Iceland is a small open economy. It´s economy combines a capitalist structure and free-market principles with an extensive welfare system. In recent years, Iceland has achieved high growth, low unemployment, and a remarkably even distribution of income. Tourism and fishing are pillars of the economy. For decades the Icelandic economy relied heavily on the fishing industry, but tourism recently surpassed fishing as Iceland´s main export industry. The country´s GDP was $28 billion in 2022 and tourism accounted for roughly 9% of total GDP. If we compare the country´s GDP into perspective, it´s GDP is not larger than a single US state and is comparable to a medium sized city in the US. Although this comparison may shed light on the small size of the economy it has a noticeably strong economy. It´s GDP per capita was $75,000 per capita in 2022 and it was recently measured as having the highest median wealth per capita in the world. It´s population reached 375,000 people in 2023 and has been growing at roughly 1% a year.

Despite the modest size of its economy, Iceland has a rich history and has succeeded in establishing a robust financial market. Its financial market is young but has experienced rapid growth in recent years. A stock trading platform (Hlutabréfamarkadurinn hf.) launched in 1985 and Iceland Stock Exchange (ISE) was established but prior to that there was no trading with securities. Trading started with government bonds but soon the first company was listed on ISE and equity trading officially started in 1991.

With such a small economy it only has 32 publicly traded companies.

[Volatility\_Icelandic kroan.pdf (ad.local)](file:///\\center1.ad.local\dfs$\IS\RVK\Desktop02\sigurdurbl\Desktop\Volatility_Icelandic%20kroan.pdf) – 2001 to 2008

The Icelandic Krona is said to be more volatile than other currencies. In 2006-2008, the volatility of the Krona has been elevated in the wake of country-specific and global schocks amid large macroeconomic imbalances.