

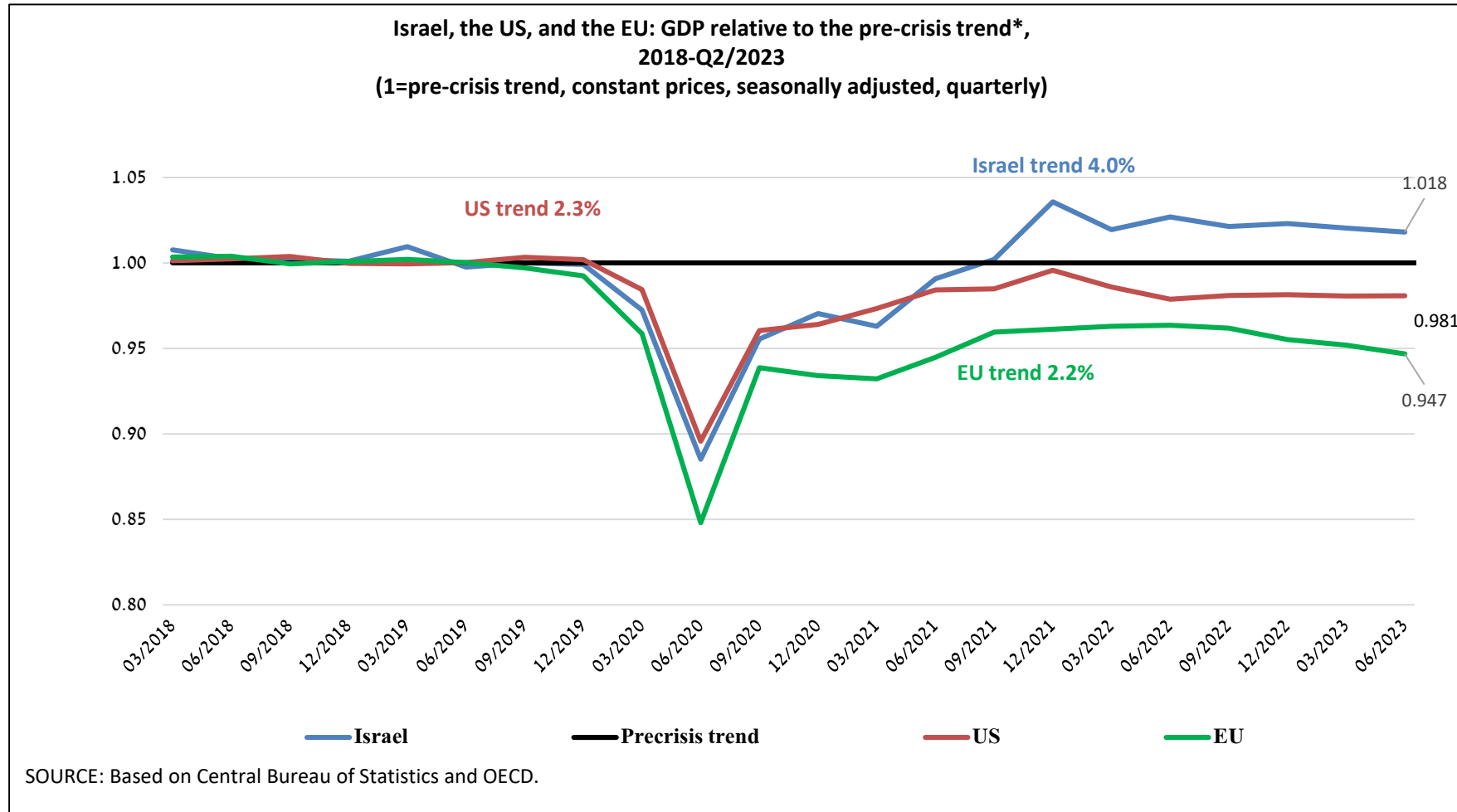


Macroeconomic Developments

September 2023



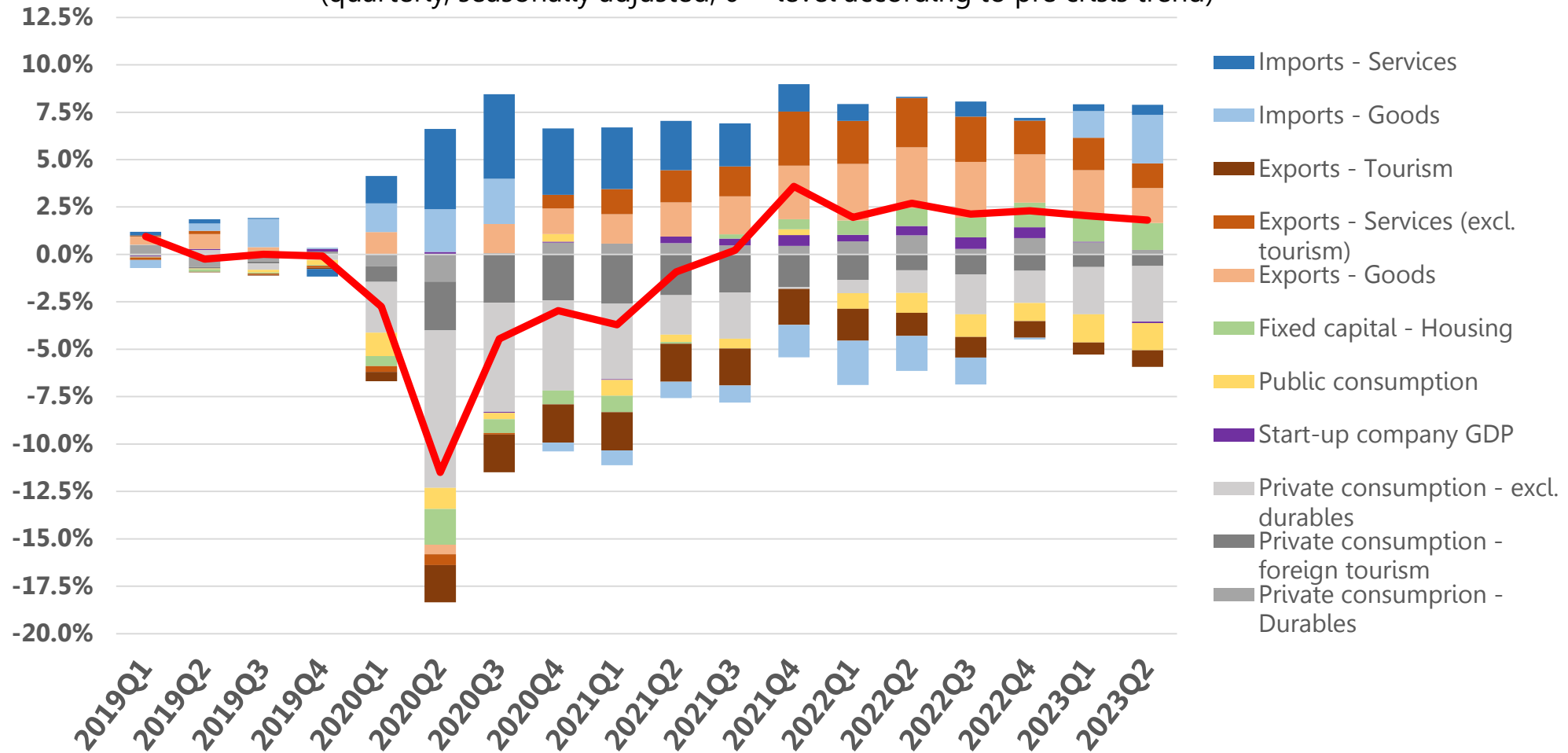
GDP in Israel has been above trend since 2021:Q4, in contrast to the major advanced economies



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

The deviation of GDP from pre-crisis trend and the contribution of National Account Uses and Import categories

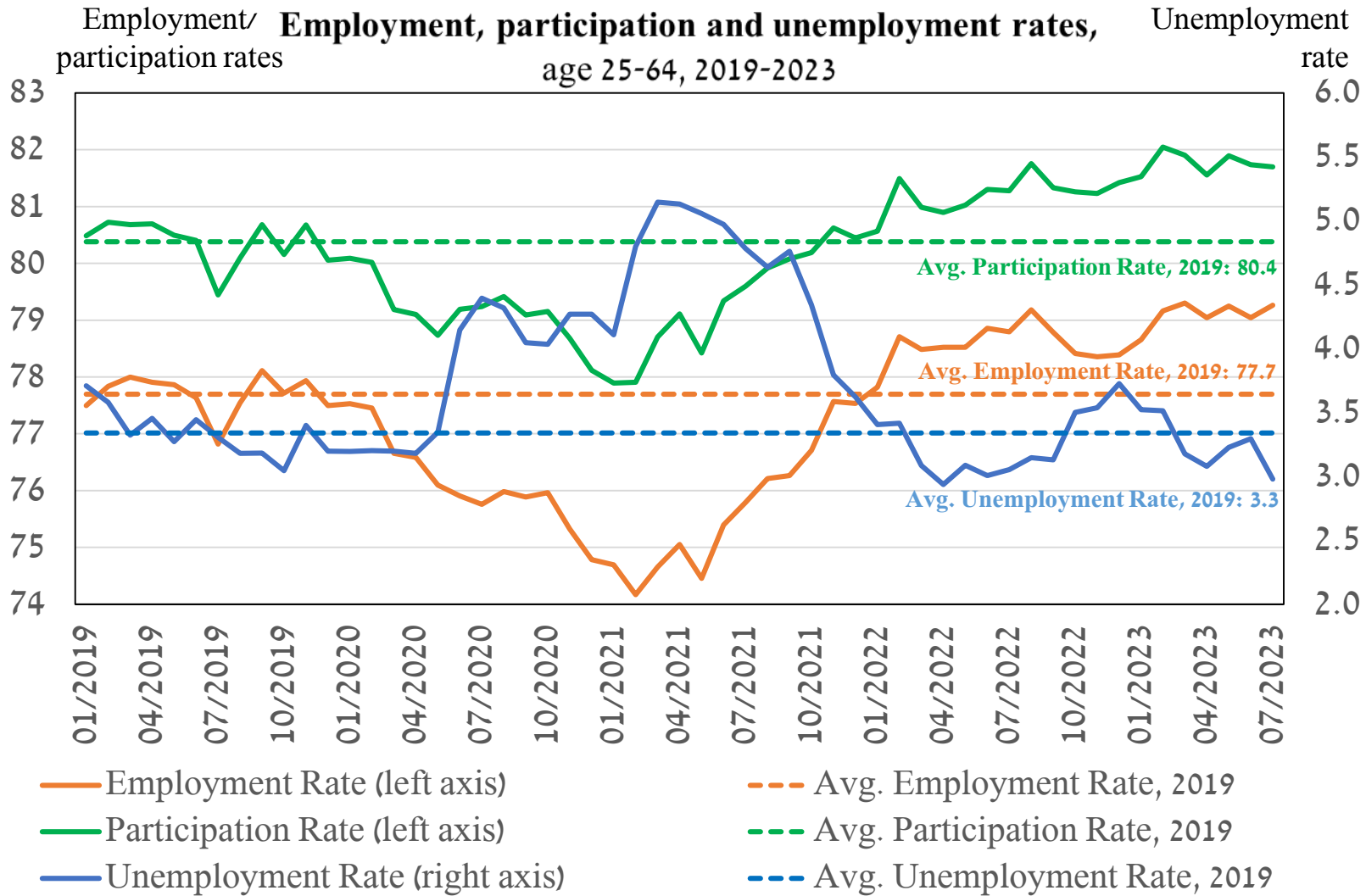
(quarterly, seasonally adjusted, 0 = level according to pre crisis trend)



Source: Based on CBS and BOI calculations.



The labor market is in a full employment environment.



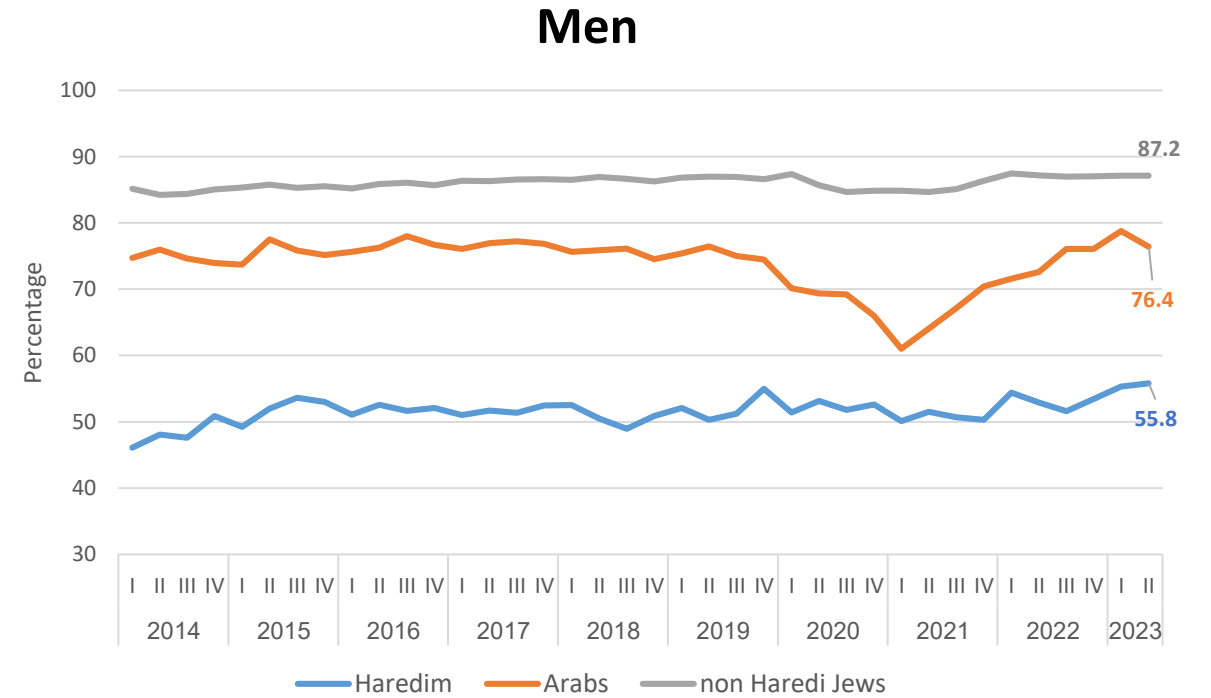
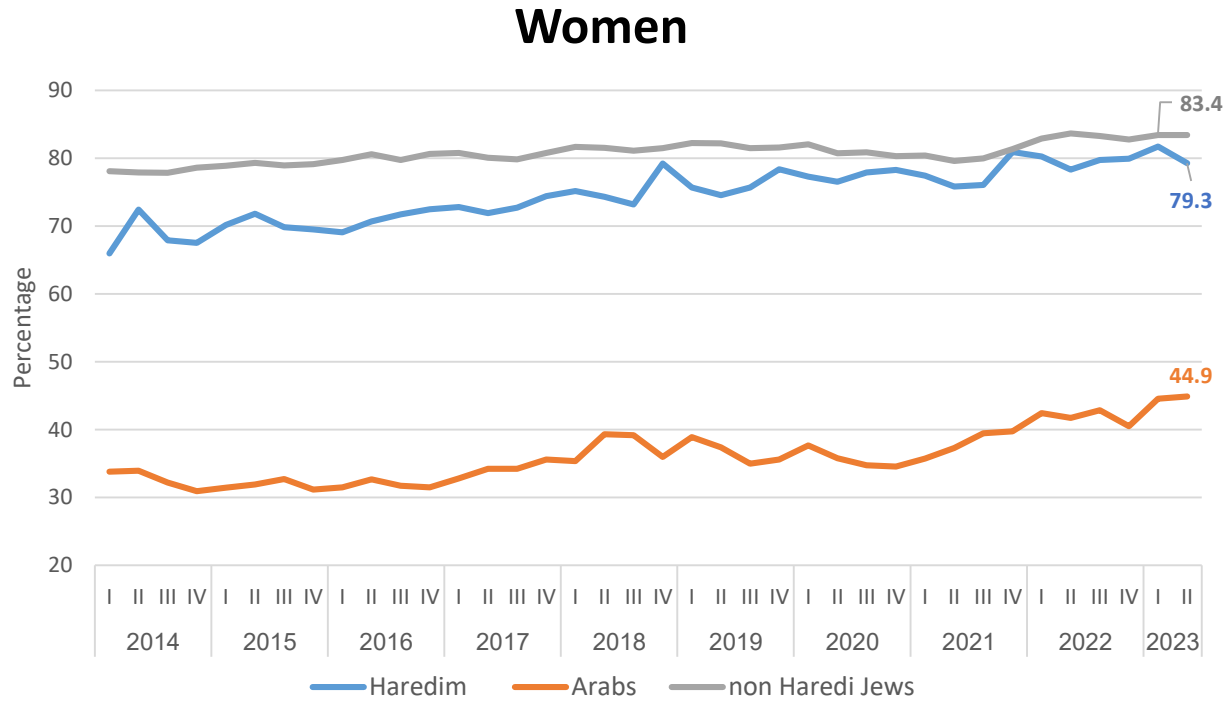
Source: CBS and Bank of Israel



Employment rates of Arab women and Haredi men are very low. Slight improvement among Haredi men in the beginning of 2023.

Employment rate

Ages 25-66, Quarterly, Not Seas. Adj, 2014-Q2/2023



Source: Based on CBS and BOI calculations.

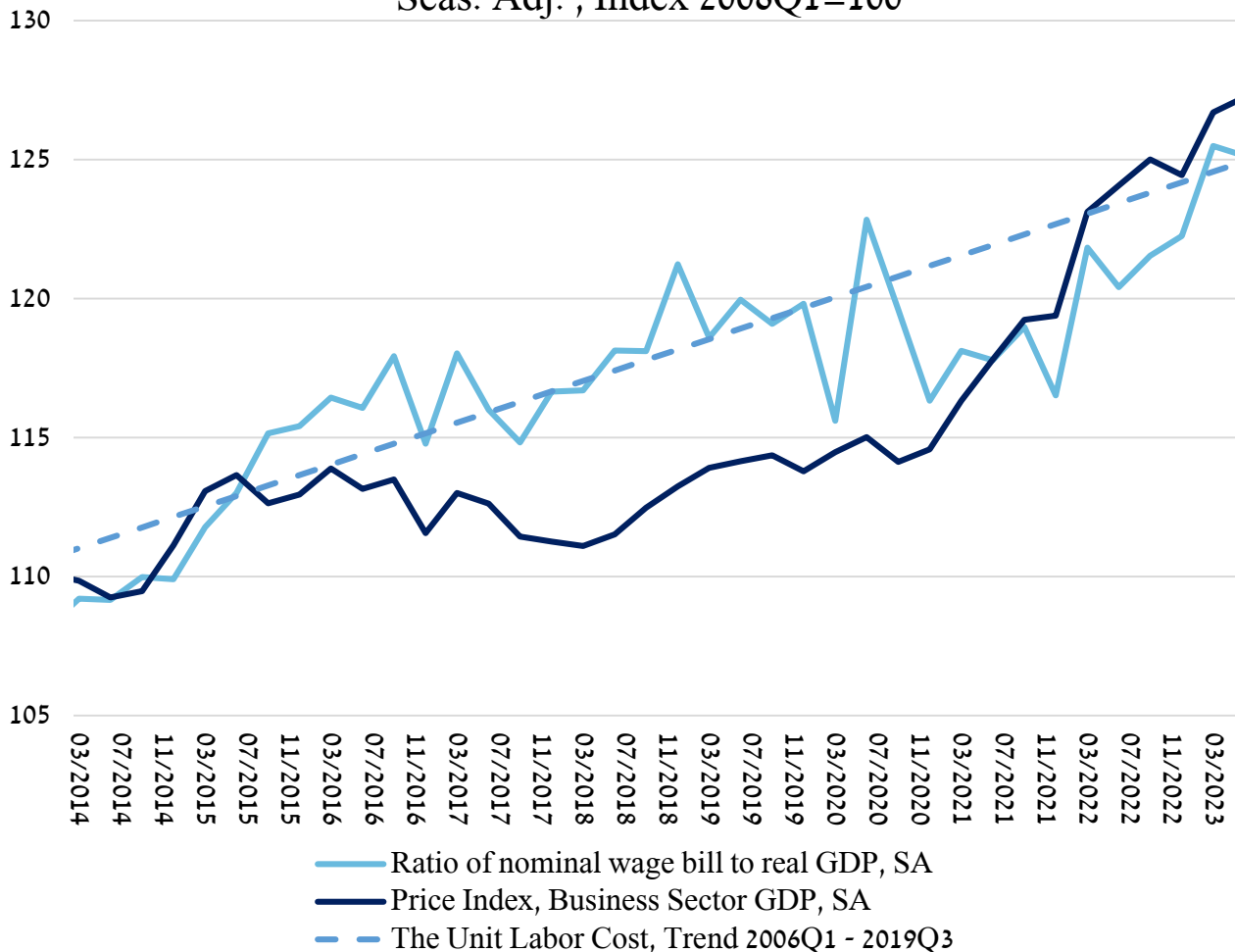


The Ratio of Nominal Wage Bill to Real GDP has Increased at a Faster Rate than the Inflation Target Range in the Last Few Quarters. Nonetheless, the Labor Share is Still at a Relatively Low Rate.

The Unit Labor Cost in the Business Sector, 2014-2023Q2

Ratio of nominal wage bill to real GDP

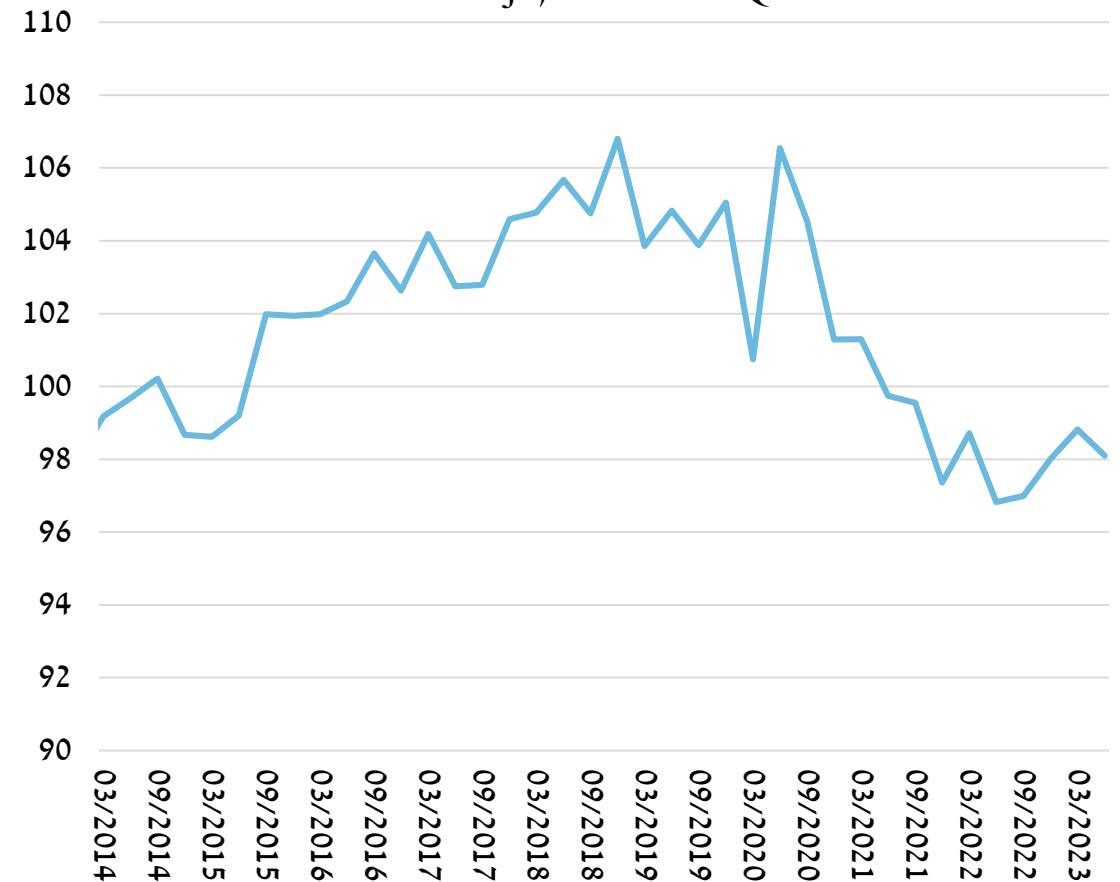
Seas. Adj. , Index 2006Q1=100



The Labor Share, 2014-2023Q2

Ratio of nominal wage bill to nominal GDP

Seas. Adj. , Index 2006Q1=100

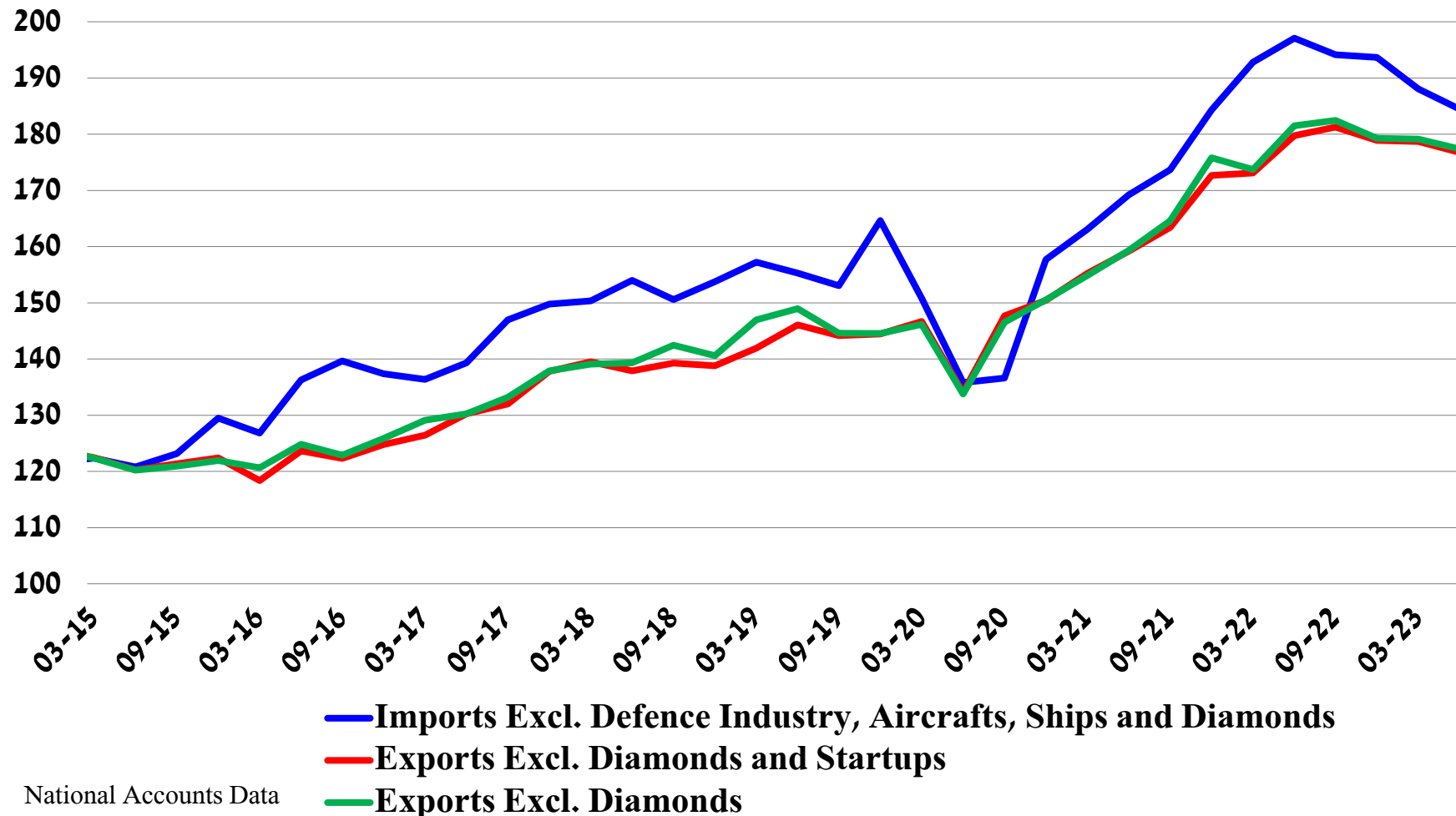




In Both Import and Export, There is a Slight Decrease in The Last Couple of Quarters.

Exports (Excl. Diamonds) Exports (Excl. Diamonds) and Imports (Excl. Aircrafts and Ships, Diamonds and Defense Industry)

(National Accounts, Constant Prices, Seas. Adj., 2015Q1-2023Q2, 2010=100)

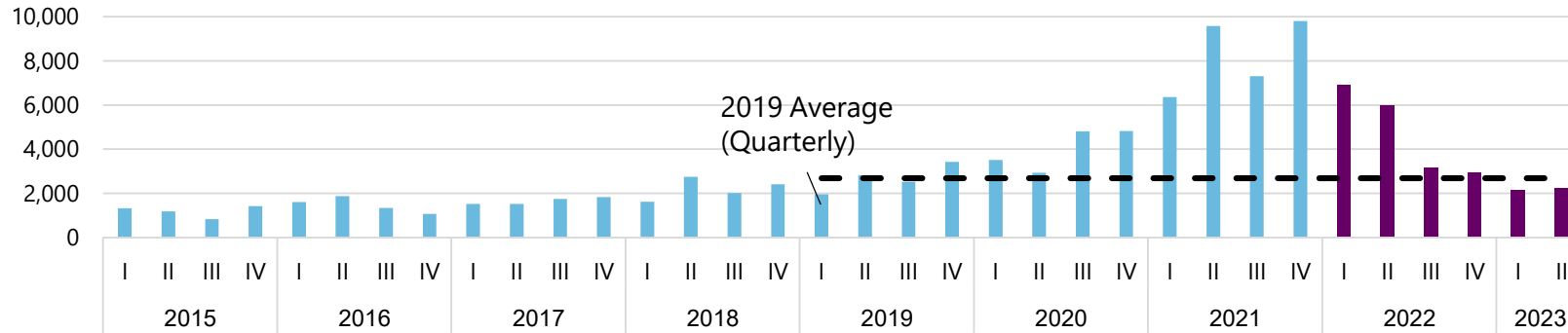


National Accounts Data



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

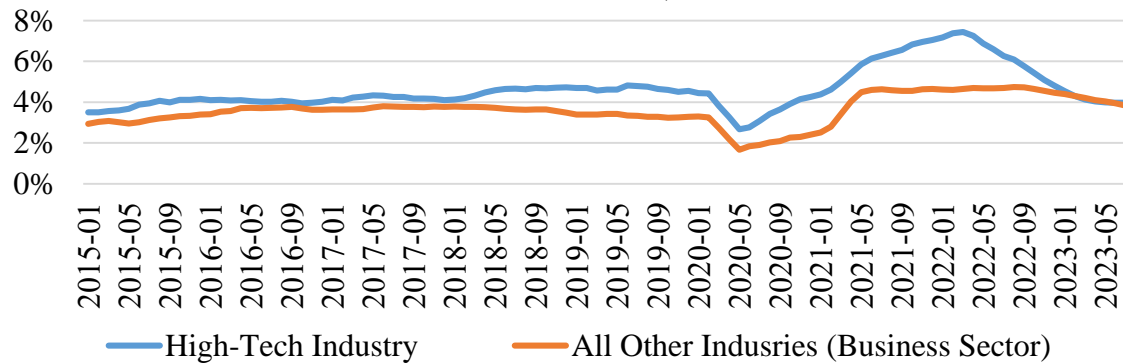
Venture Capital Investments in Israeli High-Tech Firms
(Million Dollars, Quarterly, 2015-2023Q2)



SOURCE: IVC

Job Vacancy Rate

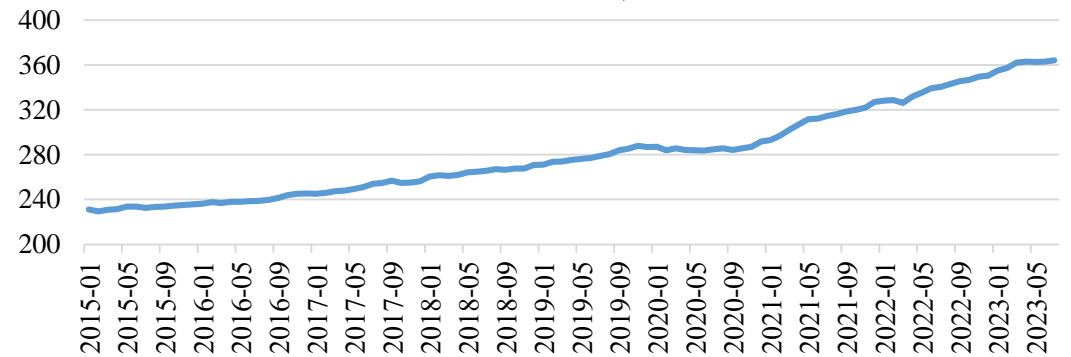
(Monthly, Seasonally Adjusted, Moving Avg. 3 Months
01/15-07/23)



SOURCE: Central Bureau of Statistics.

Employment in the High-Tech Industry

(Monthly, Seasonally Adjusted, Moving Avg. 3 Months
01/15-07/23)



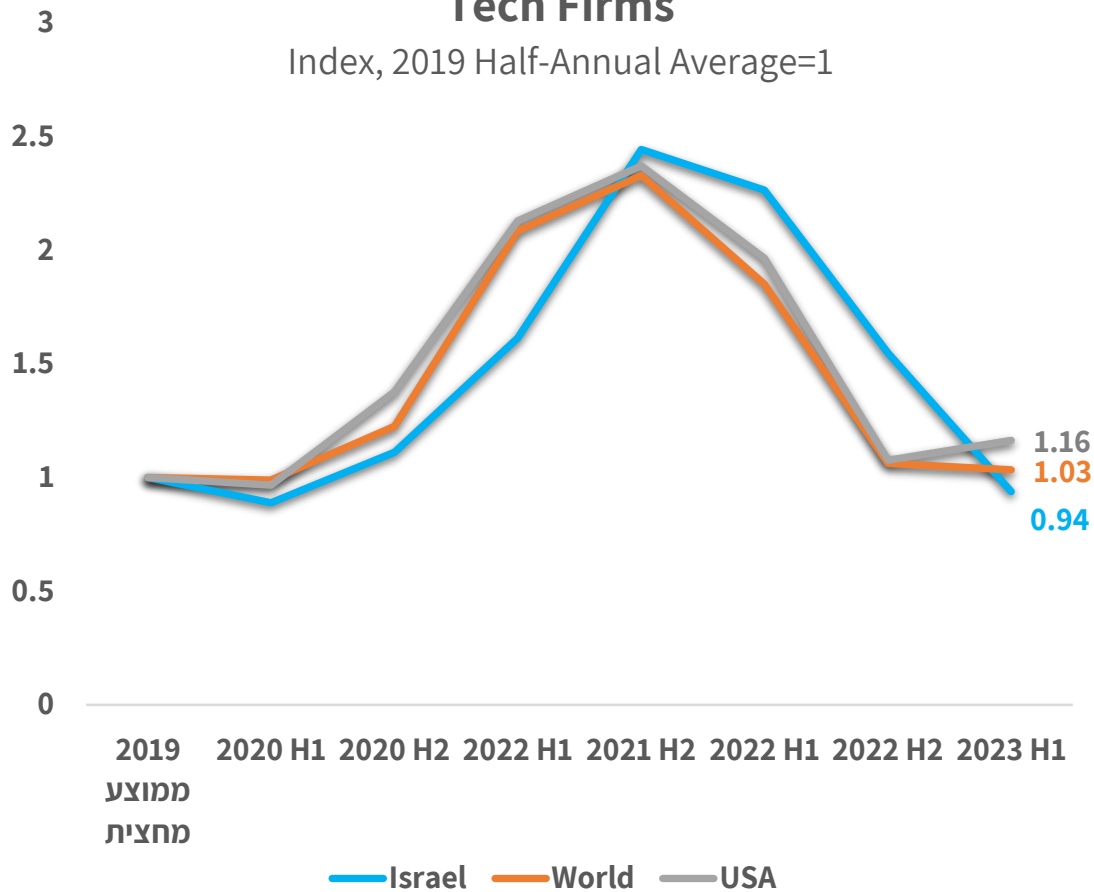
SOURCE: Central Bureau of Statistics.



In The First Half of 2023, Venture Capital Investments in High-Tech Firms Dropped in Israel Slightly more than in The Rest Of The World

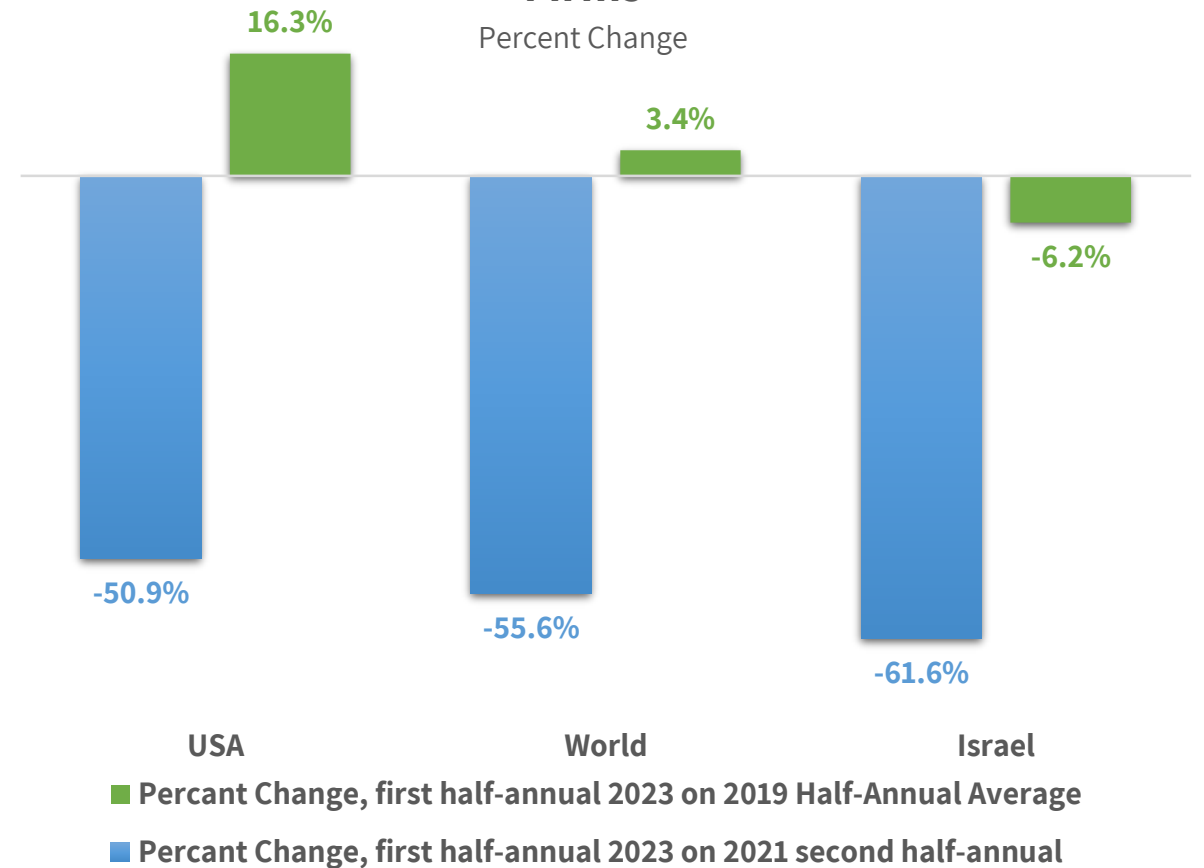
Venture Capital Investments in High-Tech Firms

Index, 2019 Half-Annual Average=1



Venture Capital Investments in High-Tech Firms

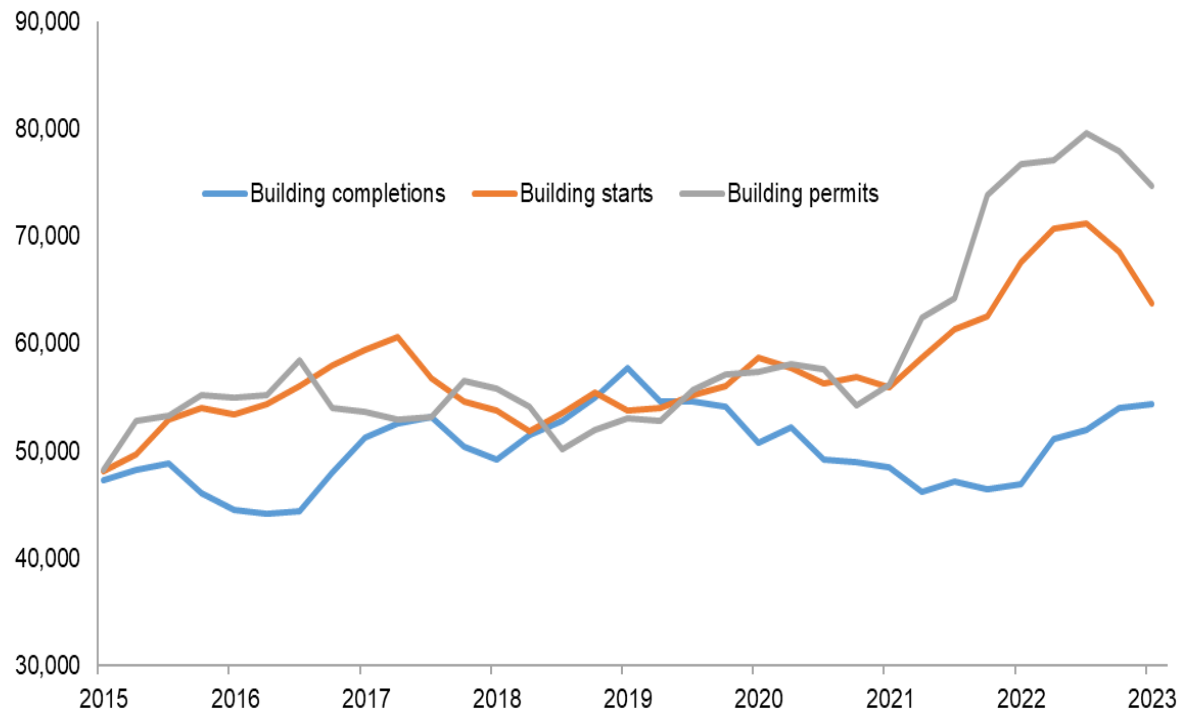
Percent Change





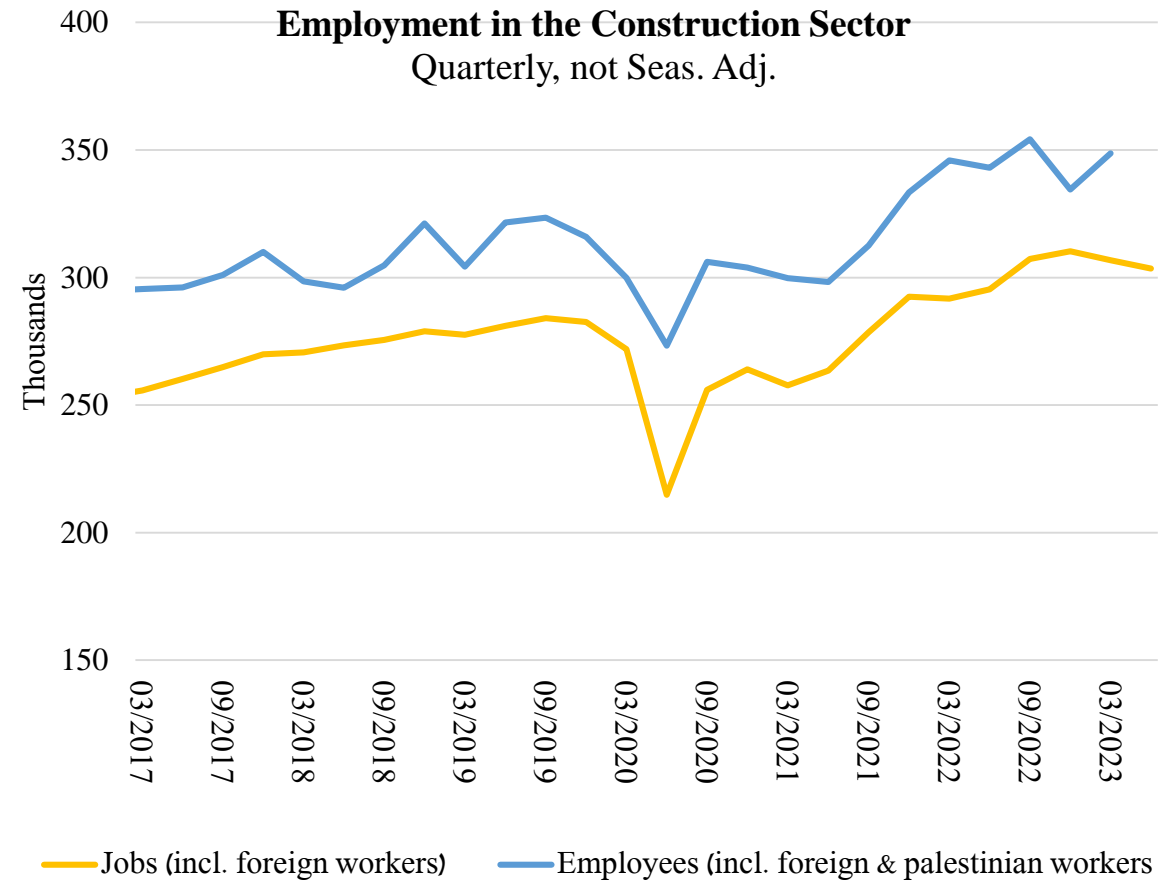
Housing supply slightly moderated, but the level is still high. Employment was not effected to date.

Building Completions, Building Starts, and Building Permits
Yearly volume*, 2015:Q1–2023:Q1



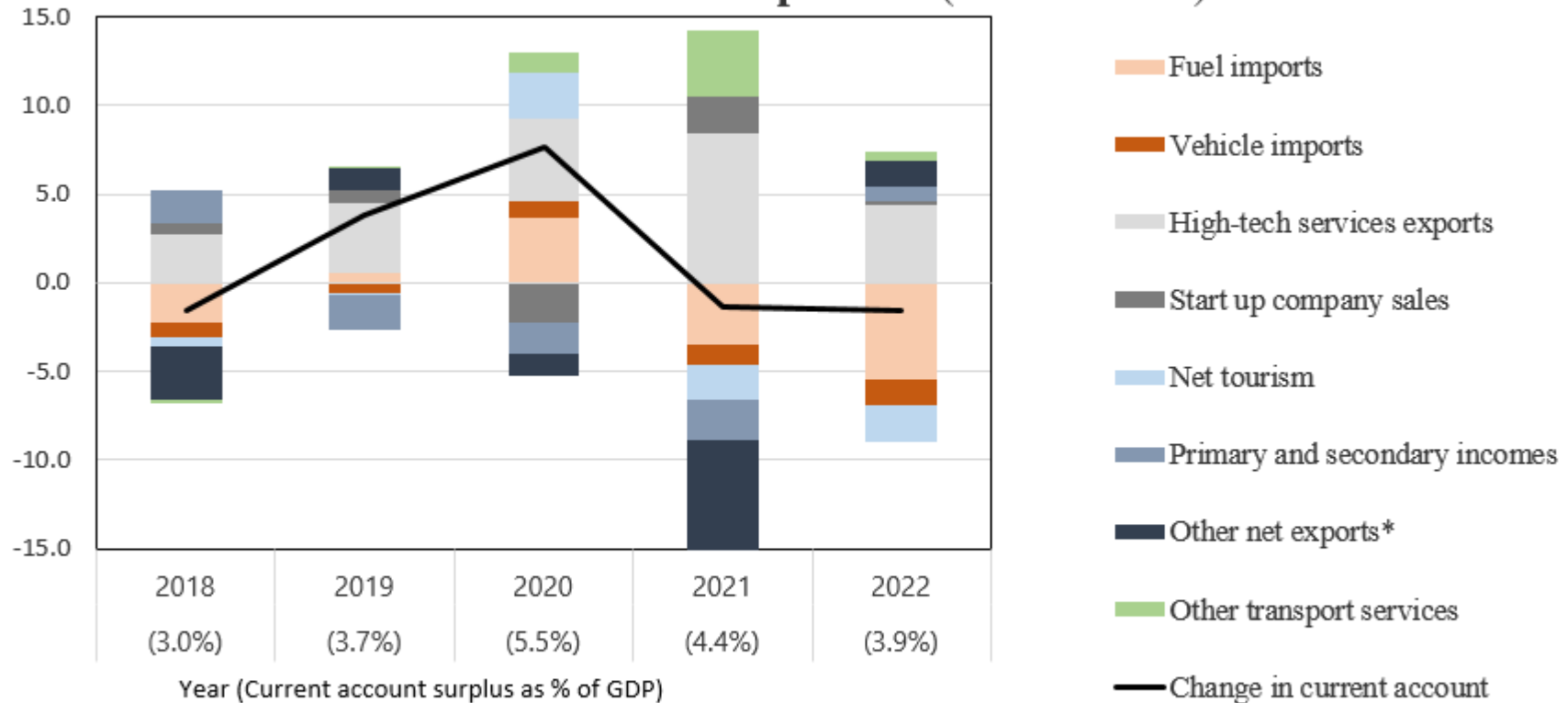
* Total of past four quarters, seasonally adjusted.
SOURCE: Central Bureau of Statistics.

Employment in the Construction Sector
Quarterly, not Seas. Adj.



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.