NDMA ICELAND
MARKET INFORMATION

JANUARY 2005

NDMA ICELAND
Borgartuni 21
150 Reykjavik
Phone: +354 540 7500
www.ndma.is

6. Vol.—No. 1

NEWS

- Total turnover in Treasury securities increased substantially in 2004 compared to the year before. In 2004 the turnover in Treasury notes amounted to 269 b.kr. compared to 150 b.kr. in 2003. The turnover in Treasury bonds amounted to 108 b.kr. in 2004, an increase of 30 b.kr. from the year before. Higher turnover in T-bonds at the same time as the outstanding amount decreases from the previous year indicates higher turnover velocity. Finally, turnover in Treasury bills increased by 5 b.kr. in 2004.

- Average outstanding amount in the security lending facility was 7,441 m.kr. in December compared to 5,603 m.kr. in November. This is the highest average amount since NDMA first offered such lending facility. Average outstanding amount in the security lending facility in 2004 was 2,673 m.kr. compared to 811 m.kr. in 2003.

Source: The National Debt Management Agency, unless otherwise stated

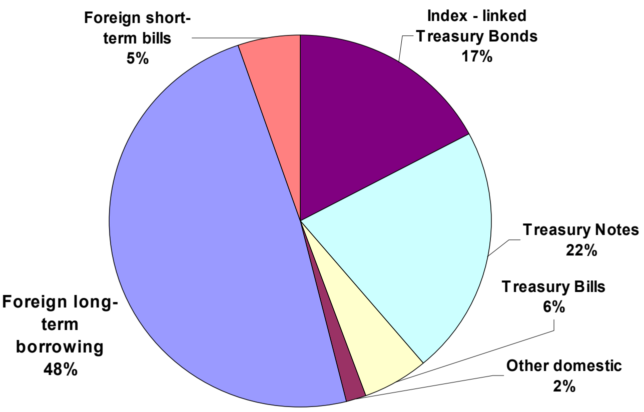
ICELANDIC GOVERNMENT DEBT

Benchmark issues, properties and market value
December 2004

Domestic debt

Issues	Date of issue	Maturity date	Interest	Type of bond	Duration	Indexed	Market value m.kr.
RIKS 05 0410	01/02/95	10/04/05	4.50%	Bullet	0.3	Yes	20,782
RIKS 15 1001	29/05/95	01/10/15	0.00%	Bullet	10.9	Yes	23,586
Total Treasury bonds							*44,368*
RIKV 05 0117	01/10/04	17/01/05	0.00%	Bullet	0.1	No	5,981
RIKV 05 0207	01/11/04	07/02/05	0.00%	Bullet	0.1	No	4,455
RIKV 05 0315	01/12/04	15/03/05	0.00%	Bullet	0.2	No	3,939
Total Treasury bills							*14,375*
RIKB 07 0209	09/02/01	09/02/07	0.00%	Bullet	2.1	No	21,269
RIKB 10 0317	17/03/04	17/03/10	7.00%	Annual int.	4.3	No	8,895
RIKB 13 0517	17/05/02	17/05/13	7.25%	Annual int.	6.2	No	26,838
Total Treasury notes							*57,002*
Maturity of benchmark bonds					*4.5*		
Total market value of benchmark issues							**115,745**

Government debt composition
December 31, 2004



Treasury debt, issues and outstanding amount
December 2004

Domestic debt - Nominal Amount

In m.kr. Issues	Beg. of month	Issues	Redempt./ buybacks	End of month	Calculated value *	Percent of dom.
RIKS 05 0410	9,757		108	9,649	20,649	17.1%
RIKS 10 0115	458			458	1,712	1.4%
RIKS 15 1001	25,058			25,058	22,078	18.3%
Other Treasury Bonds					650	0.5%
Total Treasury bonds					*45,089*	*37.4%*
RIKV 04 1206	5,700		5,700	0		
RIKV 05 0117	6,000			6,000	5,981	5.0%
RIKV 05 0207	4,500			4,500	4,467	3.7%
RIKV 05 0315		4,000		4,000	3,944	3.3%
Total Treasury bills					*14,392*	*11.9%*
RIKB 07 0209	25,066			25,066	21,570	17.9%
RIKB 10 0317	8,700			8,700	8,622	7.2%
RIKB 13 0517	25,905			25,905	26,382	21.9%
Total Treasury notes					*56,574*	*47.0%*
Other domestic Treasury debt, (estimate)					*4,430*	*3.7%*
Total domestic debt					**120,485**	**100.0%**

Foreign debt - m.kr.			Percent of foreign
CHF	5,709	5,425	3.9%
EUR	72,548	70,249	49.9%
GBP	16,569	15,838	11.3%
JPY	12,658	11,972	8.5%
USD	25,155	23,692	16.8%
Long term debt, total		*127,176*	*90.4%*
USD	14,394	13,556	9.6%
Short term debt, total		*13,556*	*9.6%*
Total Foreign debt		**140,732**	**100.0%**

Treasury debt, total	**261,217**	
Domestic debt, percent of total debt		**46.1%**

Index-linked bonds are valuated at nominal values with accrued interest and indexation.
* *For Bills and Notes the discount is distributed evenly until maturity date.*
Foreign debt at nominal value according to exchange rate at end of month.

Source: Central Bank of Iceland (regarding foreign debt)

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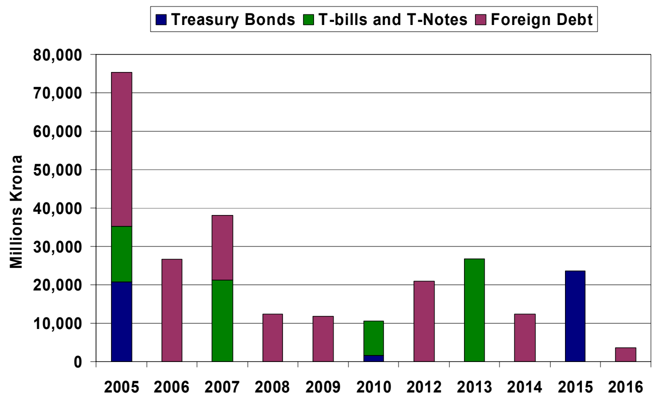
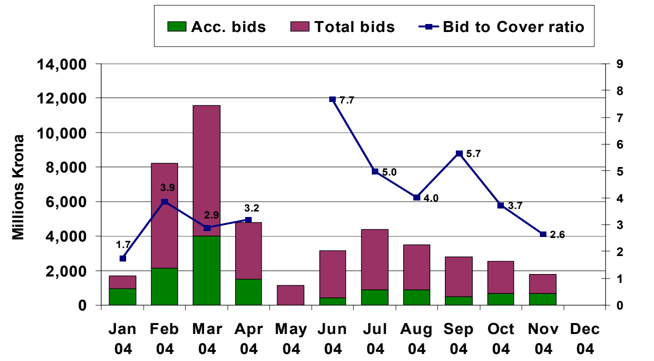
ICELANDIC GOVERNMENT DEBT, INTEREST

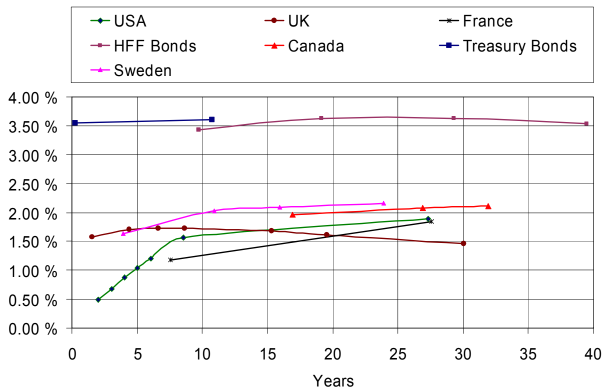
Redemption profile of government debt
December 31, 2004



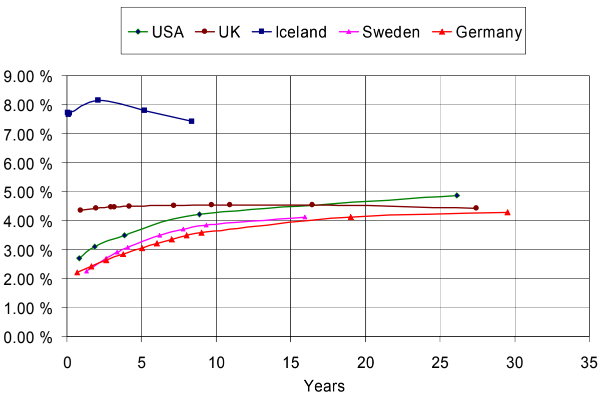
Latest auction results at market value



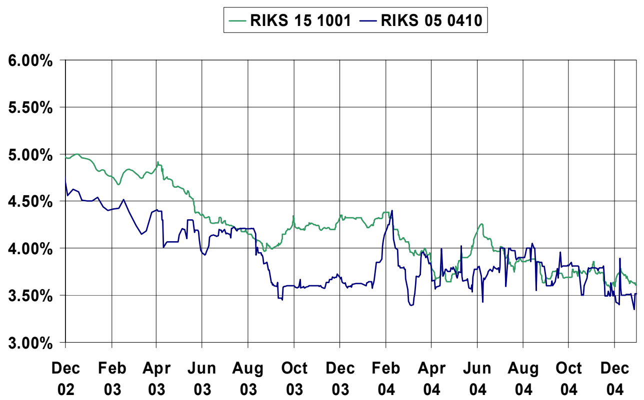
Yield curve
Treasury index-linked Bonds



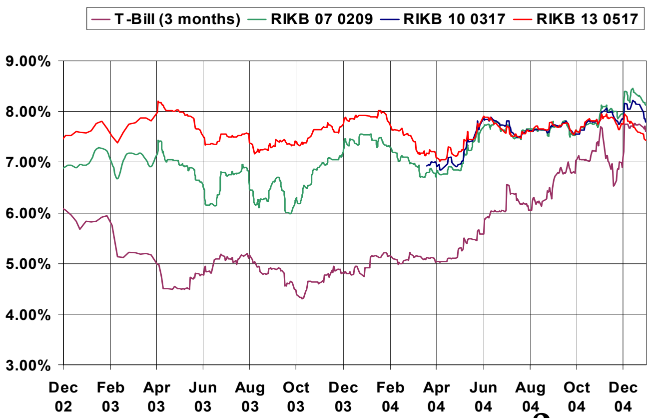
Yield curve
Treasury Bills and Treasury Notes



Interest rate developments
Treasury index-linked Bonds



Interest rate developments
Treasury Bills and Treasury Notes



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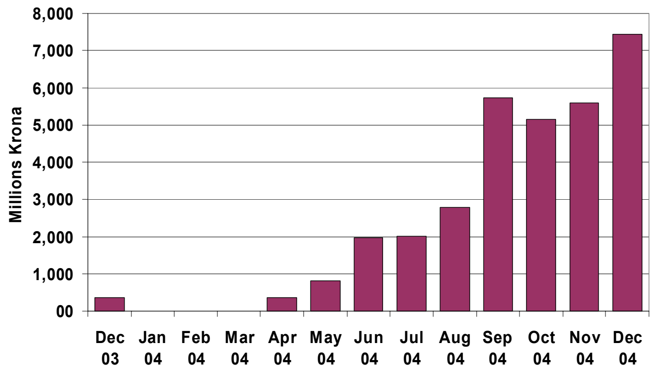
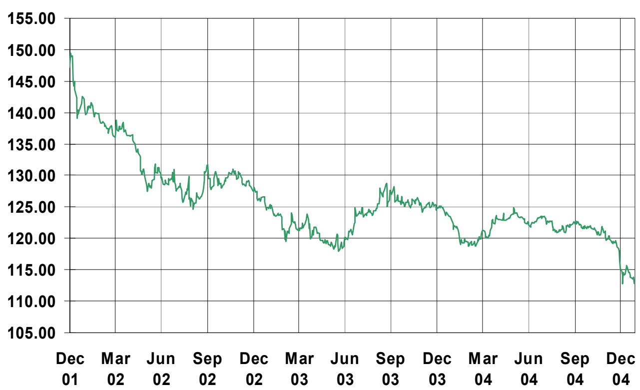
BORROWING REQUIREMENT, TURNOVER AND MORE

Average amount in the security lending facility of NDMA at market value

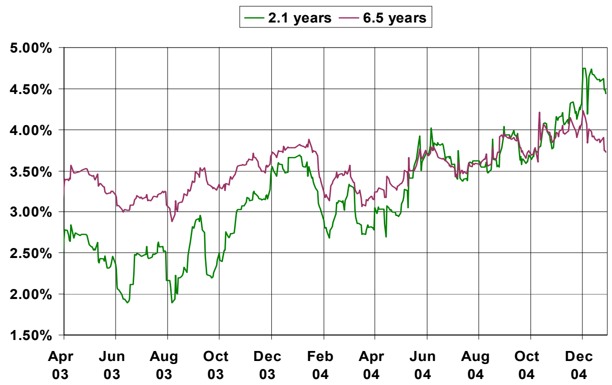


Interest rate spread RIKB 13 0517 vs 10 year German Bond

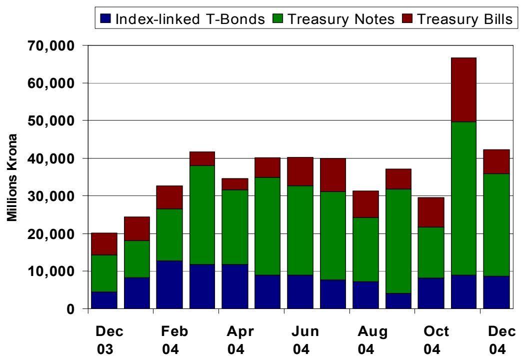
Exchange rate development



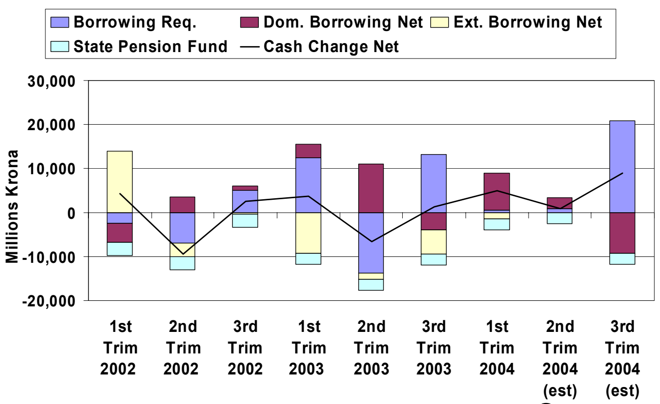
Inflation Premium



Monthly trading volume in Government securities on Iceland Stock Exchange



Central government borrowing requirement
1st trim 2002 to 3rd trim 2004



Source: Ministry of Finance July 26th, 2004

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AUCTIONS OF T-BILLS, T-NOTES AND T-BONDS

Auctions from July 1st. 2004

Date	Series	Offers market v.	Offers nominal v.	No. of bids	No. of acc.bids	Avg. yield %	Min yield %	Max yield %	Acc. bids market v.	Acc. bids nominal v.
T-Notes										
21/07/2004	RIKB 10 0317	4,378	4,500	18	4	7.55	7.55	7.56	877	900
18/08/2004	RIKB 10 0317	3,500	3,612	16	7	7.65	7.64	7.65	874	900
22/09/2004	RIKB 10 0317	1,410	1,450	10	0				0	0
22/09/2004	RIKB 13 0517	1,366	1,400	11	2	7.60	7.60	7.61	489	500
20/10/2004	RIKB 10 0317	2,523	2,612	11	2	7.75	7.73	7.76	677	700
17/11/2004	RIKB 10 0317	1,771	1,850	9	5	7.98	7.97	8.00	671	700
Total		**14,948**	**15,424**						**3,588**	**3,700**
T-Bills										
29/07/2004	RIKV 04 1115	9,532	9,700	13	10	6.32	6.01	6.39	6,781	6,900
29/09/2004	RIKV 05 0117	9,702	9,900	11	7	7.07	6.81	7.10	5,881	6,000
28/10/2004	RIKV 05 0207	6,277	6,400	11	6	7.46	7.25	7.50	4,414	4,500
29/11/2004	RIKV 05 0315	8,229	8,400	16	13	7.09	6.68	7.45	3,922	4,000
30/12/2004	RIKV 05 0405	3,823	3,900	11	0	0	0	0	0	0
Total		**37,563**	**38,300**						**20,998**	**21,400**
T-Bonds (I/L) and T-Notes Buyback										
21/07/2004	RIKS 05 0410	760	364	2	2	3.46	3.45	3.50	760	364
18/08/2004	RIKS 05 0410	639	306	1	1	3.60	3.60	3.60	639	306
22/09/2004	RIKS 05 0410	1,688	800	2	2	2.95	2.90	3.00	1,688	800
20/10/2004	RIKS 05 0410	0	0	0	0				0	0
17/11/2004	RIKS 05 0410	2,248	1,050	3	3	2.80	2.70	2.90	2,248	1,050
15/12/2004	RIKS 05 0410	345	160	3	2	2.66	2.60	2.70	215	100
Total		**5,679**	**2,680**						**5,550**	**2,620**

AUTHORIZED DEALERS

Primary Dealers in Treasury notes and bonds	Telephone	Bloomberg-page
Islandsbanki	+354 440 4000	ISLA
Kaupthing Bank	+354 444 6000	KAUP
MP Investment Bank	+354 540 3200	
Landsbanki Íslands (National Bank of Iceland)	+354 560 6000	LAIS
Sparisjóðabanki Íslands (Icebank ltd.)	+354 540 4000	ICEB
SPRON	+354 550 1200	

Primary Dealers in Treasury bills	Telephone	Bloomberg-page
Islandsbanki	+354 440 4000	ISLA
Landsbanki Íslands (National Bank of Iceland)	+354 560 6000	LAIS
Sparisjóðabanki Íslands (Icebank Ltd.)	+354 540 4000	ICEB

The National Debt Management Agency (Lánasýsla ríkisins) on behalf of the Minister of Finance is in charge of the domestic and foreign borrowings for the Treasury of the Republic of Iceland and government guaranteed institutions, the issue and sale of government bonds in the domestic market and debt management for the Treasury, as well as on lending of borrowed funds and government guarantees.

Address : Borgartun 21, 150 Reykjavik, ICELAND
Phone : +354 540 7500
Fax : +354 562 6068
Web : www.ndma.is
Email : lanasysla@lanasysla.is
Bloomberg : ICDO

Responsible Publisher: Sigurdur Arni Kjartansson