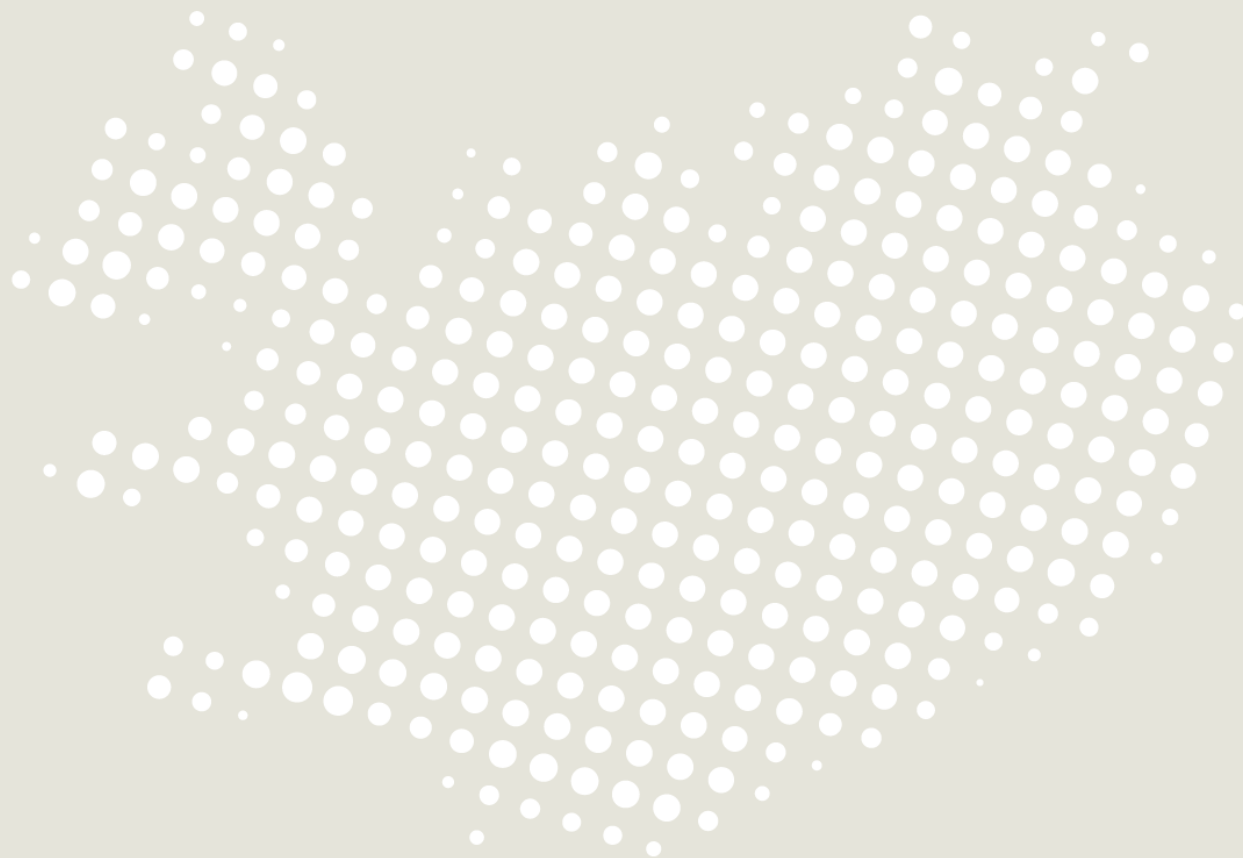


93. SVAPU Meeting

August 2022

Iceland



The Federation of Icelandic Industries

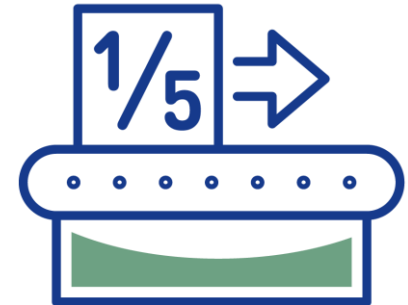
- The Federation of Icelandic Industries is the largest group of Icelandic businesses, consisting of **1.400 member companies** who work in various sectors and are very different in terms of size



One in five employees in Iceland works in industry



Industry generates 30% of foreign exchange earnings



Industry creates one fifth of gross domestic product

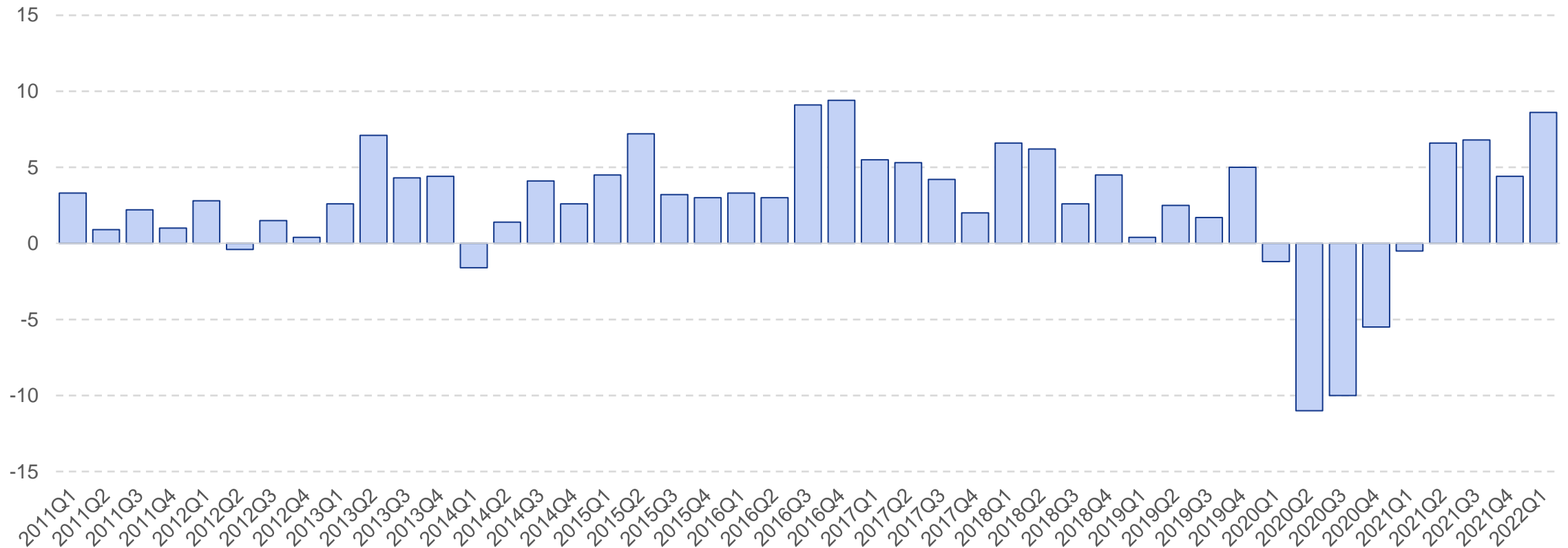
The Icelandic economy

GDP growth in wake of the pandemic

Following a sharp recession that began in 2019 the Icelandic economy has recovered strongly

GDP growth rate

Annual change by quarter, %

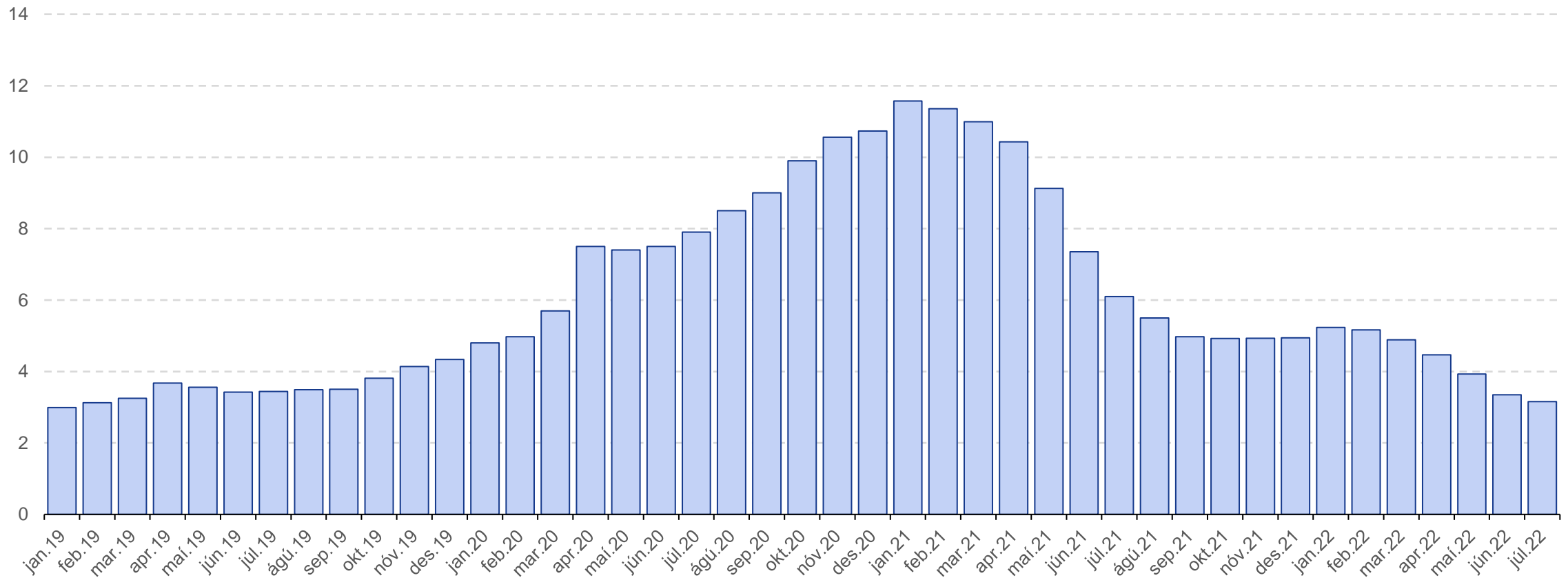


Source: Statistics Iceland

Unemployment

Unemployment soared in wake of the pandemic

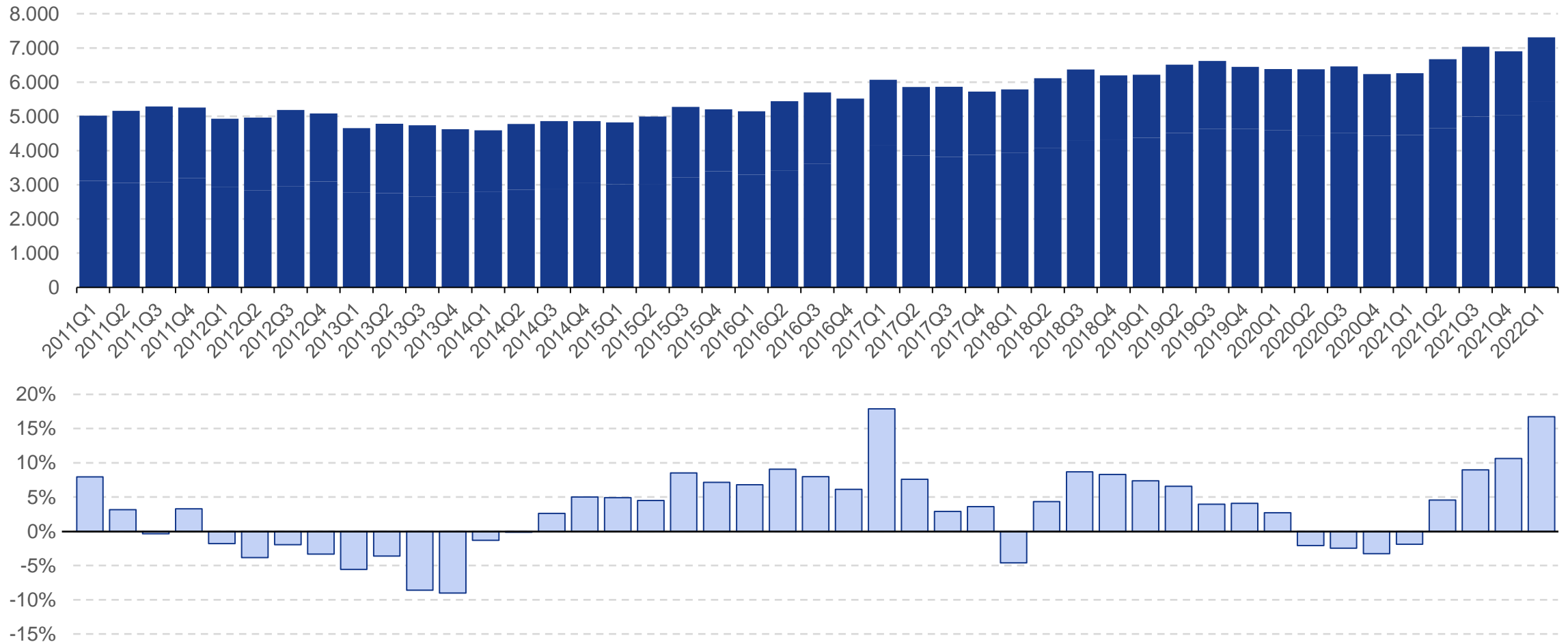
Unemployment rate, %



Source: Directorate of Labour

Total number of employees has already exceeded pre-recession levels

Number of employees in the manufacturing sector (excl. food industry)

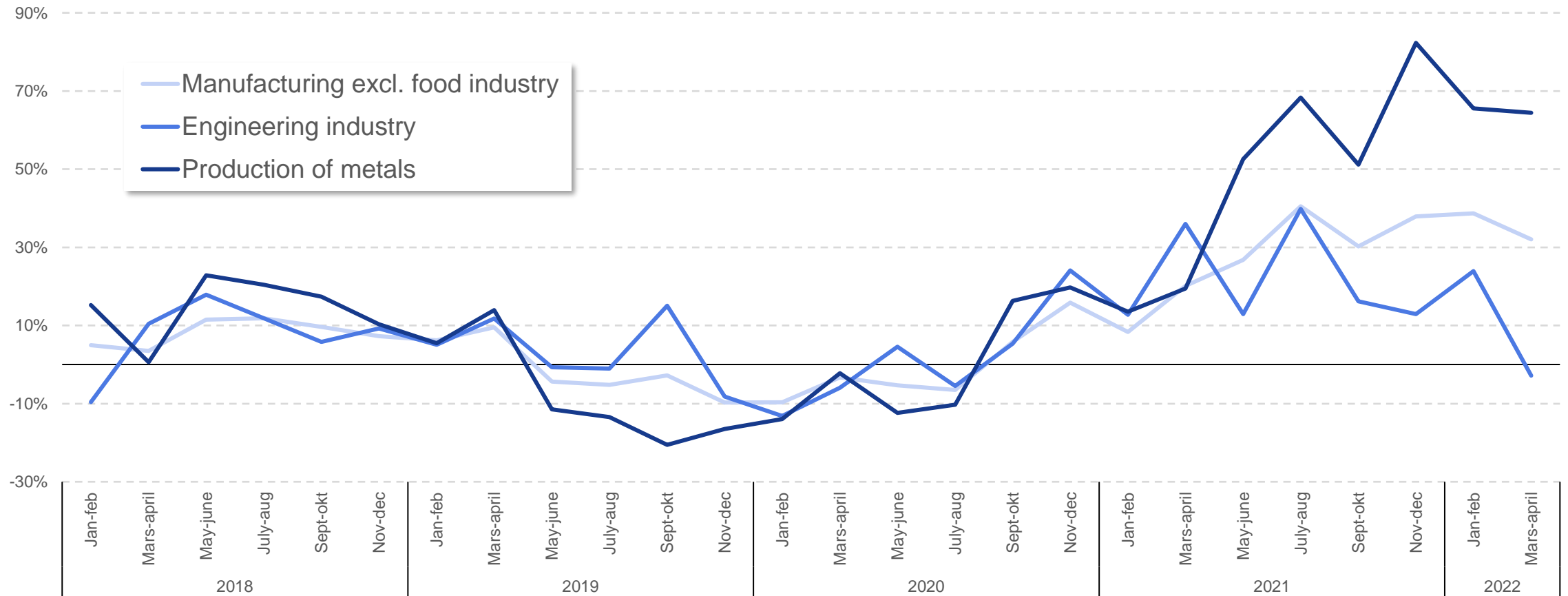


Source: Statistics Iceland

Turnover

Turnover in the manufacturing sector

Annual change, %

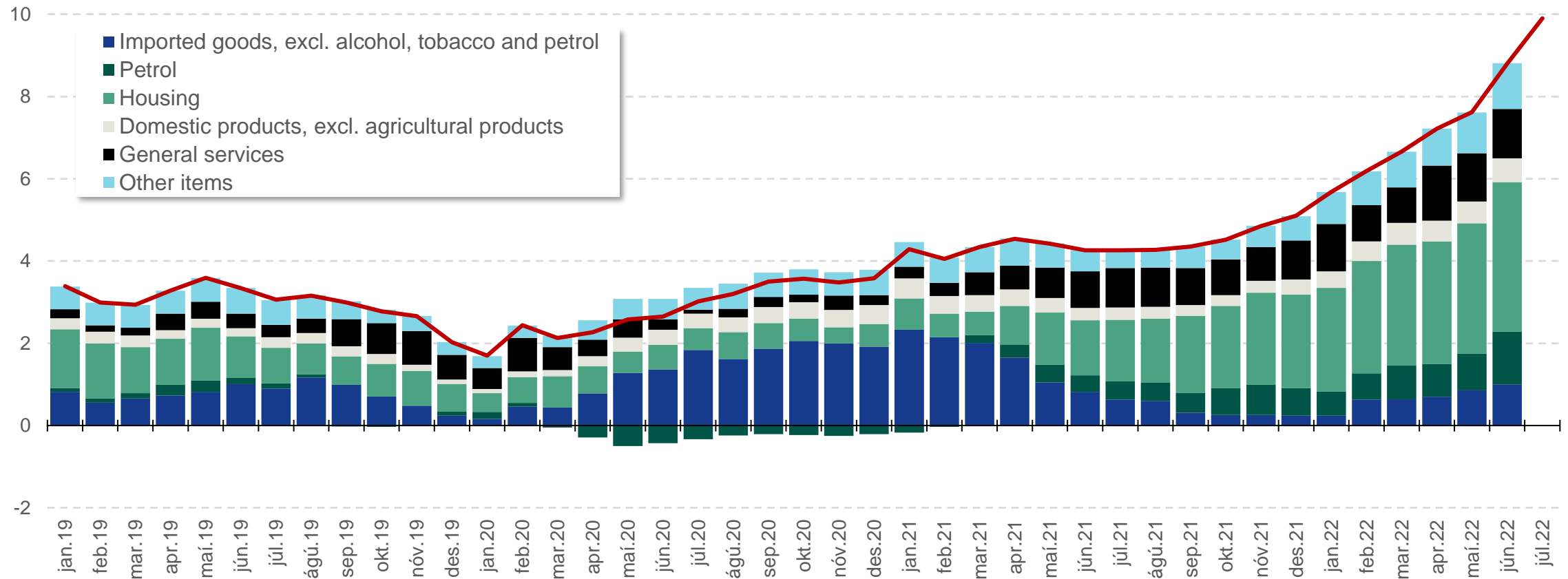


Source: Statistics Iceland

Inflation measures 9,9%

Inflation has been rising rapidly in recent months

Inflation by origin, %



Source: Statistics Iceland

A large increase in house prices in the last two years

Housing price

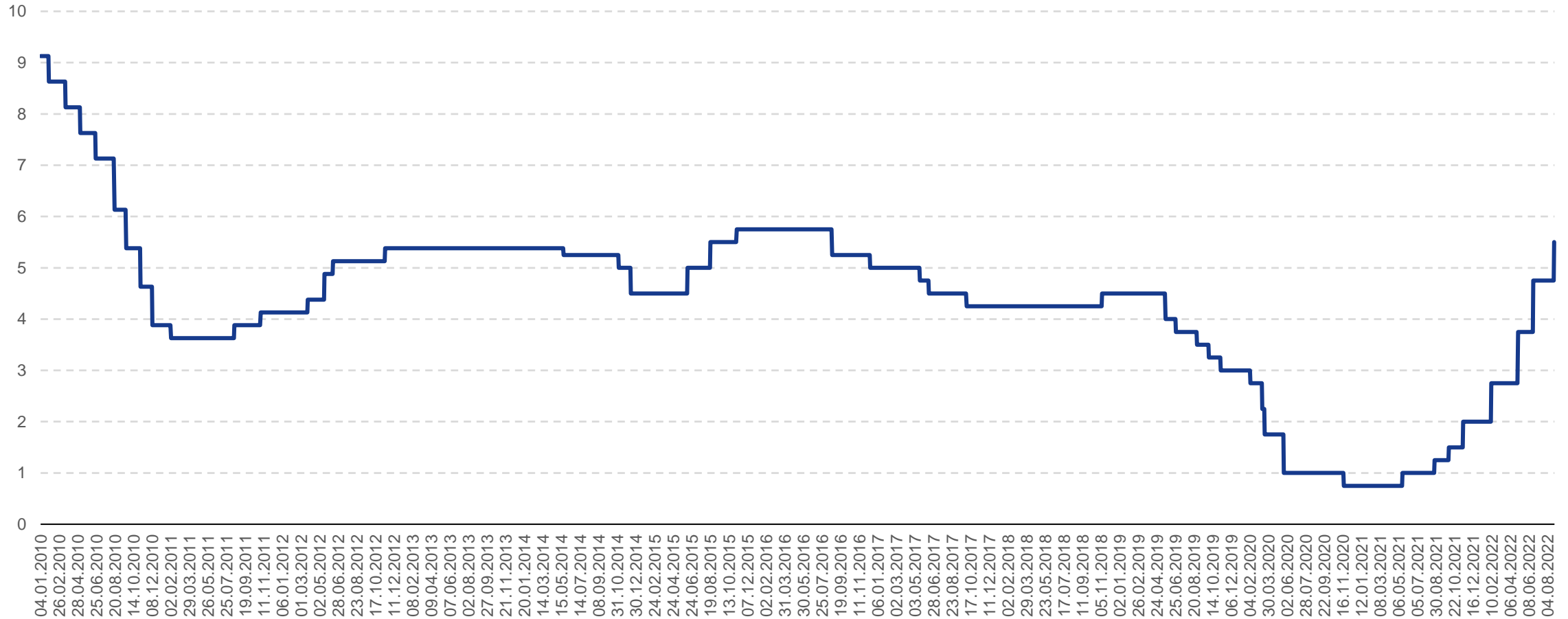
12-month change, %



Source: Statistics Iceland

Rising inflation has called for an economic policy response

CBI key interest rate, %

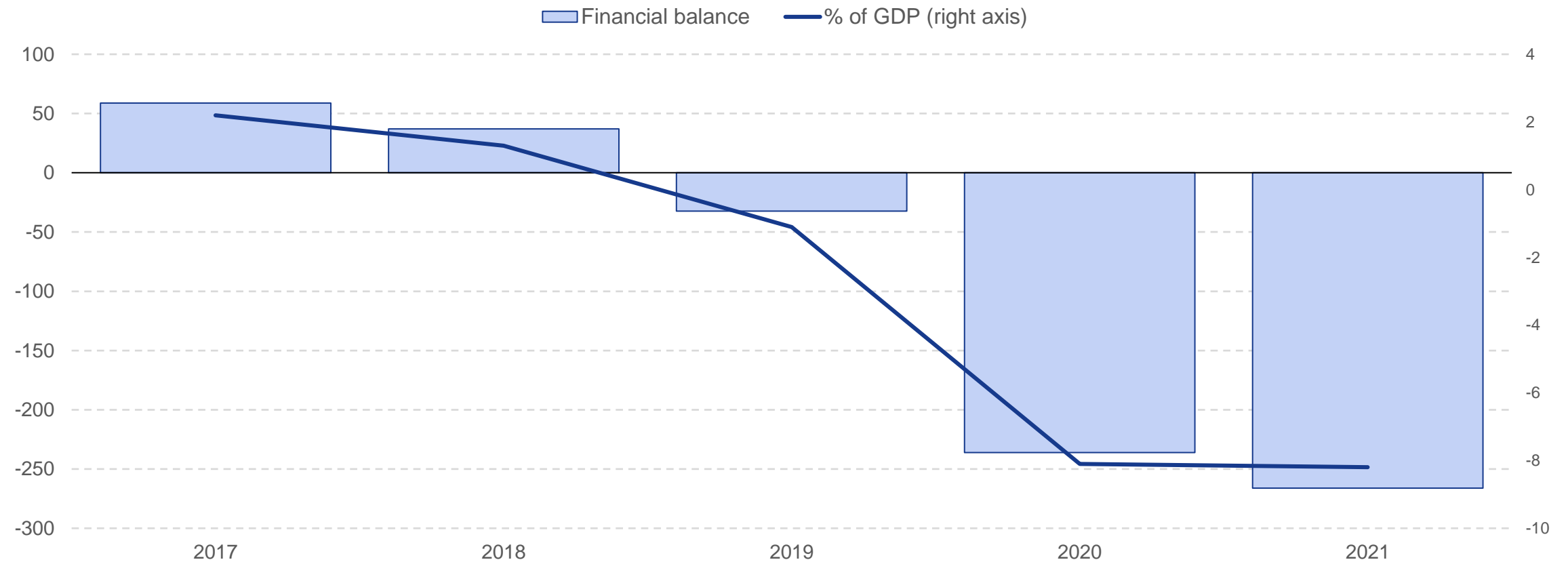


Source: ICB

Central government's fiscal balance

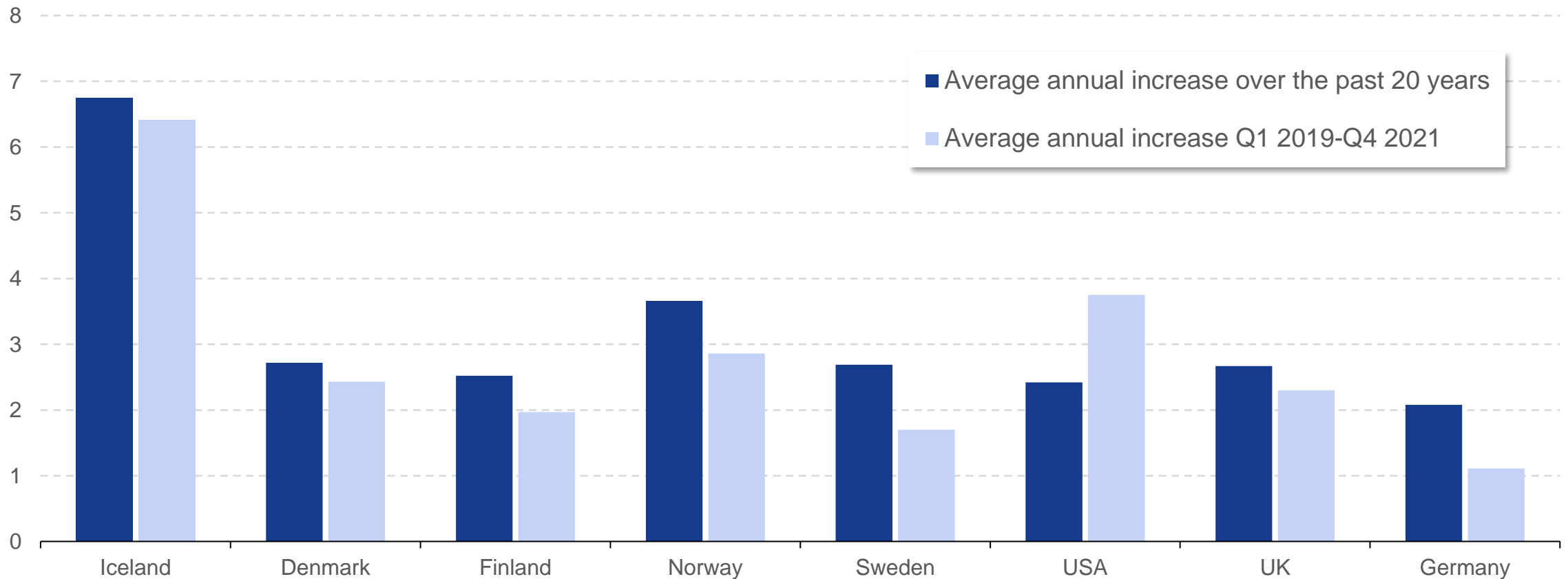
Central government's financial balance

In billions ISK



Icelandic wages have risen steeply in international comparison

Wage increases in manufacturing sectors



Source: OECD and ICB



The Political Landscape

The government's second term

- Parliamentary elections took place on September 25th, 2021
- A coalition government from left to right
- All parties elected in the 2017 election continued in parliament
- Katrín Jakobsdóttir's second government took charge on November 28th, 2021

