

M O N E T A R Y B U L L E T I N

A Quarterly Publication of the Central Bank of Iceland 2002/2

Contents

<i>Introduction</i>	
Inflation outlook and contraction create scope for cutting interest rates	1
<i>Economic and monetary developments and prospects</i>	
The inflation outlook has improved, but the economic contraction seems to be deepening	4
<i>Financial markets and Central Bank measures</i>	
Further strengthening of the króna, lower interest rates.....	32
Financial stability.....	38
<i>Birgir Ísl. Gunnarsson</i>	
Address to the Annual Meeting, March 26, 2002.....	64
<i>Hallgrímur Ásgeirsson</i>	
Payment intermediation in the European Economic Area.....	71
<i>International Monetary Fund</i>	
Article IV consultation: Concluding statement	81
Monetary policy and instruments	85
Prudential regulation on liquidity ratio and foreign exchange balance.....	86
Chronology of financial markets	87
Tables and charts	91

Published by:

The Central Bank of Iceland, Kalkofnsvegur 1,
150 Reykjavík, Iceland

Tel: (+354) 569 9600, fax: (+354) 569 9605

E-mail: sedlabanki@sedlabanki.is

Website: www.sedlabanki.is

Editorial staff:

Editorial Board: Már Gudmundsson, chairman
Ingimundur Fridriksson
Sveinn E. Sigurdsson
Tómas Örn Kristinsson
Tryggvi Pálsson

Others: Arnór Sighvatsson, secretary
Elín Guðjónsdóttir

The opinions expressed by authors writing under their own names do not necessarily represent the views and policies of the Central Bank of Iceland.

Vol. 4 no. 2 May 2002

Printing: Steindórsprent-Gutenberg ehf.

Monetary Bulletin is also published on the Central Bank of Iceland website.

ISSN 1607-6680

Material may be reproduced from the Monetary Bulletin but an acknowledgement of source is kindly requested.

Symbols:

*	Preliminary or estimated data.
0	Less than half of the unit used.
-	Nil.
...	Not available.
.	Not applicable

