BUSINESSEUROPE

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AUTUMN 2012 ECONOMIC OUTLOOK FOR ICELAND: ANSWERS FROM SA

MAIN FORECAST

Annual % change		2012	2013
Real GDP growth		3,1	2,2
Consumer price inflation		5,4	3,4
Unemployment rate		5,9	5,2
Employment growth		0,6	0,5
Hourly wage growth		5,1	2,4
Hourly labour productivity growth		?	?
annual hours worked per person employed		0,2	0,2
government net lending (% of GDP)		-2,3	-1,2
gross public debt (% of GDP)		124,5	120,6
current account balance (% of GDP)		-6,7	-4,9

ECONOMIC SENTIMENT

	Positive	***Negative***	***Unchanged***			
Trend in business climate over the next 6 months		Industry				
	Positive	***Negative***	***Unchanged***			
Trend in profitability over the next 6 months			Industry			
	Increase (faster pace)	***Increase (slower***	***Unchanged***	***Decrease (slower***	***Decrease (faster pace)***	
Investment intentions over the next 6 months						
	Global demand	***Domestic demand***	***Cost of finance***	***Availability of finance***	***Company Profitability***	***Capacity Utilisation***
Influence on companies' investment decisions	na	na	na	na	negative	negative
	Replacement	***Extension***	***Rationalisation***	***Innovation***		
Driving force behind investment decisions in the next 6 months	na	na	na	na		
	Industry: past 6 months	***Industry: next 6 months***	***Services: past 6 months***	***Services: next 6 months***		
Overall trend in employment	Same	na	na	na		

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH				
Compared to 6 months ago, cost/access to finance has been...	**sharply up / restrained**	**up / more difficult**	**same**	**down / easier**
for SMEs				
larger companies (>250 employees)				
Over the next 6 months, cost /access to finance will be...	**sharply up / restrained**	**up / more difficult**	**same**	**down / easier**
for SMEs			Cost	
larger companies (>250 employees)		Cost		
			Access	
	Measures to improve bank lending capacity	***Facilitating access to capital markets (croporate bonds and stock markets)***	***Improving conditions for equity financing***	
Measures to alleviate current financial difficulties for SMEs	Moderate effect	Very limited effect	Very limited effect	Very limited effect
	Measures to improve bank lending capacity	***Facilitating access to capital markets (croporate bonds and stock markets)***	***Improving conditions for equity financing***	
Measures to alleviate current financial difficulties for midsize and large companies	Very limited effect	Very limited effect	Very important effect	Very limited effect