

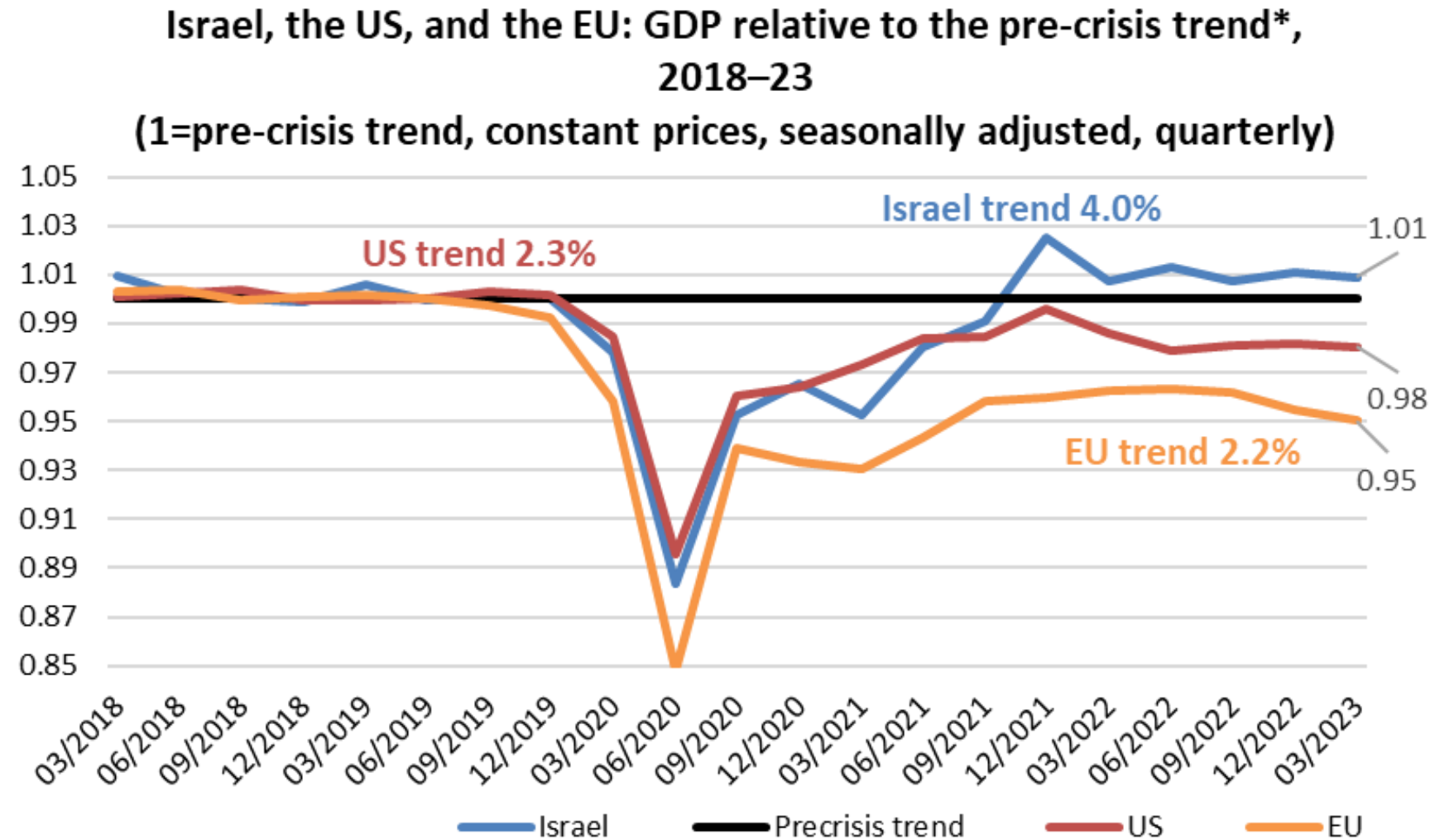


Macroeconomic Developments

July 2023



GDP in Israel has been above trend since 2021:Q4, in contrast to the major advanced economies



*The trend for each jurisdiction is calculated by its seasonally adjusted quarterly growth for 2014–19.

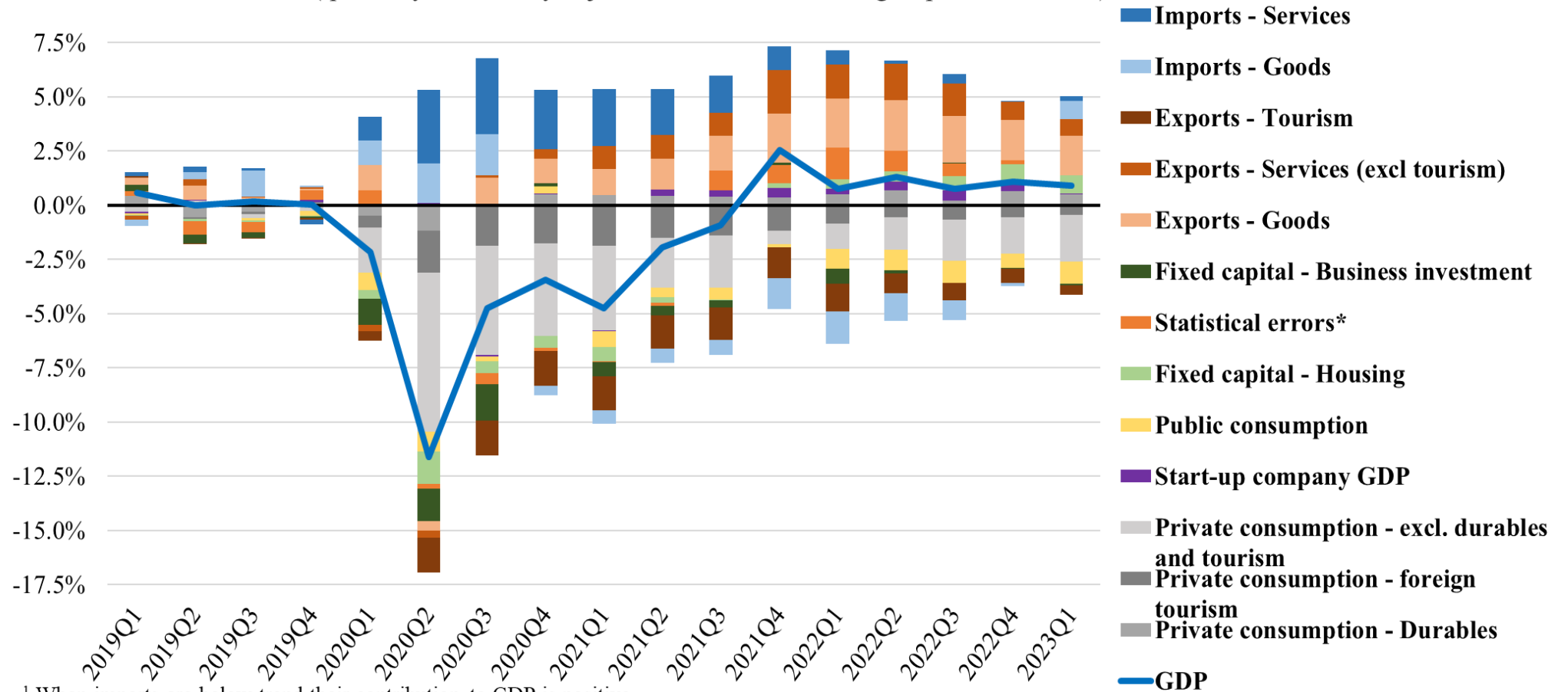
SOURCE: Based on Central Bureau of Statistics and OECD.



Goods and (non-tourism) services exports have pushed GDP above the trend, while non-durable PCE and tourism exports moderated GDP

The deviation of GDP from pre-crisis trend and the contribution of National Account Uses and Import categories ^{1, 2}

(quarterly, seasonally adjusted, 0 = level according to pre-crisis trend)



¹ When imports are below trend their contribution to GDP is positive.

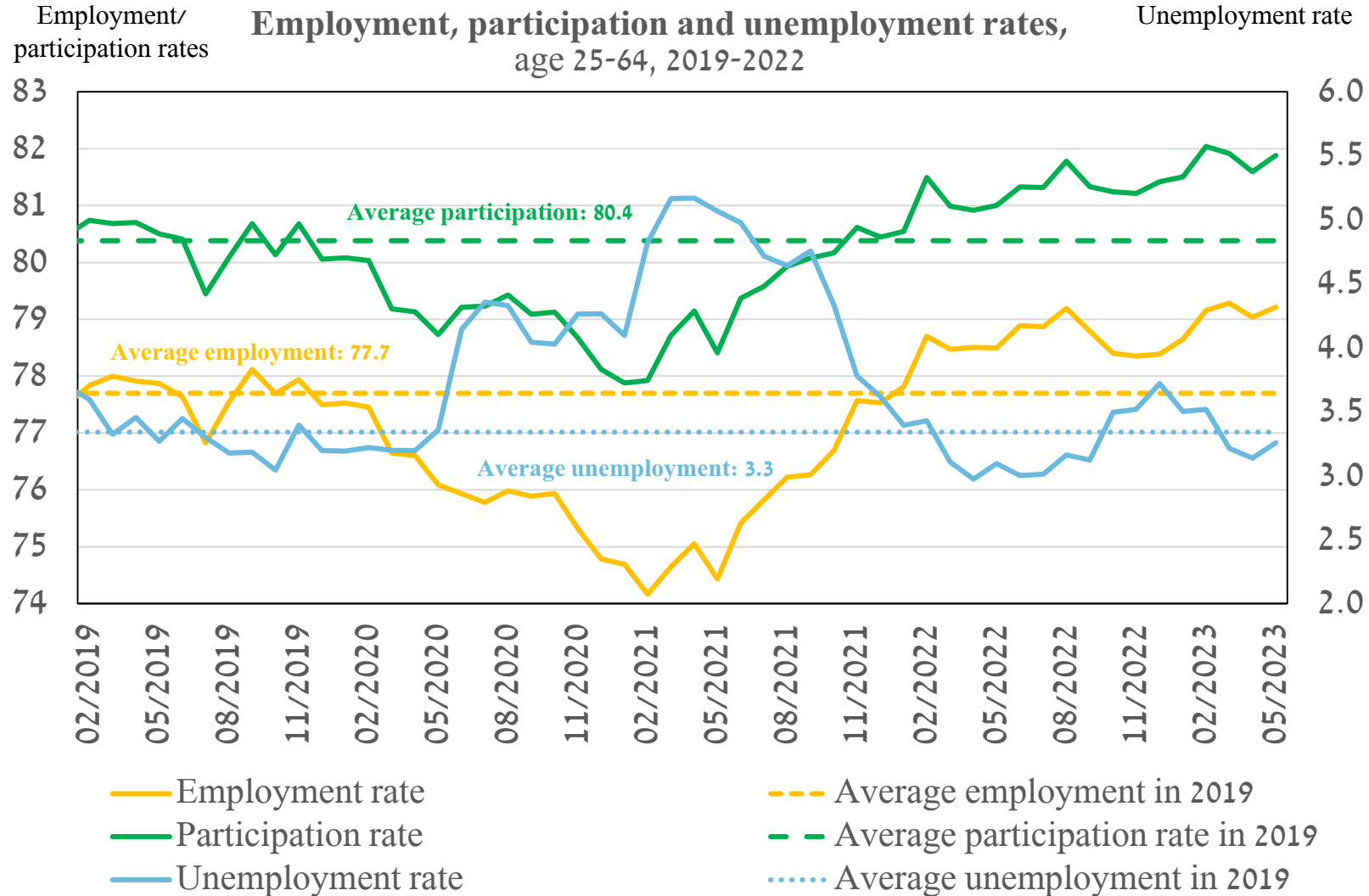
² The National Account Uses and Import categories do not include diamonds, defense imports, ships and airplanes, and sales of start-up companies.

* Adjusting for excluded components and the summing of seasonally adjusted components with different seasonality

Source: Based on CBS and BoI calculations.



The labor market is in a full employment environment.



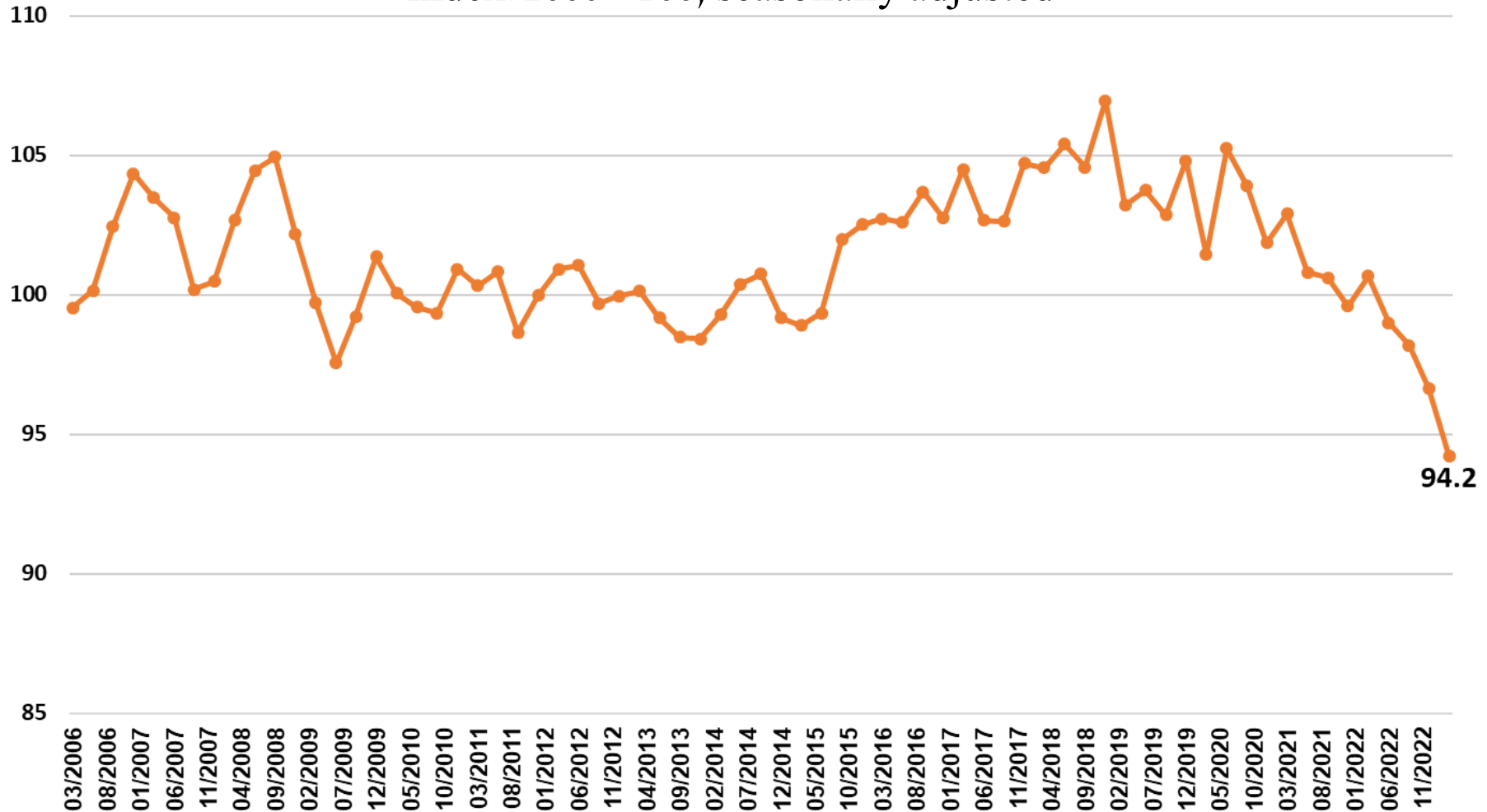
Source: CBS and Bank of Israel



The Labor Share is decline indicates that wage pressures were not a dominant force in the rise of inflation

Labor share in the business sector, 2006-2023Q1

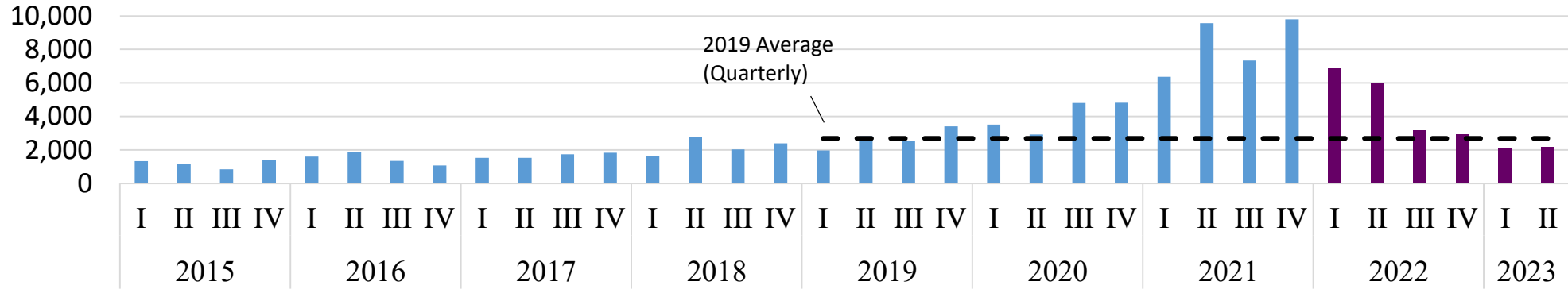
Index: 2006 =100, seasonally adjusted





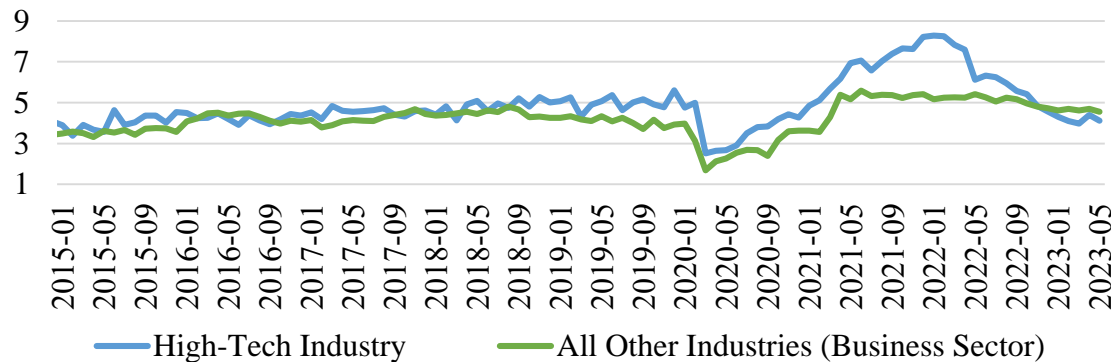
Parallel to the Global High-Tech Sector, Israel's Sector has Experienced a Slowdown from the 2021-2022 Boom to moderately below 2019 levels

Venture Capital Investments in Israeli High-Tech Firms
(Million Dollars, Quarterly, 2015-2023Q2)



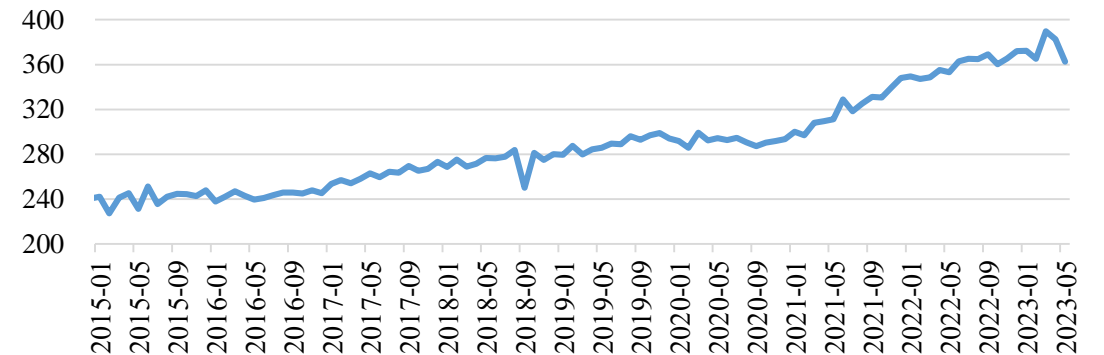
SOURCE: IVC

Job Vacancy Rate
(Monthly, Seasonally Adjusted, 01/15-05/23)



SOURCE: Central Bureau of Statistics.

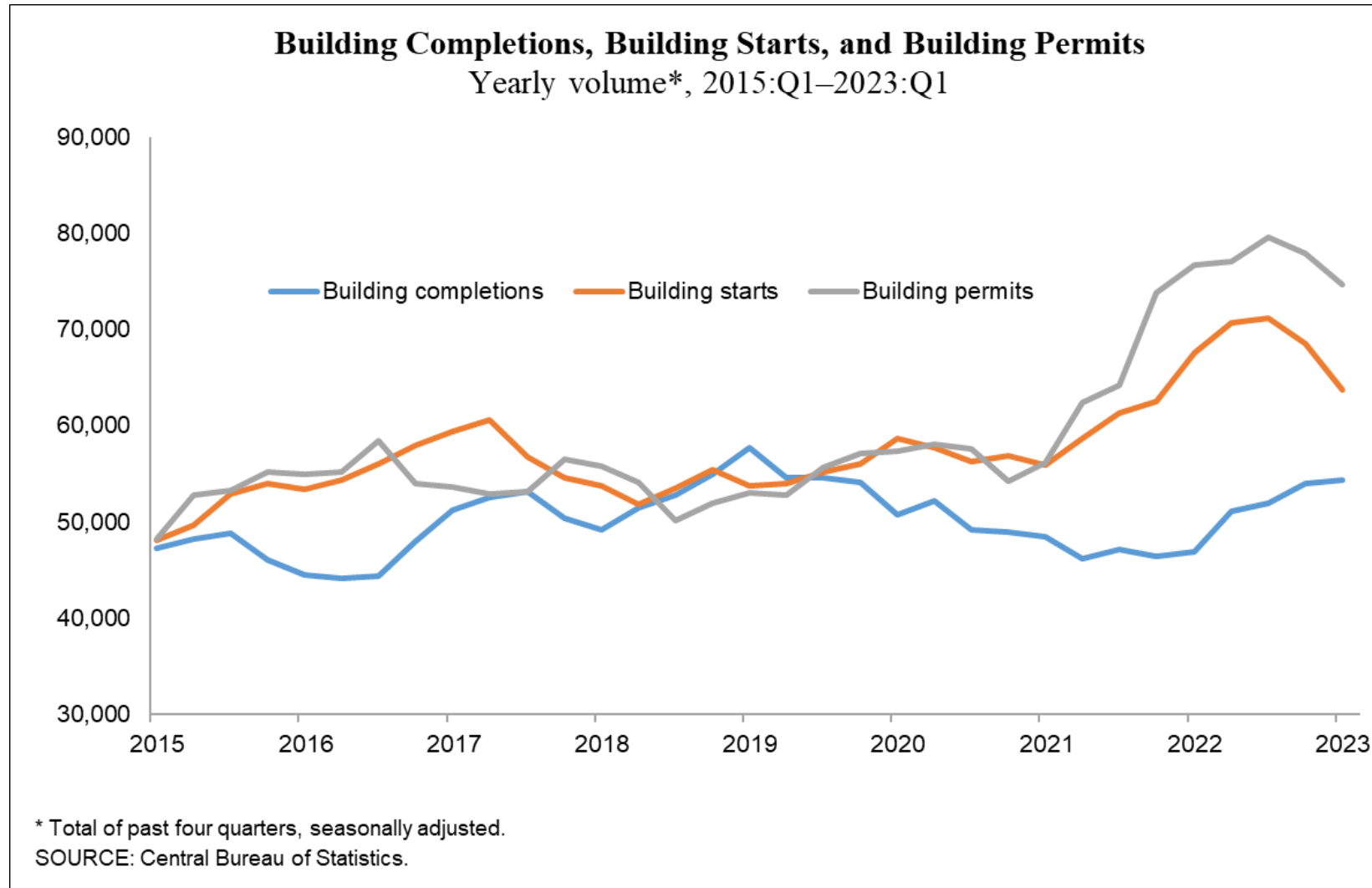
Employment in the High-Tech Industry
(Monthly, Seasonally Adjusted, 01/15-05/23)



SOURCE: Central Bureau of Statistics.

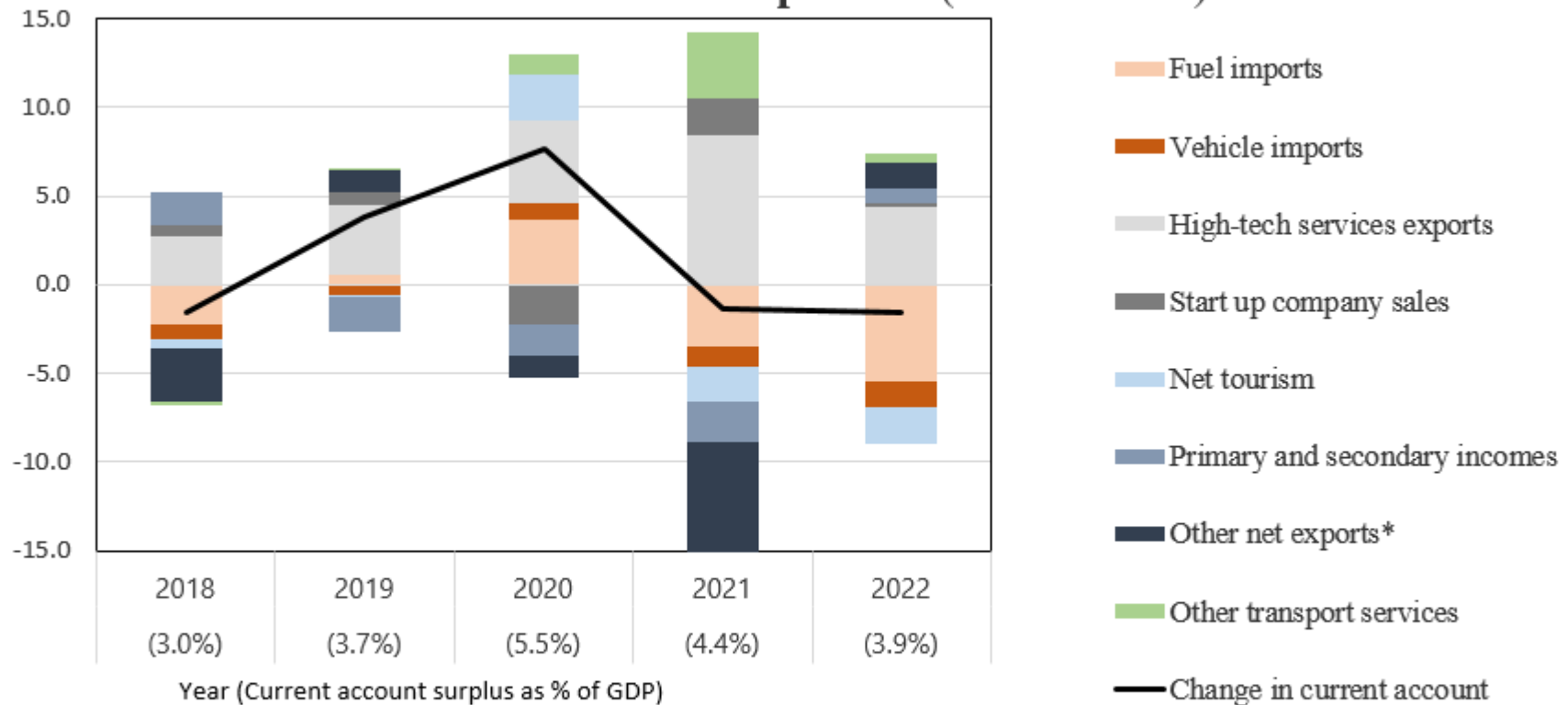


Housing supply slightly moderated, but the level is still high. Employment was not effected to date.



The current account surplus has dropped somewhat, due in large part to the rise in fuel prices

The Change in the Current Account Surplus and the Contributions of its Main Components (USD billions)



* Net exports of goods and services that are not detailed above.

Source: CBS (National accounts and Balance of payments) and Bol calculations.