óverðtryggð lán
- Tæplega 70% útlánastofnsins var verðtryggður í janúar 2020



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



Takk fyrir



## Peningamálafundur Viðskiptaráðs

Að fara eftir leikreglum



Ásgeir Jónsson  
Seðlabankastjóri

23. nóvember 2023

### Að taka leikinn alvarlega

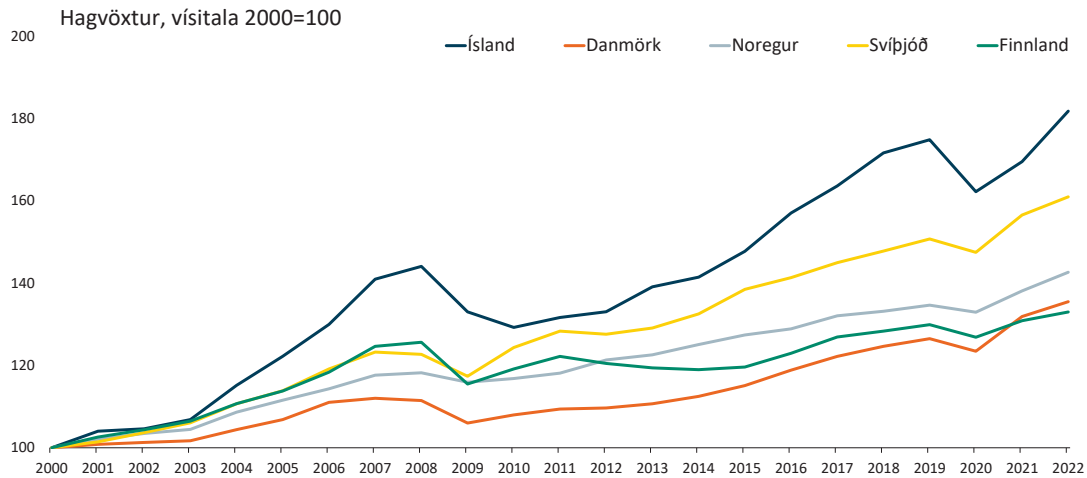


*Sú trú að Íslendingar geti staðið jafnfætis öðrum þjóðum – ef þeir aðeins taka leikinn nógu alvarlega – ætti ekki að vera bundin við íþróttakappleiki. Íslendingar ættu að geta búið við trúverðuga efnahagsstefnu líkt og þekkist annars staðar á Norðurlöndum – ef þeir aðeins fara eftir leikreglunum.*

*Ásdís Kristjánsdóttir, Ásgeir Jónsson og Illugi Gunnarsson. Framtíð íslenskrar peningastefnu - Endurmat á ramma peningastefnunnar, forsætisráðuneytið 2018.*

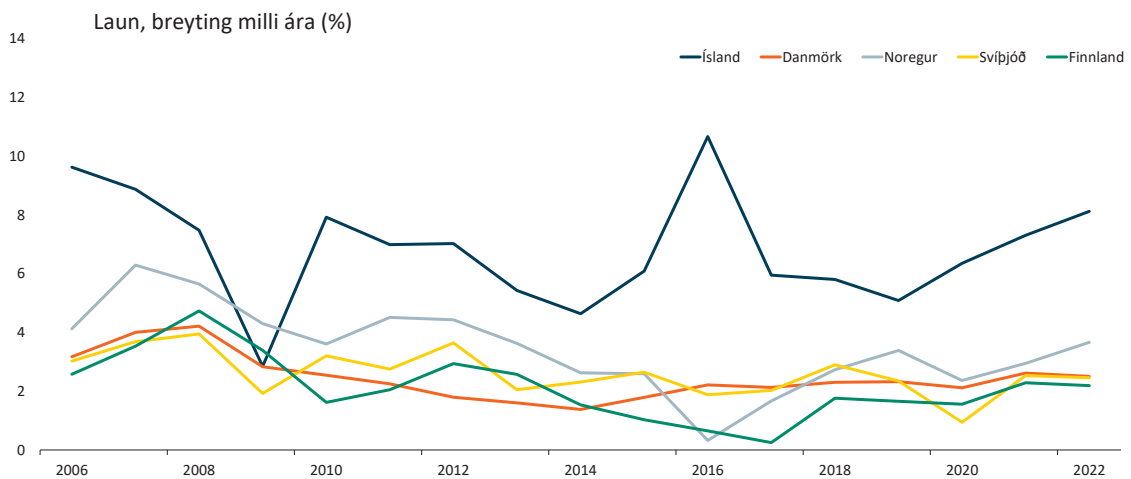


## Hagvöxtur á Íslandi að meðaltali meiri en í flestum þróuðum ríkjum



Heimild: OECD.

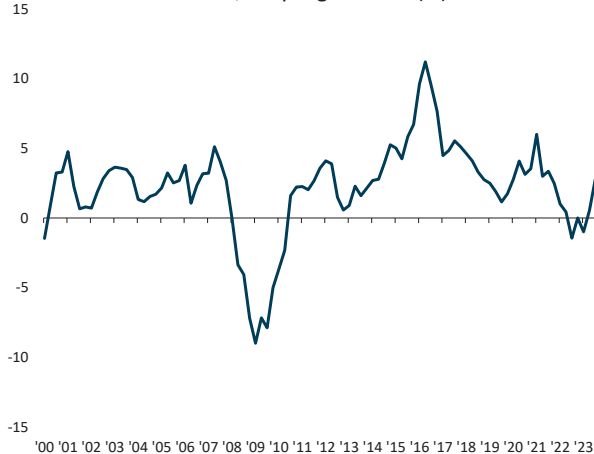
## Laun á Íslandi hafa hækkað töluvert umfram það sem tíðkast t.d. á Norðurlöndunum



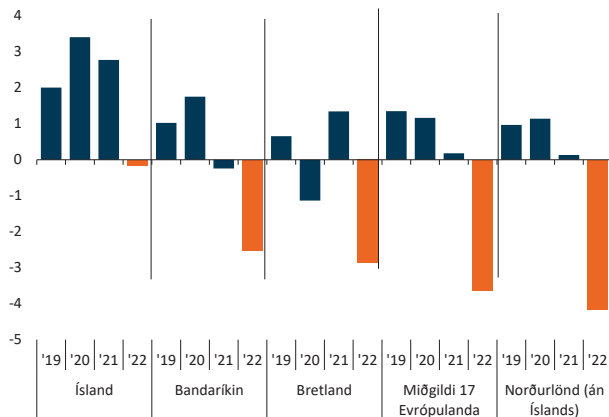
Heimild: OECD.

## Raunlaun hafa aukist meira en í öðrum þróuðum ríkjum og ekki lækkað að neinu marki á síðustu 3 árum

Raunlaun á Íslandi, breyting milli ára (%)



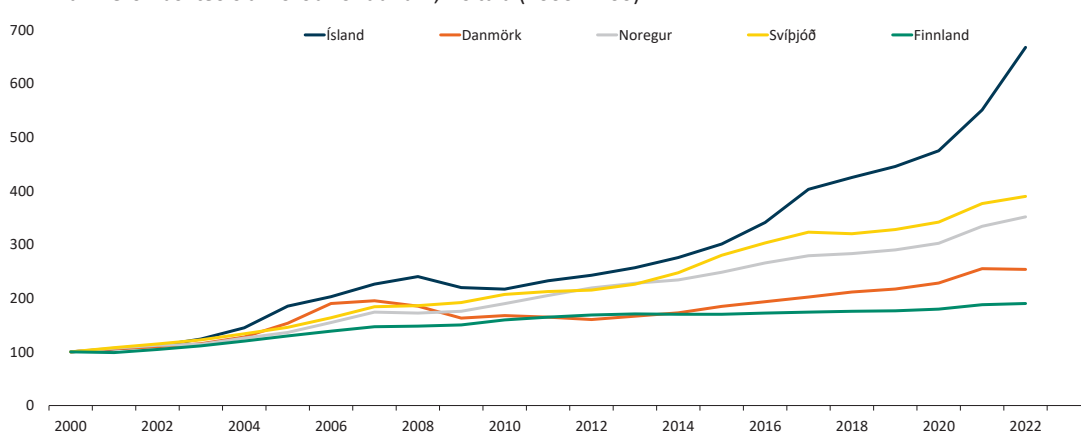
Raunlaun í þróuðum ríkjum 2019-2022<sup>1</sup>  
Breyting frá fyrra ári (%)



1. Meðaltækjur á vinnustund í framléðslu staðvirk með vísitölu neysluverðs. Norðurlönd (án Íslands) sýnir einfalt meðaltal fyrir Danmörku, Finnland, Noreg og Svíþjóð. Miðgildi 17 Evrópulanda undanskilur Norðurlönd og Bretland.  
Heimildir: OECD, Seðlabanki Íslands.

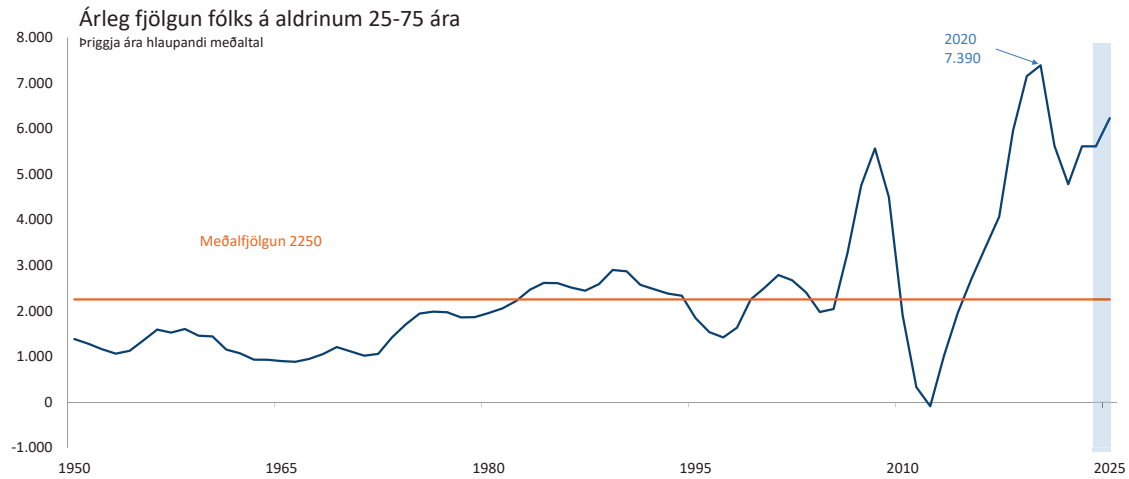
## Húsnæðisverð hefur hækkað mikið hér á landi

Nafnverð húsnæðis á Norðurlöndunum, vísitala (2000 = 100)



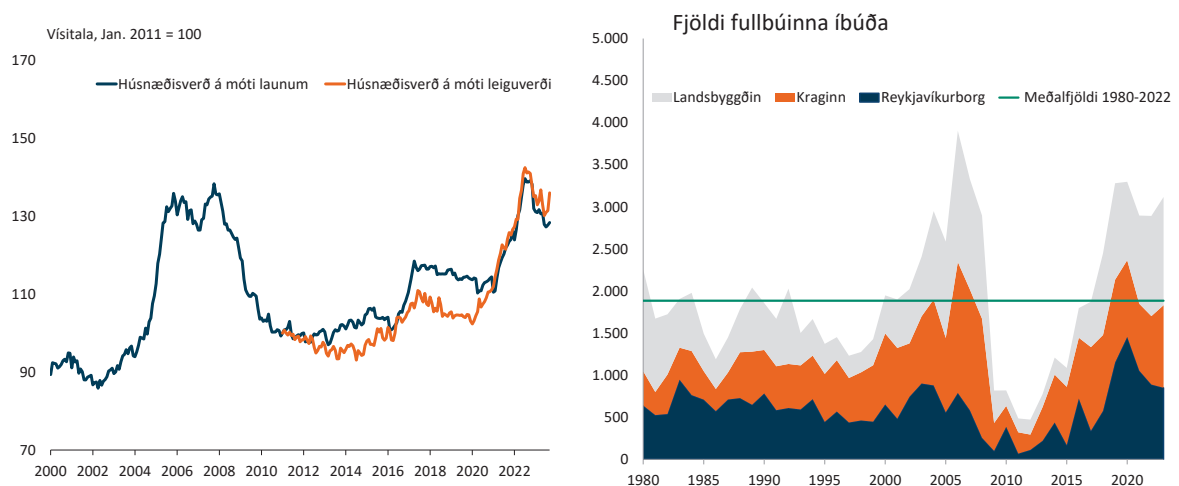
Heimildir: Eurostat, Macrobond.

## Eftirspurn eftir húsnæði aukist með innflutningi vinnuafis og stórum árgöngum inn á húsnæðismarkað



Heimild: Hagstofa Íslands.

## Nýbyggingar hafa ekki haldið í við eftirspurn

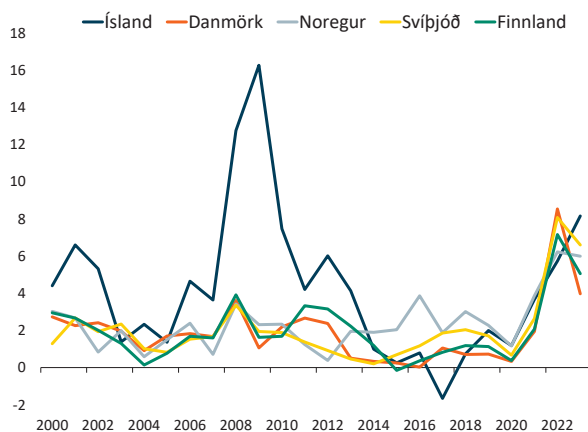


Heimildir: Hagstofa Íslands, Húsnæðis- og mannvirkjastofnun, Seðlabanki Íslands.

## Verðbólga á Íslandi hefur verið á svipuðu róli og erlendis – en undirliðirnir á gríðarlega mikilli hreyfingu

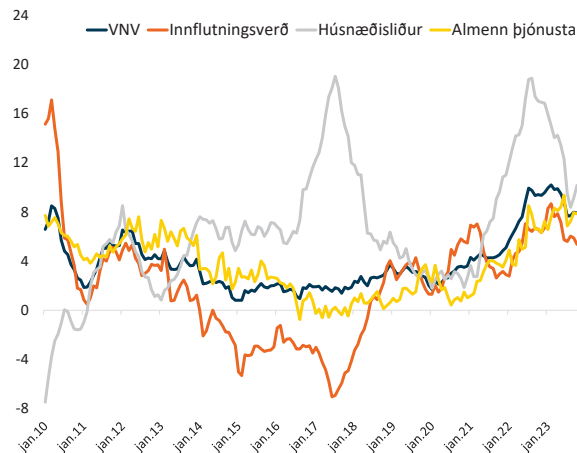


Árleg verðbólga m.v. samræmda vísitölu



Heimildir: OECD, Hagstofa Íslands.

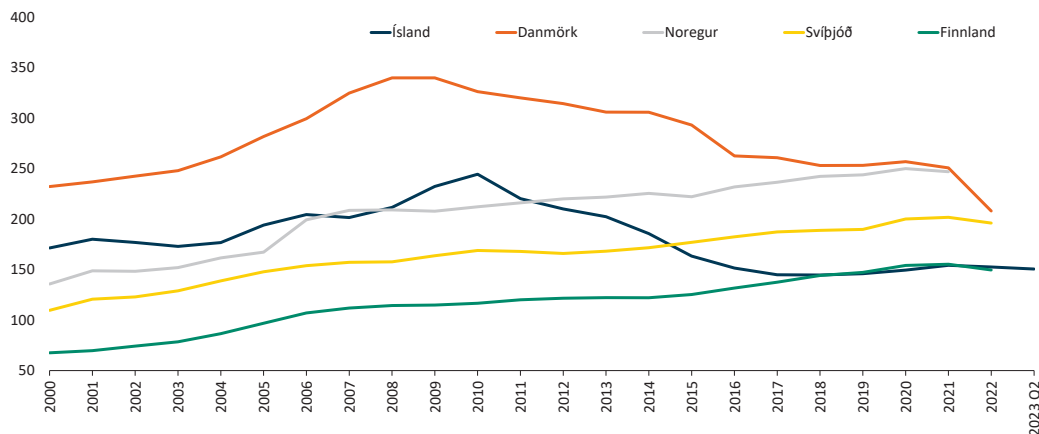
Verðbólga á Íslandi og undirliðir, br. milli ára (%)



## Lánþegaskilyrðin hafa takmarkað skuldsetningu heimila og hægt á hækkan húsnaðisverðs



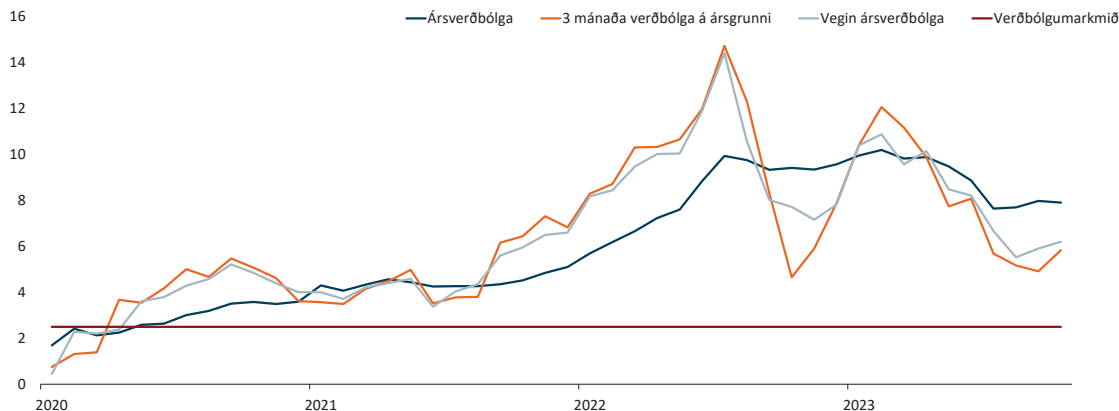
Skuldir heimila sem hlutfall af ráðstöfunartekjum (%)



Heimildir: Eurostat, Seðlabanki Íslands.

## Verðbólguþrýstingur minnkað undanfarna mánuði

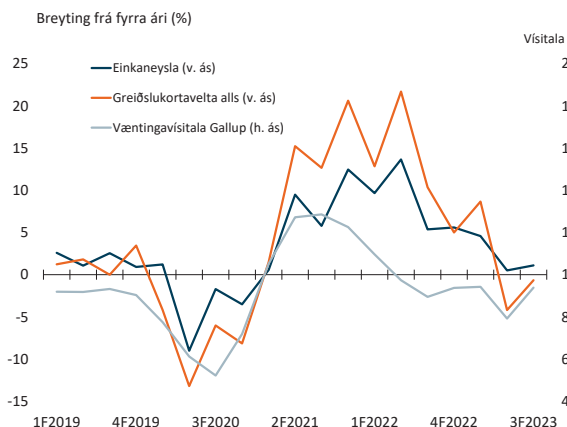
Verðbólga og verðbólguhraði (%)



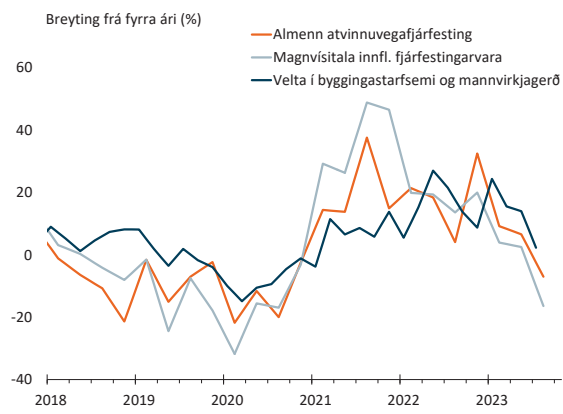
Heimildir: Hagstofa Íslands, Seðlabanki Íslands.

## Vísbending um að tekið sé að hægja á efnahagsumsvifum

Einkaneysla og vísbendingar<sup>1</sup>



Almenn atvinnuvegafjárfesting og vísbendingar<sup>2</sup>



1. Grunnspá Seðlabankans fyrir vöxt einkaneyslu á 3. ársfj. 2023. 2. Almenn atvinnuvegafjárfesting er atvinnufjárfesting án stóridju, skipa og flugvéla. Grunnspá Seðlabankans fyrir vöxt almennrar atvinnuvegafjárfestingar á 3. ársfj. 2023.  
Heimildir: Gallup, Hagstofa Íslands, Seðlabanki Íslands.



## Sjö vörður að stöðugleika

### Sjö vörður að stöðugleika í litlu opnu hagkerfi

1

**Verðbólguþætti** er grundvöllur hagstjórnar.

2

**Samþætt óskorun ábyrgð Seðlabankans** á verðstöðugleika, fjármálastöðugleika og fjármálaeftirliti

3

**Stöðugleiki greiðslufarna** er forsenda efnahagslegs stöðugleika í litlu opnu hagkerfi

4

**Þjóðhagsvarúðartæki** eru nauðsynleg til að tryggja öruggt fjármálakerfi og geta stutt við peningastefnuna

5

**Öflugt fjármálaeftirlit** er mikilvægt til að takmarka áhættutöku í fjármálakerfinu

6

**Stöðugleiki á vinnumarkaði** er undirstaða verðstöðugleika

7

**Pólitískur stuðningur** er nauðsynlegur fyrir peningastefnuna

## Fyrsta varða: Verðbólguþátturinn er grundvöllur hagstjórnar – hvað felst í því?

- a) Stjórnvöld ákveða að verðstöðugleiki sé aðalmarkmið peningastefnunnar
- b) Seðlabankinn hefur sjálfstæði til að beita stjórnáttum sínum til þess að ná markmiði sínu
- c) Seðlabankinn tekur ábyrgð á framfylgd markmiðs með sérstakri áherslu á gagnsæi og upplýsingagjöf til stjórnvalda og almennings
- d) Seðlabankinn fylgir þeirri stefnureglu að bregðast við verðbólgu með hækkun á stýrivöxtum sem tryggir hækkun raunvaxta
- e) Raunvextir hreyfast gegn hagsveiflunni og stuðla að bæði stöðugleika í verðlagi og hagvexti

## Önnur varða: Samþætt ábyrgð Seðlabankans og gagnsæ ákvörðunartaka

- a) Seðlabanki Íslands sameinaðist Fjármálaeftirliti árið 2020 og fer nú einn með ábyrgð á **verðstöðugleika, fjármálastöðugleika og fjármálaeftirliti**
- b) Ákvarðanir um beitingu stjórnáttanna bankans eru teknar af **þremur nefndum**, að hluta skipaðar ytri nefndarmönnum sem **tryggir gagnsæi valddreifingar**
- c) Sú aðferðafræði sem felst í verðbólguþáttinum leggur áherslu á **gagnsæi og opinbera ábyrgð** og fellur mjög vel að leikreglum lýðræðissamfélags - hefur nú einnig verið útfærð fyrir hin tvö markmið Seðlabankans
- d) **Beiting þjóðhagsvarúðar** snýst um að varðveita fjármálastöðugleika – en hún getur einnig stutt við peningastefnuna með því að draga úr útlánavexti og skuldsetningu í efnahagslífinu

## Þriðja varða: Stöðugleiki greiðslujafnaðar er forsenda efnahagslegs stöðugleika í litlu opnu hagkerfi

Dæmi um aðgerðir sem gripið hefur verið til:

a) Búa yfir nægum gjaldeyrisforða: hafa áhrif á gjaldeyrismarkað með takmörkuðum en stefnumótandi inngripum

Þjóðhagsvarúðartæki

b) Draga úr getu innlendra aðila til að safna erlendum skammtímaskuldum t.d. með reglum um stöðuga fjármögnun

c) Takmarka svigrúm til stöðutöku með því að setja takmarkanir á afleiðuviðskipti innlendra banka með krónur

## Fjórtða varða: Beiting þjóðhagsvarúðartækja er nauðsynleg til að koma í veg fyrir skuldabólu

Þjóðhagsvarúðartæki

a) Viðhalda háu eiginfjárhlutfalli banka: Núverandi krafa á KMB er yfir 20% að meðtöldum 2,5% sveiflujöfnunarauka

b) Nýta lánþegaskilyrði: Takmarka bæði skuldsetningu og greiðslubyrði heimila

c) Takmarka útlán í erlendum gjaldeyri til fyrirtækja og heimila sem hafa ekki tekjur í erlendum gjaldeyri



## Fimmta varða : Öflugt fjármálaeftirlit þarf til þess að takmarka áhættutöku og bóllumyndun í fjármálakerfinu

- a) Gagnsæi er lykillinn að trausti almennings á eftirliti með fjármálastarfsemi - Eftirlitið birtir ákvarðanir opinberlega
- b) Draga þarf ályktanir kerfisbundið út frá gögnum eftirlits: T.d. þegar leggja þarf mat á áhættu í starfsemi eftirlitsskyldra aðila og líkleg áhrif hennar
- c) Strangar reglur þurfa að gilda um bónusgreiðslur - þar með talið hámark á þær
- d) Ýmsar aðrar takmarkanir eru mikilvægar:
  - Þak á lán til tengdra aðila
  - Ítarlegt hæfismat framkvæmt á stjórnarmönnum og stjórnendum
  - Aukinn eiginfjárfkra lögð á áhættusöm lána til eignarhaldsfélaga

## Sjötta varða: Stöðugleiki á vinnumarkaði er undirstaða verðstöðugleika

- a) Á Norðurlöndunum eru kjarasamningar almennt miðlægir með þátttöku allra vinnumarkaðsfélaga og hins opinbera til þess að koma í veg fyrir höfrungahlaup
- b) Hérlandis ríkir ekki sátt um hver hlutfallslegur launamunur eigi að vera milli ólíkra stétta: Tíðar deilur á vinnumarkaði þar sem verkfallskraftur fremur en sanngirni ræður niðurstöðunni
- c) Launahækkarnir umfram framleiðnivöxt draga úr samkeppnishæfi, auka innlenda eftirspurn og draga úr útflutningi, sem leiðir til viðskiptahalla og óhagstæðari skuldastöðu við útlönd, veikingar gengis og efnahags – og fjármálalegs óstöðugleika

## Sjöunda varða: Peningastefnan þarf pólitískan stuðning



- a) Peningastefna getur ekki orðið árangursrík án pólitíks stuðnings og viðeigandi ríkisfjármálastefnu, a.m.k. ekki til langs tíma litið
- b) Í kjölfar þess að Ísland fór í gegnum AGS prógramm á árunum eftir hrun var ríkisfjármálareglu komið á fót - henni var vikið til hliðar í Covid-faraldrinum og langan tíma hefur tekið að koma henni aftur á
- c) Mestu máli skiptir að bæði Alþingi og ríkisstjórn standi vörð um sjálfstæði Seðlabankans – og tryggi athafnarými hans til þess að verja almannahag þrátt fyrir þrýsting hagsmunahópa

## Sjö vörður eftir 100 ára tilraunastarfsemi á Íslandi við að koma á fót trúverðugri efnahagsstefnu í litlu opnu hagkerfi



1

**Verðbólguþætti** er grundvöllur hagstjórnar.

2

**Samþætt óskorð ábyrgð Seðlabankans** á verðstöðugleika, fjármálastöðugleika og fjármálaeftirliti

3

**Stöðugleiki greiðslujafnaðar** er öxull íslenskrar hagstjórnar.

4

**Þjóðhagsvarúðartæki** er grundvöllur peningastefnu til framtíðar

5

**Öflugt fjármálaeftirlit** er mikilvægt til að takmarka áhættutöku í fjármálakerfinu

6

**Stöðugleiki á vinnumarkaði** er undirstaða verðstöðugleika

7

**Pólitískur stuðningur** er nauðsynlegur fyrir peningastefnuna

## Að taka leikinn alvarlega -Hvað felst í því?



*Að fylgja leikreglum skiptir meira máli en hvaða leikur er valinn. Sérhver peningastefna hefur kosti og galla. Ástæða þess að Íslendingar hafa frá fullveldi yfirleitt búið við óstöðugleika og verðbólgu er ekki sú að þeir hafi ávallt valið sér ranga peningastefnu – eða hafi ekki enn fundið þá stefnu sem hentar þeim. Ástæðan er sú að þeir hafa ekki fylgt þeim leikreglum sem viðkomandi fyrirkomulag hefur krafist hvað varðar beitingu hagstjórnartækja til að viðhalda efnahagslegum stöðugleika.*

*Ásdís Kristjánsdóttir, Ásgeir Jónsson og Illugi Gunnarsson. Framtíð íslenskrar peningastefnu - Endurmat á ramma peningastefnunnar, Forsætisráðuneytið 2018*

## Leikreglur og samfélagssáttmáli



- a) Ísland er fámennt en í alþjóðlegum samanburði eru norrænu löndin einnig fámennt og sum háð útflutningi á hrávörum
- b) Finnland hefur valið að taka upp evru. Danmörk hefur valið einhliða fastgengið við evru. Svíþjóð og Noregur hafa valið verðbólguþröskulmið
- c) Frammistaða þessa fjögurra landa hefur verið mjög sambærileg sama hvaða peningastefnu þau hafa valið
- d) Allar Norðurlandabjóðirnar fylgja leikreglum þeirrar peningastefnu sem þau hafa valið - Leikreglurnar hafa verið felldar inn í samfélagssáttmála þessara landa
- e) Þetta hafa Íslendingar enn ekki náð að leika eftir

## Árangur og staðfesta



- a) Íslendingar virðast álíta að þeir geti búið við langtum meiri hagvöxt og launahækkanir en aðrar þjóðir en samt búið við sömu vexti og verðbólgu – það er ekki mögulegt
- b) Núverandi verðbólguvandi er gamaldags þensluverðbólga sem við höfum oft gengið í gegnum áður. Hjá flestum öðrum þjóðum í Evrópu er vandamálið verra – verðbólga er ríkjandi en lítill eða neikvæður hagvöxtur
- c) Með þeim stofnanaramma sem hefur verið byggður upp í kringum beitingu peningastefnunnar af hálfu Seðlabankans – ætti stefnan að vera álíka skilvirk og hjá öðrum þjóðum með verðbólguþröngun
- d) Við munum ná árangri – þó aðeins ef við sýnum staðfestu

## Að taka leikinn alvarlega



*„Mörgum hættir við að taka Ísland eitt sér í allri veröldinni og vilja neita að reynsla annarra landa eigi þar við.“*

*Jón Sigurðsson, forseti. Um verzlun á Íslandi. Ný Félagsrit, þriðji árgangur, 1843.*

Takk fyrir

**Höfundur:**

Ásgerður Ósk Pétursdóttir

Lektor í hagfræði við Háskólann í Bath

## Vaxtaákvörðun og verðbólguhorfur

Peningastefnunefnd ákvað á vaxtaákvörðunarfundi sínum í ágúst 2023 að hækka vexti um 0,5 prósentur. Við það hækkuðu meginvextir bankans í 9,25%. Þótt vísbendingar væru um að hægt hafi á vexti innlendrar eftirspurnar, sem ætti að draga úr verðbólguþrýstingi, taldi nefndin samt sem áður nauðsynlegt að herða taumhald peningastefnunnar. Áfram er spennan í þjóðarþúinu, sérstaklega á vinnumarkaði og verðbólguvæntingar eru vel yfir 2,5% verðbólguþrýsting Seðlabankans.

### Verðbólguvæntingar

Íslenska hagkerfið tók fljótt við sér í kjölfar heimsfaraldursins. Innlend eftirspurn jókst hratt sem ásamt alþjóðlegum áhrifum leiddi til aukinnar verðbólgu á Íslandi. Með hækkandi verðbólguþrýstingum jukust bæði skammtíma- og langtímaverðbólguvæntingar.

Kjölfesta verðbólguvæntinga er jafnan veikari í löndum eins og Íslandi sem hafa sögu um mikla verðbólgu. Verðbólguvæntingar geta þá hækkað hratt þegar verðbólga eykst. Hækkun verðbólguvæntinga getur haft í för með sér launahækkunir umfram langtíma framleiðnivöxt og að fyrirtæki hækki verð þrátt fyrir að verða ekki fyrir beinum kostnaðarauka. Kröftug innlend eftirspurn og lítið atvinnuleysi ýta undir þá framvindu. Háar verðbólguvæntingar geta því leitt til svokallaðra seinni umferðar áhrifa og afleiðingin er meiri verðbólga, sem rýrir virði peninga og minnkar kaupmátt launa. Mikilvægt er fyrir seðlabanka að bregðast við þessu ástandi með hækkun vaxta.

Þar sem Ísland á sér sögu um mikla verðbólgu, þarf Seðlabanki Íslands að bregðast fyrir við verðbólguþrýstingi með því að hækka vexti, hækka vexti meira og halda vöxtum á hærra stigi lengur en seðlabankar í löndum sem hafa sögu um minni verðbólgu. Til skemmri tíma lítið geta áhrifin á efnahagsumsvif verið meiri en hefði þurft ef kjölfesta verðbólguvæntinga væri sterk en ábatinn ætti að skila sér í minni verðbólgu en ella. Til lengri tíma lítið má því búast við meiri stöðugleika og aukinni velferð þar sem verðbólga og verðbólguvæntingar eru lægri en annars hefði verið.

### Verðbólga enn á breiðum grunni

Nýleg þróun vísitölu neysliverðs sýnir að mæld verðbólga er byrjuð að hjaðna. Hún er þó ennþá vel yfir verðbólguþrýstingi bankans og hækkunir eru á breiðum grunni. Nýjasta mæling sem lá fyrir við vaxtaákvörðun sýnir að enn hækka um 80% af neyslukörfu vísitölu neysliverðs meira en 5% á milli ára. Jákvað er þó að hlutfall vara sem hefur hækkað um meira en 10% er tekið að lækka þótt það hafi að mestu gerst með því að hlutur vara sem hækka á bilinu 5-10% jókst. Hækkunir eru því enn of miklar og almennar til að samrýmast verðbólguþrýstingi bankans.

Við mat á verðbólguþrýstingi er gagnlegt að líta til mælinga um undirliggjandi verðbólgu. Þá er horft fram hjá tímabundnum þáttum, eins og t.d. verðhækkunum vegna uppskerubrests eða stríðs, sem peningastefnan hefur ekki áhrif á. Vert er þó að nefna að tímabundnir atburðir geta haft áhrif á almenna verðbólgu í gegnum seinni umferðar áhrif ef kjölfesta verðbólguvæntinga er brostin.

Undirliggjandi verðbólga hefur hjaðnað hægar en mæld verðbólga. Samkvæmt meðaltali mælinga var hún 6,7% í júlí samanborið við 7,3% í maí og júní. Hún er því enn mikil sem bendir til verðbólguþrýstings í hagkerfinu.

Innlendar verðhækkanir vöru og þjónustu, sem tilkomnar eru vegna kröftugrar innlendar eftirspurnar, hafa reynst þrálátar og eru enn að aukast. Húsnæðisverð hefur þó lækkað skart undanfarið og einnig hefur hægt nokkuð á innfluttum verðhækkunum. Fræðin og reynslan sýna að vaxtahækkanir eru mikilvægt tæki til að hægja á eftirspurnardrífinni verðbólgu.

### **Gengið og innflutt verðbólga**

Vaxtahækkanir geta einnig haft óbein áhrif á innflutta verðbólgu. Vaxtamunur við útlönd styður við gengi íslensku krónunnar. Hvati er fyrir markaðsaðila að halda fjármagni í íslenskum krónum þegar ávöxtun eykst á Íslandi. Þegar gengið styrkist þá verða innfluttar vörur ódýrari í krónum talið. Ef litið er til viðskiptalanda okkar þá hefur hækkun vöruverðs hjaðnað. Í ofanálag hefur orku- og matvælavæð lækkað á alþjóðavísu. Því hefur hægt verulega á hækkun innflutningsverðs í erlendum gjaldmiðli.

Allt þetta leiðir til lækkunar innflutningsverðs og ætti að draga úr innfluttri verðbólgu. Þróunin fer þó eftir því hversu vel verðlækkanir innflytjenda skila sér til neytenda og þar með í mælda verðbólgu. Ef innlend eftirspurn er sterk eru minni líkur á að þessar verðlækkanir skili sér. Hins vegar ætti hægari innlend eftirspurn að auka hvata til að skila verðlækkunum til neytenda. Vaxtahækkunum er einmitt ætlað að draga úr eftirspurn og styðja þannig við þá þróun.

### **Spenna í þjóðarbúinu**

Í yfirlýsingu peningastefnunnefndar er bent á að enn sé spenna í þjóðarbúinu. Skýrasta birtingarmynd þessarar spennu er að atvinnuleysi er mjög lágt og minnkaði milli funda nefndarinnar. Hefur það ekki mælst minna síðan haustið 2017. Störfum heldur jafnframt áfram að fjölga sem og heildarvinnustundum. Töluverð framleiðsluspenna er til staðar í hagkerfinu og hlutfall fyrirtækja sem starfa við full afköst hefur aldrei mælst eins hátt. Til að manna laus störf hefur þurft að flytja inn vinnuafli sem eykur innlenda eftirspurn eftir vörum og húsnæði.

Raunvaxtastig hefur áhrif á spennu í þjóðarbúinu. Í hagkerfi þar sem atvinnuleysi er undir jafnvægisatvinnuleysi og framleiðsla umfram getu, er æskilegt að raunvextir séu hærri en jafnvægisraunvextir til að draga úr spennu. Þótt meginvextir Seðlabankans hafi verið hækkaðir mikið á síðustu tveimur árum hefur raunvaxtastig ekki hækkað í takt við hækkun nafnvaxta. Raunstyrivextir miðað við meðaltal mælinga á verðbólgu og verðbólguvæntinga hafa verið neikvæðir þar til nýverið vegna mikillar verðbólgu og hárri verðbólguvæntinga. Síðasta vaxtahækkun var skref í því að ná æskilegu raunvaxtastigi til að ná tökum á spennunni sem er í hagkerfinu.

### **Einkaneysla**

Peningastefnunefnd benti á í yfirlýsingu sinni að vísbendingar væru um að áhrif vaxtahækkana séu að koma skýrar fram. Ein birtingarmynd þess eru vísbendingar um að dregið hafi úr vexti einkaneyslu. Almennt er samdráttur í útgjöldum til varanlegra vara eitt fyrsta merki þess að byrjað sé að hægja á einkaneyslu. Þetta eru vörur sem endast lengi og neytendur geta haft nytjar af yfir langt tímabil, eins og húsgögn og raf- og heimilstæki og því oftast fyrsti flokkurinn af vörum sem heimili fresta kaupum á.

Upplýsingar úr þjóðhagsreikningum og greiðslukortveltu í verslunum innanlands benda til samdráttis í útgjöldum á varanlegum vörum. Vísitala fyrirhugaðra stórkaupa heimilanna fer einnig lækandi. Því má áætla að hægja sé tekið á eftirspurn heimilanna í landinu.

Sparnaðahlutföll gefa einnig vísbendingar um framvindu einkaneyslu. Sparnaður heimilanna sem hlutfall af ráðstöfunartekjum jókst gífurlega í heimsfaraldrinum. Notkun á uppsöfnuðum sparnaði, ásamt miklum launahækkunum hafa ýtt undir innlenda eftirspurn heimila og leitt til verðbólguþrýstings. Undanfarið ár hafa heimilin sparað minni hluta af tekjum en þau gerðu á farsóttartímanum og er sparnaðarhlutfallið komið undir langtímameðaltal.

Síðustu mánuði hefur sparnaður heimila hins vegar aukist. Kann það að vera vegna þess að varúðarsparnaður þeirra hefur aukist vegna aukinnar svartsýni þeirra. Hins vegar hefur hærra vaxtastig einnig jákvæð áhrif á sparnað þar sem peningastefnan hefur miðlast vel út í innlánsvexti. Meiri sparnaður heimilanna ætti því að hægja á eftirspurn og leiða til minni verðbólguþrýstings.

### **Peningastefnan**

Þótt fleiri merki um áhrif vaxtahækkana Seðlabankans hefðu komið fram frá fundi peningastefnunefndar í maí, var það mat nefndarinnar í ágúst að herða þyrfti taumhald peningastefnunnar enn frekar, sérstaklega í ljósi mikillar spennu á vinnumarkaði. Leggist allir sem hafa áhrif á eftirspurn og verð á sömu sveif til að draga úr verðbólguþrýstingi þá eru meiri líkur á að ekki þurfi að koma til frekari vaxtahækkana og að vaxtalækkunarferlið geti hafist fyrr en ella. Peningastefnunefnd mun þó beita stýritækjum sínum eins og til þarf til að ná verðbólgu í markmið. Við mat á áframhaldandi taumhaldi peningastefnunnar mun nefndin sem fyrr horfa til gagna og skoða vísbendingar um þróun og horfur efnahagsumsvifa og verðbólguþrýstings í þjóðarbúskapnum.

### **Fyrirvari:**

Höfundur er ytri nefndarmaður í peningastefnunefnd Seðlabanka Íslands. Þær skoðanir og ályktanir sem koma fram í þessari grein þurfa ekki að endurspegla viðhorf annarra nefndarmanna.



**Höfundur:**

Ásgerður Ósk Pétursdóttir  
Lektor í hagfræði við Háskólann í Bath

## Vaxtaákvörðun peningastefnunefndar

Peningastefnunefnd ákvað á vaxtaákvörðunarfundi sínum í október 2023 að halda vöxtum óbreyttum í 9,25%. Eins og fram kemur í fundargerðinni þá hefði ég fremur kosið að hækka vexti um 0,25 prósentur. Að gefnum þeim fyrirvara ákvað ég þó að styðja tillögu seðlabankastjóra um óbreytta vexti. Þrátt fyrir að ég hafi áhyggjur af því að taumhaldið sé ekki nægjanlegt til að ná verðbólgu í markmið innan ásættanlegs tíma, þá get ég get séð rök fyrir því að staldra við þar sem stutt er í næsta fund nefndarinnar en á honum mun liggja fyrir ný þjóðhags- og verðbólguáspá Seðlabankans með uppfærðu óvissumati.

Í fundargerðinni eru útlistuð helstu rök nefndarmanna fyrir bæði óbreyttum vöxtum og hækkun vaxta. Þegar atkvæðagreiðsla sýnir að ekki er einhugur innan nefndarinnar má ætla að nefndarmenn leggi mismunandi vægi á þessa þætti.

### Raunhagkerfið

Innlend eftirspurn jókst hratt í kjölfar heimsfaraldursins. Samkvæmt nýjustu tölum Hagstofunnar jukust þjóðarútgjöld um 6,6% í fyrra, drifin áfram af kröftugri einkaneyslu og fjárfestingu, og um 4% á fyrsta ársfjórðungi þessa árs. Nokkuð dró úr krafti innlendar eftirspurnar á öðrum ársfjórðungi, sérstaklega á vexti einkaneyslu og jukust þjóðarútgjöld um 1,4% á fjórðungnum. Vísbendingar eru um að enn frekar hafi hægt á einkaneyslu á þriðja ársfjórðungi þar sem greiðslukortavelta dróst lítillega saman á milli ára í júlí og ágúst.

Þegar eftirspurn eykst umfram það framboð sem hagkerfið getur framleitt á skilvirkan hátt myndast verðbólguþrýstingur þar sem hvati er fyrir fyrirtæki að hækka verð. Þau bregðast einnig iðulega við umframeftirspurn með því að ráða auka starfsfólk. Þegar atvinnuleysi er lítið getur aukin eftirspurn eftir starfsfólki leitt til launaþrýstings, þar sem fyrirtæki þurfa að bjóða hærri laun til að laða til sín starfsfólk. Við mikla umframeftirspurn, og ef launahækkanirnar eru umfram það sem samrýmist framleiðnivexti, þá getur það leitt til þess að fyrirtæki velti auknum launakostnaði út í verðlag sem veldur enn meiri verðbólguþrýstingi.

### Verðbólguhorfur og verðbólguvæntingar

Vísbendingar sem við sjáum um að hægt hafi á vexti efnahagssumsvifa eru jákvæðar fyrir verðbólguhorfur. Nýjustu tölur benda til þess að dregið hafi úr tíðni verðhækkana og að þær séu ekki á jafn breiðum grunni og áður. Hlutfall þeirra vöruflokka sem hækka í verði lækkaði á þriðja ársfjórðungi. Hlutfall þeirra sem hafa hækkað umfram 2,5% á ársgrundvelli lækkaði einnig á þriðja ársfjórðungi. Svipuð þróun átti sér hins vegar einnig stað á þriðja ársfjórðungi síðasta árs. Því er of snemmt að segja til um hvort þessi þróun sé varanleg.

Verðbólguvæntingar eru enn of háar til að samrýmast verðbólguþéttun Seðlabankans. Hins vegar er jákvætt að langtímaverðbólguvæntingar fyrirtækja og heimila lækkuðu frá síðasta fundi peningastefnunnar. Má ætla að skammtímaverðbólguvæntingar þeirra séu meira í takt við mældu verðbólgu og muni koma niður þegar mæld verðbólga hjaðnar meira.

Jafnframt var kynnt fyrir nefndinni mat á fræðilegri túlkun verðbólguálags á skuldabréfamarkaði. Samkvæmt því er verðbólguálag nú umfram metnar verðbólguvæntingar vegna jákvæðrar verðbólguháttupóknunar. Má ætla að hún sé tilkomin vegna óvissu um verðbólguhorfur, þar sem áhættufælinn fjárfestir þarf umbun til að leggja að jöfnu þekkta raunávöxtun verðtryggðra og óþekkta raunávöxtun óverðtryggðra fjárfestingakosta. Eftir því sem meiri árangur næst í baráttunni við verðbólgu ætti að draga úr óvissunni og verðbólguálaginu.

Þótt vísbendingarnar um að dregið hafi úr vexti einkaneyslu séu jákvæðar fyrir verðbólguhorfur, þá væri ákjósanlegt að það kæmi skýrar fram í verðbólguþéttun. Samdráttur í útgjöldum til varanlegra vara eins og húsgagna og raftækja og til sérvöru eins og fatnaðar er oftast fyrsta merki um að tekið sé að hægja á eftirspurn heimila. Minni eftirspurn eftir þessum vöruflokkum ætti þá að leiða til minni verðhækkana og jafnvel verðlækkana. Ef horft er á undirflokkana vísitölu neysluverðs, sérstaklega raftæki og föt, þá endurspeglar vísbendingar um hægari eftirspurn og útgjöld enn sem komið er ekki í verðlagsþróun.

### Spenna í þjóðarbúinu

Hins vegar eru önnur merki sem benda til að enn sé töluverð spenna í þjóðarbúinu sem ýtir undir verðbólguþrýsting. Samkvæmt niðurstöðum haustkönnunar Gallup meðal stjórnenda 400 stærstu fyrirtækja landsins kemur fram að enn starfi meirihluti fyrirtækja við full afköst. Má því ætla að þau fyrirtæki ættu erfitt með að mæta aukinni eftirspurn og verðbólguþrýstingur því til staðar. Könnunin sýnir að enn eru fleiri fyrirtæki sem sjá fram á að fjölga starfsfólki heldur en fækka á næstu mánuðum. Jákvætt er þó að hlutfall fyrirtækja sem búa við skort á starfsfólki lækkar áfram og var 36%, en er þó enn vel fyrir ofan sögulegt meðaltal.

Enn eru því vísbendingar um að töluverð spenna sé á vinnumarkaði. Atvinnuleysi er lítið og fólk á vinnufærum aldri heldur áfram að fjölga, þótt hægt hafi á árstaktinum. Ef mikill vöxtur innflutts vinnuafis heldur áfram þá gæti það ýtt enn frekar undir innlenda eftirspurn og skapað þrýsting á húsnæðismarkaði. Atvinnuþátttaka og hlutfall starfandi jókst áfram á þriðja ársfjórðungi og hefur ekki verið svo hátt frá því í maí 2017.

### Raunvextir og taumhald peningastefnunnar

Þegar kemur að peningastefnunni þá er það raunvaxtastig sem hefur áhrif á eftirspurn og spennu í þjóðarbúinu og segir til um taumhaldið. Raunvaxtastigið hefur áhrif á sparnað og fjárfestingar þar sem það segir til um kaupmátt ávöxtunarinnar.

Raunstyrivextir miðað við meðaltal mælinga á verðbólgu og verðbólguvæntinga urðu jákvæðir í kjölfar vaxtahækkunar í mars sl. og hafa hækkað nokkuð í kjölfar vaxtahækkanna í maí og ágúst. Það hefur því tekist það sem lagt var upp með, að hækka vexti skarpt til að ná árangri fyrr. Við vaxtaákvörðun í október voru raunvextir bankans 2,9% miðað við þetta meðaltal.

Fræðin og reynslan sýna að til að draga úr spennu og innlendri eftirspurn þegar hagvöxtur hefur verið umfram það sem samræmist jafnvægi, að þá sé æskilegt að raunstýrivextir séu hærri en jafnvægisraunvextir. Hversu hátt raunstýrivextir þurfa að fara og hversu þétt taumhaldið þarf að vera byggist á mati og þróun og horfum verðlags og efnahagsumsvifa. Vert er að nefna að taumhaldið getur einnig aukist ef verðbólga hjaðnar og verðbólguvæntingar minnka, og þarf peningastefnunefnd þá að bregðast minna við. Eftir skarpar vaxtahækkanir síðustu misseri og í ljósi þess að það tekur tíma fyrir vaxtahækkanir að miðlast að fullu út í verðlag var því lag á að staldra við í október.

### **Miðlun peningastefnunnar**

Stýrivextir eru aðal peningastefnutæki Seðlabankans og hefur miðlun peningastefnunnar í gegnum vaxtataekið gengið vel undanfarin misseri. Með því að breyta vöxtum í viðskiptum Seðlabankans við mótaðila hefur hann áhrif á markaðsvexti og einnig á þá út- og innlánavexti sem fjármálastofnanir bjóða heimilum og fyrirtækjum. Undanfarið hafa vaxtabreytingar miðlast vel út í innlánsvexti, sem ætti að ýta undir sparnað og draga úr eftirspurn.

Misskilnings virðist stundum gæta í umræðunni um að áhrif vaxtahækkana Seðlabankans á framleiðslu og verðlag komi ekki fram að neinu leyti fyrr en að 18 – 24 mánuðum liðnum. Í raun tekur áhrifa að gæta um leið og fólk væntir þess að vextir verði hækkaðir og áhrifanna heldur áfram að gæta í kjölfar hækkunar. Talið er að áhrifin séu svo komin fram að fullu á 18 – 24 mánuðum. Hins vegar geta aðstæður í hagkerfinu og stærð vaxtaákvörðana haft áhrif á hversu hratt áhrif þeirra koma að fullu fram.

### **Peningastefnan**

Til skemmri tíma litið þá getur það haft neikvæð áhrif á raunhagkerfið ef taumhaldið er of þétt. Hins vegar hefur það neikvæð langtímaáhrif ef taumhaldið er ekki nægjanlegt, annað hvort vegna þess að vaxtahækkunarferlinu sé hætt of snemma eða vöxtum ekki haldið háum nógu lengi. Fræðin og reynslan sýna að hætta er á að verðbólga geti staðnað á stigi sem samræmist ekki verðbólguþrýstingnum ef taumhaldið er ekki nægjanlegt, með þeim langtímakostnaði sem verðbólga hefur í för með sér.

Enn er töluverð óvissa um hvort að taumhald peningastefnunnar sé núna nægjanlegt til að ná verðbólgu í markmið innan ásættanlegs tíma. Raunstýrivextir hafa þó hækkað jafnt og þétt undanfarna mánuði og þróunin á milli ágúst og október funda peningastefnunefndar var í takt við það sem búist var við. Því var niðurstaða nefndarinnar að hækka ekki vexti. Eftir sem áður verður taumhaldið endurmetið á næsta fundi peningastefnunefndar í nóvember.

Rétt er að ítreka að leggist allir sem hafa áhrif á eftirspurn og verð á sömu sveif til að draga úr verðbólguþrýstingi þá eru meiri líkur á að ekki þurfi að koma til frekari vaxtahækkana og að vaxtalækkunarferlið geti hafist fyrr en ella. Peningastefnunefnd mun sem fyrr horfa til gagna og fylgjast með þróun og horfum efnahagsumsvifa og verðbólguþrýstings í þjóðarþróuninni við mat á áframhaldandi taumhaldi peningastefnunnar með það að leiðarljósi að ná verðbólgu í markmið innan ásættanlegs tíma.

### **Fyrirvari:**

Höfundur er ytri nefndarmaður í peningastefnunefnd Seðlabanka Íslands. Þær skoðanir og ályktanir sem koma fram í þessari grein þurfa ekki að endurspegla viðhorf annarra nefndarmanna.

**Höfundur:**

Ásgerður Ósk Pétursdóttir  
Lektor í hagfræði við Háskólann í Bath

## Neikvæð áhrif mikillar verðbólgu

Peningastefnunefnd ákvað á vaxtaákvörðunarfundi sínum í nóvember 2023 að halda vöxtum óbreyttum í 9,25%. Sem fyrr ræddi nefndin um taumhald peningastefnunnar í ljósi framvindu efnahagsmála og hvort það væri hæfilegt með tilliti til verðbólguhorfa. Áhyggjuefni er hversu þrálát verðbólgan hefur verið og að verðbólguhorfur hafi versnað á ný.<sup>1</sup> Hins vegar vó óvissan um umfang og efnahagslegar afleiðingar jarðhræringanna á Reykjanesi þýngst við ákvörðunina. Ekki er útséð um hvort hræringarnar muni auka eða draga úr verðbólguþrýstingi.

Í hinni almennu umræðu hefur stundum verið talað um að meginvextir Seðlabankans séu of háir og að þetta háa vaxtastig sé alltof kostnaðarsamt fyrir þjóðarbúið. Hins vegar gleymist oft í umræðunni hvers vegna nefndin hefur verið að hækka vexti síðustu mánuði og hverjar væru afleiðingarnar ef nefndin beitti ekki stýritækjum sínum til að ná verðbólgu niður í sitt lögbundna markmið. Þó að háu vaxtastigi geti fylgt kostnaður til skemmri tíma litið, þá yrði hann enn meiri fyrir öll heimili og fyrirtæki í landinu ef hátt verðbólguþigust næði fótfestu til lengri tíma litið. Því er vert að minna á þann kostnað sem fylgir mikilli verðbólgu.

### Kaupmáttur og verðmæti peninga

Þegar kemur að verðgildi peninga, þá er það raunvirðið sem skiptir máli. Fólk fær ekki nytjar af því að eiga þúsund krónur í veskinu eða inni á bankareikningi. Verðmæti þúsund krónanna felst í því magni af vörum og þjónustu sem fæst fyrir peninginn. Þegar verðlag hækkar þá lækkar raunvirðið þar sem sú vörufarfa sem þúsund krónurnar geta keypt hefur minnkað. Það er því neikvæð fylgni á milli verðgildis peninga og verðlags.

Verðbólga er eins og skattur á peningalegar eignir því hún rýrir verðmæti þeirra. Kaupmáttur launa dregst saman þar sem færri vörur fást nú fyrir sömu nafnlaun. Hinir efnaminni sem halda stórum hluta eigna sinna í formi peninga, og hinir tekjulægri sem eyða stórum hluta af launum sínum í nauðsynjavörur verða því hvað mest fyrir barðinu á verðbólgunni. Verðstöðugleiki er því mikilvægur til að viðhalda verðmæti peninga og kaupmætti launa.

### Fljótandi mælieining

Eitt af þeim hlutverkum sem peningar gegna er að vera mælieining (e. unit of account). Vörur og þjónusta á Íslandi eru verðlagðar í íslenskum krónum. Þegar verðstöðugleiki er til staðar þá er virði krónunnar nokkuð stöðugt og það magn af vörum og þjónustu sem þúsund krónur geta keypt er sambærilegt á milli ára.

---

<sup>1</sup> Verðbólguhorfur miðað við nóvember spá Seðlabankans borið saman við ágúst spánna. Nóvember spáin byggir á gögnum sem lágu fyrir áður en neyðarstigi Almannavarna var lýst yfir á Reykjanesi.

Þar sem verðbólga rýrir virði peninga hefur hún þau áhrif að þessi mælikvarði er ekki stöðugur á milli ára. Mikil verðbólga bjargar þær upplýsingar sem mælieiningin á að gefa og getur einnig brenglað verðskyn fólks, sem dregur úr líkum á hagkvæmri ákvörðanatöku með viðeigandi kostnaði fyrir heimilin.

### **Hlutfallsleg eftirspurn**

Verðbreytingar ættu að gefa vísbendingu um breytingar á hlutfallslegri eftirspurn. Ef hlutfallsleg eftirspurn eftir ákveðnum vöruflokki eða atvinnugrein eykst þá ætti verð á þeirri vöru að hækka. Hærra verð hjálpar til við að aðlaga framboð og eftirspurn og koma í veg fyrir umframeftirspurn.

Þegar verðbólga er til staðar þá er almennt verðlag að hækka. Þar sem fyrirtæki breyta ekki öll verði á sama tíma þá brenglast hlutfallslegu verðin við mikla verðbólgu sem aftur brenglar ákvarðanatöku heimila og fyrirtækja. Erfiðara verður t.d. að meta góða fjárfestingakosti og hagkvæmt frameiðslumagn vöru.

### **Kostnaður vegna verðbreytinga**

Það fylgir því kostnaður fyrir fyrirtæki að breyta nafnverði. Matseðlakostnaður (e. menu cost) á t.a.m. við um þann kostnað sem fellur til við að prenta nýja matseðla eða verðmerkingar. Fyrirtækin verða hins vegar ekki bara fyrir þessum ápreifanlega kostnaði. Því fylgir einnig kostnaður að taka ákvörðun um að breyta nafnverði, svokallaður upplýsingakostnaður (e. costly information) þar sem fyrirtæki þurfa að verða sér úti um og greina þær upplýsingar sem þarf til að taka hagkvæmustu ákvörðun um verð.

Þegar verðbólga er lítil eru fyrirtæki líklegri til að fylgja tímaháðri verðbreytingu (e. time-dependent price setting), þar sem nafnverði er t.d. einungis breytt einu sinni á ári. Fyrirtæki lágmarka þá upplýsingakostnað og óveruleg raunverðslækkun á sér stað á milli verðbreytinga.

Þegar mikil verðbólga er til staðar, þá getur tímaháð verðbreyting leitt til þess að raunverð lækki umfram það sem hagkvæmt er. Niðurstöður kannana um verðlagningu fyrirtækja sýna því þvert á lönd að fyrirtæki fylgi frekar svokallaðri ástandsháðri verðbreytingu (e. state-dependent price setting) á tímum mikillar verðbólgu. Þ.e. að þau breyti verði til að bregðast við kostnaðarskellum og þróun í hagkerfinu. Upplýsingakostnaður eykst, auk þess sem gögnin sýna að fyrirtæki breyta verði oftar þegar mikil verðbólga er til staðar með tilheyrandi kostnaði.

### **Skattkerfið og verðbólga**

Verðbólga getur leitt til aukinnar skattbyrði vegna þess að skattur er greiddur af nafnstærðum. T.a.m. er staðgreiðsluskattur sem dreginn er af launum iðulega í nokkrum skattþrepum. Ef tekjubil nafnlauna fyrir hvert skattþrep breytist ekki í takt við verðbólgu, þá getur skattgreiðandi færst upp í hærra skattþrep vegna nafnlaunahækkunar sem tilkomin er til að varðveita raunlaun.

England er dæmi um land þar sem tekjubílin hafa verið fryst til ársins 2028. Skattkerfið brenglast því þegar skattgreiðendur eru að færast upp um skattþrep vegna verðbólgu. Þessi aukna skattbyrði getur haft áhrif á ákvörðunartöku skattgreiðenda, m.a. um fjölda vinnustunda.

## Lánþegar og lánveitendur

Lánþegar hagnast þegar verðbólga er meiri en gert var ráð fyrir við gerð lánasamnings þar sem raunvirði greiðslna þeirra verður minna en búist var við. Kostnaðurinn af óvæntri verðbólgu leggst því á lánveitendur.

Það eru ekki bara fjármálastofnanir sem eru lánveitendur. Hægt er að kalla heimili sem eiga sparnað lánveitendur, því ef þau t.d. leggja sparnaðinn inn á bankareikning þá eru þau í raun að lána bankanum pening. Óvænt verðbólga er því kostnaðarsöm fyrir sparifjáreigendur sem geta átt erfitt með að verja raunvirði sparifjáreignar sinnar.

## Vextir og verðbólga

Eftir því sem verðbólguþiggi er hærra, því óútreiknanlegri getur verðbólga orðið. Kjölfesta verðbólguvæntinga veikist jafnan þegar verðbólga er vel yfir markmiði til lengri tíma. Verðbólguþiggi (e. inflation persistence) fylgir jafnan veikari kjölfestu. Það felur í sér að tímabundnir kostnaðarskellir lifa lengur í verðbólgunni og hún verður meiri og þrálátari en ella. Því er til mikils að vinna að koma í veg fyrir að verðbólga haldist á stigi sem samræmist ekki verðbólguþiggi þar sem kostnaðurinn fyrir þjóðarbúið verður meiri og erfiðara getur orðið að ná verðbólgu niður.

Meginvextir Seðlabankans endurspeglar það taumhald sem peningastefnunefnd telur nauðsynlegt til að ná verðbólgu niður í markmið innan ásættanlegs tíma. Ef peningastefnan væri ekki að beita þessu aðhaldi þá mætti búast við að verðbólga væri meiri en hún er. Hins vegar er ekki sjálfgefið að hið almenna vaxtastig væri lægra án aðhalds peningastefnunnar. Vextir endurspeglar t.a.m. verðbólguvæntingar og áhættuálag. Verðbólguvæntingar eru líklegar til að rjúka upp í hagkerfi með mikilli verðbólgu og litlu aðhaldi peningastefnunnar. Óvissan vegna lítils aðhalds og vaxandi verðbólgu er einnig líkleg til að auka áhættuálag. Báðir þessir þættir myndu leiða til hærra vaxtastigs, ásamt því sem aukin óvissa væri um vexti með tilheyrandi kostnaði fyrir efnahagslífið.

## Verðstöðugleiki

Mikil og óvænt verðbólga gerir allar framtíðaráætlanir erfiðar, ekki síst þegar kemur að fjárfestingum, þar sem mikil óvissa er um kostnað og raunvirði. Til lengri tíma litið þá sýna gögnin að verðbólga hefur neikvæð áhrif á landsframleiðslu. Núverandi taumhaldi peningastefnunnar er því ætlað að búa til forsendur fyrir því að jafnvægi og verðstöðugleiki náist. Þegar heimilin og fyrirtækin í landinu geta gert ráð fyrir því að verðbólga haldist lítil og stöðug, auðveldar það alla ákvarðanatöku varðandi sparnað, lántökur og fjárfestingar og stuðlar að skilvirku hagkerfi.

Til mikils er því að vinna að ná verðbólgu niður í markmið innan ásættanlega tíma til að lágmarka langtímakostnað fyrir hagkerfið, og þar með fyrir heimilin og fyrirtækin í landinu.

## Fyrirvari:

Höfundur er ytri nefndarmaður í peningastefnunefnd Seðlabanka Íslands. Þær skoðanir og ályktanir sem koma fram í þessari grein þurfa ekki að endurspeglar viðhorf annarra nefndarmanna.





March 27, 2001

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

(From March 27, 2001 – as amended by agreement 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.

