

Israel: Selected Issues and Statistical Appendix

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**International Monetary Fund
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INTERNATIONAL MONETARY FUND

ISRAEL

Selected Issues and Statistical Appendix

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Approved by European I Department

July 13, 2001

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ESTIMATION OF POTENTIAL OUTPUT IN ISRAEL¹

A. Introduction

1. The Israeli economy has undergone a series of structural changes in the last two decades. First, inflation has been gradually reduced from triple digits in the early 1980s to low single digits, hitting zero percent in 2000. Second, it has experienced an influx of immigrants from the former Soviet Union since 1989, amounting to nearly 800,000 to date (relative to the total population as of end-1989 of 4.7 million). Finally, against the background of a history of extensive military spending on technology and the government incentives, the high-tech sector has flourished over the past couple of years, putting Israel among the leading centers of the high-tech activity. The outstanding performance of this sector boosted economic growth in 2000: real GDP grew by 6 percent, following the stagnation during 1997–99.

2. The immigration wave led to a significant increase in unemployment rate from an average of 5.7 percent during the 1980–88 to over 11 percent in 1992. It declined gradually to 6.6 percent in 1996 before heading up to 9 percent during the slump in economic activity in 1997–99. Although the unemployment rate is still substantially higher than the pre-immigration period, the absorption of immigrants has been rather successful considering the fact that currently immigrants constitute over 17 percent of the labor force. Two main factors account for this success: increased flexibility in the labor market led to a wage moderation in the early 1990s; and the change in the output mix towards the skill-intensive sectors matched with the skill composition of immigrants, many of whom had been highly educated.

3. These developments suggest that the supply side of the Israeli economy has gone through a major evolution over the past decade. This makes it very important to estimate potential output and the nonaccelerating inflation rate of unemployment (NAIRU) for Israel, which are central to the conduct of both monetary and fiscal policies. Estimated values of these variables will provide valuable insights for assessing the cyclical position of the economy as well as the policy stance in recent years, and also help guide the future course of macroeconomic policies.

4. Difficulties inherent in estimating potential output are quite well-known. The significant structural changes mentioned above complicate the task further, since the frequently used filtering techniques for estimating potential output perform poorly under such conditions. This study presents potential output estimates using Hodrick-Prescott (HP) filter and the unobserved components approach. In the latter approach, potential output and the NAIRU estimates are obtained simultaneously.

¹ Prepared by Yasemin Bal Gündüz (ext. 35465) who is available to answer questions.

5. The organization of the paper is as follows. Section B briefly presents the two alternative methods used in this paper. The estimates for potential output and the output gaps are presented in Section C. Finally, Section D summarizes the main findings.

B. Methodology

6. The methods used in the literature for estimating potential output can be basically classified into two main categories; purely statistical smoothing methods and structural models. For the former, the most widely applied technique is the HP filter, which has disadvantages of being a rather mechanical trend-removal tool based on an ad-hoc choice of a smoothing parameter and the end-point bias affecting the level of the filtered series. The methods covered in the second category involve decomposition consistent with the economic underpinnings of potential output. A widely used method is the production function approach postulating a simple two-factor Cobb-Douglas production function. This method could make use of inflation information by inserting an exogenous NAIRU series into the production function together with other input components. However, even if this is done, it fails to recognize the relationship between the output gap and the unemployment gap, where the latter is defined as the gap between actual unemployment and NAIRU (i.e. the cyclical component of unemployment). Another particularly important class of models is known as the structural time series models (STM) or unobserved components (UC) models. In the literature, a range of models have been proposed to derive potential output using the UC approach, based on either inflation information and/or mutual dependence of cyclical output and cyclical unemployment. This paper implements Apel and Jansson (1997) model which makes use of both the inflation information and the mutual dependence between the cyclical output and the cyclical unemployment. The technicalities of the methods employed in this study are given below.

The Hodrick-Prescott Filter

7. The Hodrick-Prescott filtering procedure is designed to extract the trend component of time series data. Potential output is extracted by minimizing an objective function that has as its arguments the squared differences of actual output from potential output and the squared differences of the potential output growth from one period to next. The parameter λ determines the degree of smoothness of the trend.

$$\frac{1}{T} \sum_{t=1}^T (\ln y_t - \ln y_t^p)^2 + \frac{\lambda}{T} \sum_{t=2}^{T-1} [(\ln y_{t+1}^p - \ln y_t^p) - (\ln y_t^p - \ln y_{t-1}^p)]^2$$

8. The estimated potential output series depends on the chosen value of λ , which is arbitrary to a certain extent. The estimated potential output series matches with the actual output series if λ is set equal to zero, whereas it corresponds to a constant rate growth path connecting the first and last data observations if λ is ∞ . In general, higher values of λ lead to smoother growth of potential output, thereby increasing the fluctuations in output gaps. Another shortcoming of the HP filter is its high end-sample bias, stemming from the nature

of the minimization problem that makes the smoothed series to always converge to the original sample at both ends of the series.

System estimates of potential output and the NAIRU (STM/UC)

9. Apel and Jansson (1997) proposes an unobserved components model that estimates potential output and the NAIRU simultaneously. This method entails estimating a system of equations which explicitly incorporates the co-variation restrictions on cyclical output and cyclical unemployment suggested by theory. The system has two elements: (1) a Phillips curve which includes “supply shock” variables and incorporates a constant-inflation restriction on the NAIRU; and (2) an Okun’s law relationship which translates cyclical unemployment movements into cyclical output movements. Taken together, these elements give an unobserved components model consistent with the common definitions of the NAIRU and potential output, and thus can be used to derive economically interpretable measures of these key unobservable economic variables.

10. The empirical model consists of the following equations:

$$\Delta\pi_t = \sum_{i=1}^4 \rho_i \Delta\pi_{t-i} + \sum_{j=0}^1 \eta_j (u_{t-j} - u_{t-j}^n) + \sum_{k=0}^4 \omega_k z_{t-k} + \varepsilon_t^{pc} \quad (1)$$

$$y_t - y_t^p = \sum_{l=0}^1 \phi_l (u_{t-l} - u_{t-l}^n) + \varepsilon_t^{ol} \quad (2)$$

$$u_t^n = u_{t-1}^n + \varepsilon_t^n \quad (3)$$

$$y_t^p = \alpha + y_{t-1}^p + \varepsilon_t^p \quad (4)$$

$$u_t - u_t^n = \sum_{m=1}^2 \delta_m (u_{t-m} - u_{t-m}^n) + \varepsilon_t^c \quad (5)$$

where

π_t : the log difference of CPI

u_t : the unemployment rate

u_t^n : the NAIRU

z_t : supply shock proxies (normalized so that $z_t=0$ means supply shocks are absent)

y_t : the log of real GDP

y_t^p : the log of potential output (GDP)

$\varepsilon_t^{pc}, \varepsilon_t^{ol}, \varepsilon_t^n, \varepsilon_t^p$ and ε_t^c are assumed to be IID and mutually uncorrelated with constant variances.

11. Equation (1) introduces a version of Gordon (1997)’s so-called “triangle” Phillips model as an identifying restriction within the unobserved components system, while acknowledging the unobservability of the NAIRU. The NAIRU estimates will of course depend on the development of actual inflation. Equation (2) is an Okun’s law relation

incorporating the identifying restriction of the mutual dependence of cyclical unemployment and cyclical output fluctuations, while acknowledging the unobservability of both the potential output and the NAIRU. Equations (3)–(4) characterize the NAIRU as a random walk process and potential output as a random walk with drift. Finally, equation (5) specifies cyclical unemployment as a pure autoregressive process.

12. In order to estimate this UC system, it is necessary to re-write it in state-space form. The state-space representation of this system is as follows:

Measurement system:

$$\begin{bmatrix} y_t \\ u_t \\ \Delta\pi_t \end{bmatrix} = \begin{bmatrix} 1 & 0 & \phi_1 & \phi_2 \\ 0 & 1 & 1 & 0 \\ 0 & 0 & \rho_1 & \rho_2 \end{bmatrix} \begin{bmatrix} y_t^p \\ u_t^n \\ u_t - u_t^n \\ u_{t-1} - u_{t-1}^n \end{bmatrix} + \begin{bmatrix} 0 & \dots & 0 \\ 0 & \dots & 0 \\ s_1 & \dots & s_k \end{bmatrix} \begin{bmatrix} z_{1t} \\ \vdots \\ z_{kt} \end{bmatrix} + \begin{bmatrix} e_t^{ol} \\ 0 \\ e_t^{pc} \end{bmatrix} \quad (6)$$

State (or transition) system:

$$\begin{bmatrix} y_t^p \\ u_t^n \\ u_t - u_t^n \\ u_{t-1} - u_{t-1}^n \end{bmatrix} = \begin{bmatrix} 1 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 \\ 0 & 0 & \delta_1 & \delta_2 \\ 0 & 0 & 1 & 0 \end{bmatrix} \begin{bmatrix} y_{t-1}^p \\ u_{t-1}^n \\ u_{t-1} - u_{t-1}^n \\ u_{t-2} - u_{t-2}^n \end{bmatrix} + \begin{bmatrix} \alpha \\ 0 \\ 0 \\ 0 \end{bmatrix} + \begin{bmatrix} e_t^p \\ e_t^n \\ e_t^c \\ 0 \end{bmatrix} \quad (7)$$

13. Kalman filter is applied to the state-space system given by equations (6) and (7) to derive the unobserved components, namely potential output and the NAIRU, for a given parameter set of the system. Then, the maximum likelihood method is applied to obtain a new set of parameter estimates. This procedure is repeated until convergence is achieved.

C. Empirical Results

The Hodrick-Prescott Filter

14. The sensitivity of the trend component derived by the HP filter to the last observations of the actual series is well known. The data series for Israel contains a sharp deceleration of output growth towards its end, and therefore, the end-point problem results in a fairly low estimated potential growth rate for recent quarters. A widely applied solution to circumvent this problem is to extend actual output series into the future, either using forecasts or assuming a move back to a plausible potential output growth path. In this paper, two versions of HP filter estimation are presented. The first version extends the sample series to

2001 Q2-Q4 using WEO forecasts (seasonally adjusted GDP series),² and the second version assuming a quick recovery in 2001 Q2 and a 4.4 percent annualized growth rate for 2001 Q3-Q4. The 4.4 percent growth is roughly the average growth rate for the period 1992-2000.

15. The growth rates for the potential output series and corresponding output gaps derived from these two versions of the Hodrick-Prescott filter are presented in Figure 1, Figure 2 and Table 1. In the first version, the potential growth estimate increases smoothly from roughly 4.7 percent in 1990 to 5.7 percent in 1994, which corresponds to the period of large immigration. Then, potential growth decelerates smoothly to 3.3 percent in 2000. Since the economy experienced a sharp slowdown close to the end of the sample period and the WEO forecasts assume weak output growth, the HP filter gives rather weak potential growth estimates for recent years. In line with these low potential growth estimates, the output gap derived from the HP filter is closed by the first quarter of 2000, and during the second and third quarters actual output is above potential. On average, potential output is estimated to be 0.9 percent above the actual output in 2000. Given that signs of overheating in the economy were absent during this period, these results point to the danger of using mechanical filtering techniques lacking economic underpinnings.

16. The second version of HP filter gives higher potential output growth rates for recent years. The potential output growth declines from 5.7 percent in 1994 to 3.8 percent in 2000. This method indicates that the output gap was closed in 2000 on average, but in the last quarter it moved back to a negative 2.2 percent.

17. The substantially different results derived from two versions of the HP filter, based on different extensions of the actual GDP series for 2001 Q2-Q4, underscore the end-period bias of the HP filter. This is a crucial shortcoming, given that the extension of the sample is arbitrary to some extent and depends crucially on the judgment of the forecaster.

System estimates of potential output and the NAIRU (STM/UC)

18. For the STM/UC approach, the model is estimated using the quarterly data for the period 1988:3-2000:4. Price inflation is the seasonally adjusted CPI. Both the GDP growth and unemployment rates are seasonally adjusted. The set of variables used as supply shock proxies are the real effective exchange rate, the relative price for imports, the relative price for oil, the productivity and a range of dummies capturing the periods for VAT rate changes and purchase tax changes. Productivity is derived as the industrial production per hour worked on a seasonally adjusted basis. The real effective exchange rate is the trade weighted CPI based real effective exchange rate with respect to the trading partners. All variables except the dummies are in logarithms.

² The WEO forecast for 2001 as a whole is 1¾ percent.

19. The CPI inflation enters the estimation in its first difference since this matches with the constant inflation nature of the NAIRU without having an implicit long-run equilibrium inflation rate. Using the level of the CPI inflation in the Phillips-curve specification leads to an interpretation that, in the absence of supply shocks and when the unemployment rate is equal to the NAIRU, inflation converges to some (constant) long-run equilibrium level. This does not match with the characteristic of the period examined. The inflation target announced by the Bank of Israel declined from a range of 7–10 percent in the early 1990s to a range of 3–4 percent in 2000. Therefore, the targeted inflation rate was in a gradual decline during the estimation period, likely reducing long-run equilibrium inflation gradually as well.

20. The estimated drift coefficient of potential output, α , indicates an annual growth rate of roughly 4.7 percent. The variance estimate for the random walk process generating potential output is insignificant. This suggests that the deterministic trend dominates the evolution of the potential output series. In contrast, the variance estimate for the NAIRU is significantly higher, indicating a substantial time variation of the NAIRU over the estimation period. Figure 2 shows potential output, the output gap, and the cyclical unemployment series, all estimated by the UC model.

21. The potential output growth estimated by the UC model is variable but generally high during 1992–96, a period of large immigration. The estimates lie roughly in the range of 4.5–5.6 percent. During 1997–99 characterized by tight monetary and fiscal policies and weak economic growth, potential growth decelerated gradually from 5 percent to 4.3 percent. The buoyant growth brought about by the high-tech sector in 2000 lifted the potential growth to 4.8 percent. The high productivity growth due to the structural change of the Israeli economy from the traditional sectors towards the high-tech sector offers an explanation for this improvement. The combined effects of the recent Intifada, the decline in the NASDAQ, and the slowdown in the US economy, led to a sharp slowdown in the fourth quarter. The estimated potential output growth decelerated sharply from 4.9 percent in the third quarter of 2000 to 4.2 percent in the first quarter of 2001. While the substantial slack in the economy during the 1997–99 period was largely eliminated by the third quarter of 2000, the estimated output gap has rapidly increased to 3.9 percent of GDP by the first quarter of 2001, following a sharp decline in activity (Table 1).

D. Conclusion

22. This paper presents the estimates for the potential output and the output gap series for the Israeli economy based on the HP filter method and the STM/UC method that makes use of the Philips curve and Okun's law relations in the context of a system of equations (Apel and Jansson, 1997). The main shortcoming of the HP filter is its reliance on mechanical filtering technique lacking economic underpinnings. The STM/UC method estimates potential output and the NAIRU simultaneously, making use of both the inflation information and the mutual dependence between cyclical output and cyclical unemployment. Moreover, the method takes into account exogenous factors that may influence inflation.

23. Two versions of the HP filter differing in the way the sample is extended to cope with the end-point bias are implemented. The results indicate the sensitivity of the HP filter to the end-point adjustments. Given this and the lack of economic underpinnings of the HP filter method it seems justifiable to interpret the HP filter estimates as a secondary indicator of output gap, and rely more on the STM/UC method.

24. The Israeli economy experienced a sharp slowdown in the fourth quarter of 2000 due to the combined effects of the Intifada, the decline in the NASDAQ and the slowdown in the U.S. economy, following the robust growth in the previous quarters mainly driven by the high-tech sector. The estimates from the two versions of the HP filter and STM/UC methods indicate a negative output gap for the fourth quarter of 2000, expanding further in the first quarter of 2001. However, the magnitude of the gap is substantially different, being -1.1 and -2.2 percent for the first and second versions of HP filter, respectively, versus -3.9 percent for the STM/UC method (all for the first quarter of 2001). For 2000 as a whole, the estimated output gap was 0.9 percent for the first version of the HP filter while the second version indicated that the gap was closed. On the other hand, the STM/UC method estimated an output gap of -1.6 percent. Given the absence of any indicator showing that the economy was overheating during 2000, one may argue that the first version of the HP filter underestimated the potential output growth.

25. The evidence suggested by the STM/UC method shows that the output gap which was almost closed in the third quarter of 2000 widened rather sharply in the fourth quarter of 2000 and the first quarter of 2001. The estimated potential output growth decelerated from 4.9 percent in the third quarter of 2000 to 4.2 percent in the first quarter of 2001. Given mainly the supply-driven nature of the shock to the economy, namely the closure of the territories leading to the absence of the Palestinian labor force and the sharp slowdown in the high-tech sector, it is plausible that not only actual, but also potential output growth has slowed down. Needless to say, potential output and the output gap estimates derived from any method are subject to uncertainty. In the Israeli context, the sharp and exogenous nature of shocks at the end of 2000 complicates the task of estimation further; the deceleration in the potential output growth might be more than estimated by the model, since the estimated potential tends to change smoothly due to the low variance estimate for the random walk process generating potential output. If this is indeed happening, it narrows down the actual output gap compared to the estimated gap, a point that needs to be taken into account in policy analysis. However, given the magnitude of the output gap estimated by the STM/UC model, it seems plausible that, even after discounting this factor, a substantial gap has been created by the sharp deceleration of output at the end of 2000.

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Figure 1. Potential Output and the Output Gap: HP Filter 1
(Sample extended with 2001 forecasts)

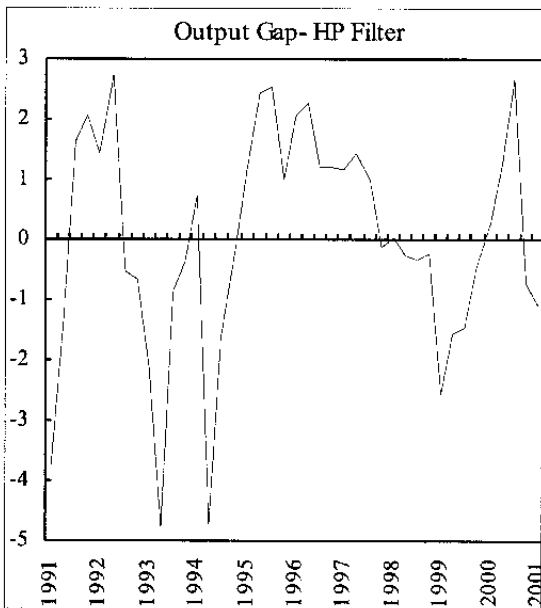
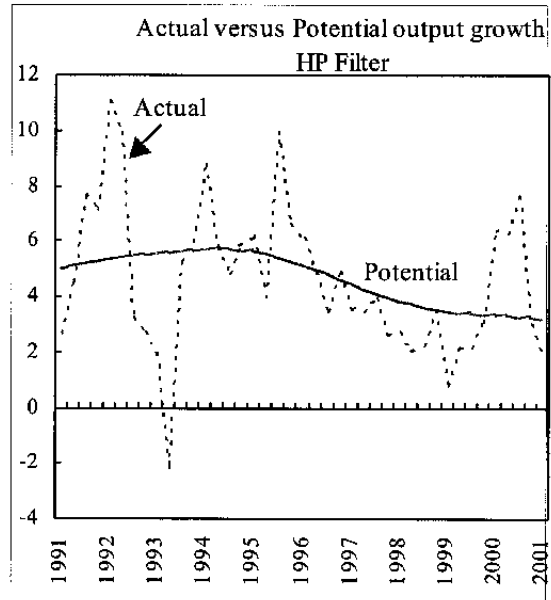
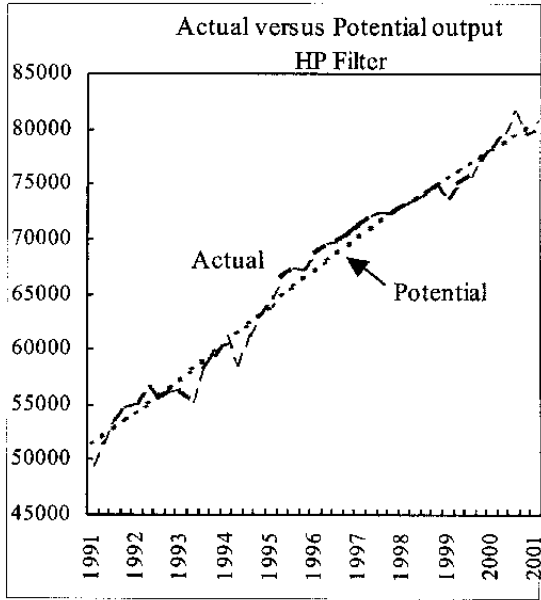


Figure 2. Potential Output and the Output Gap: HP Filter 2
(Sample extended with 4.4 percent annualized growth)

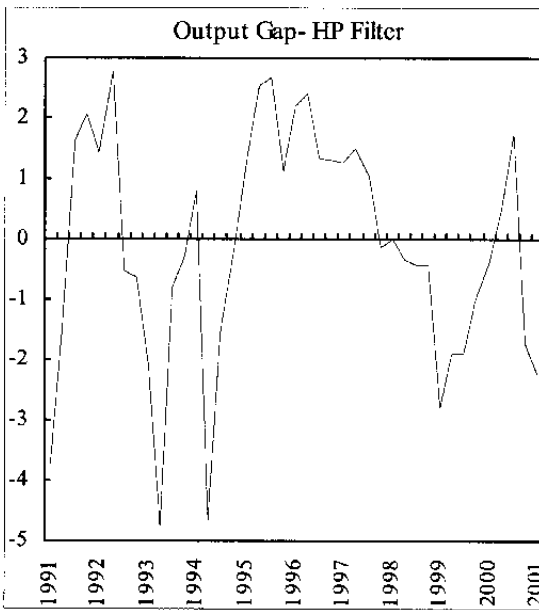
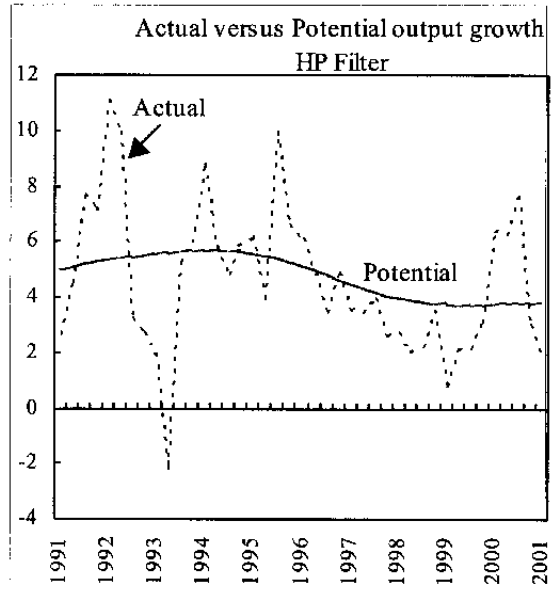
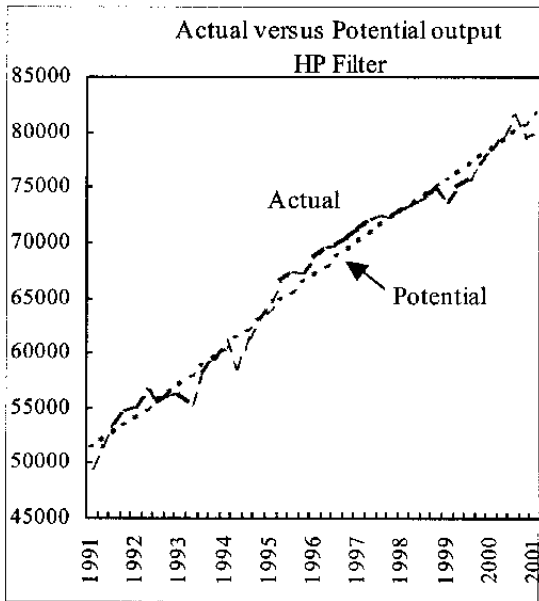
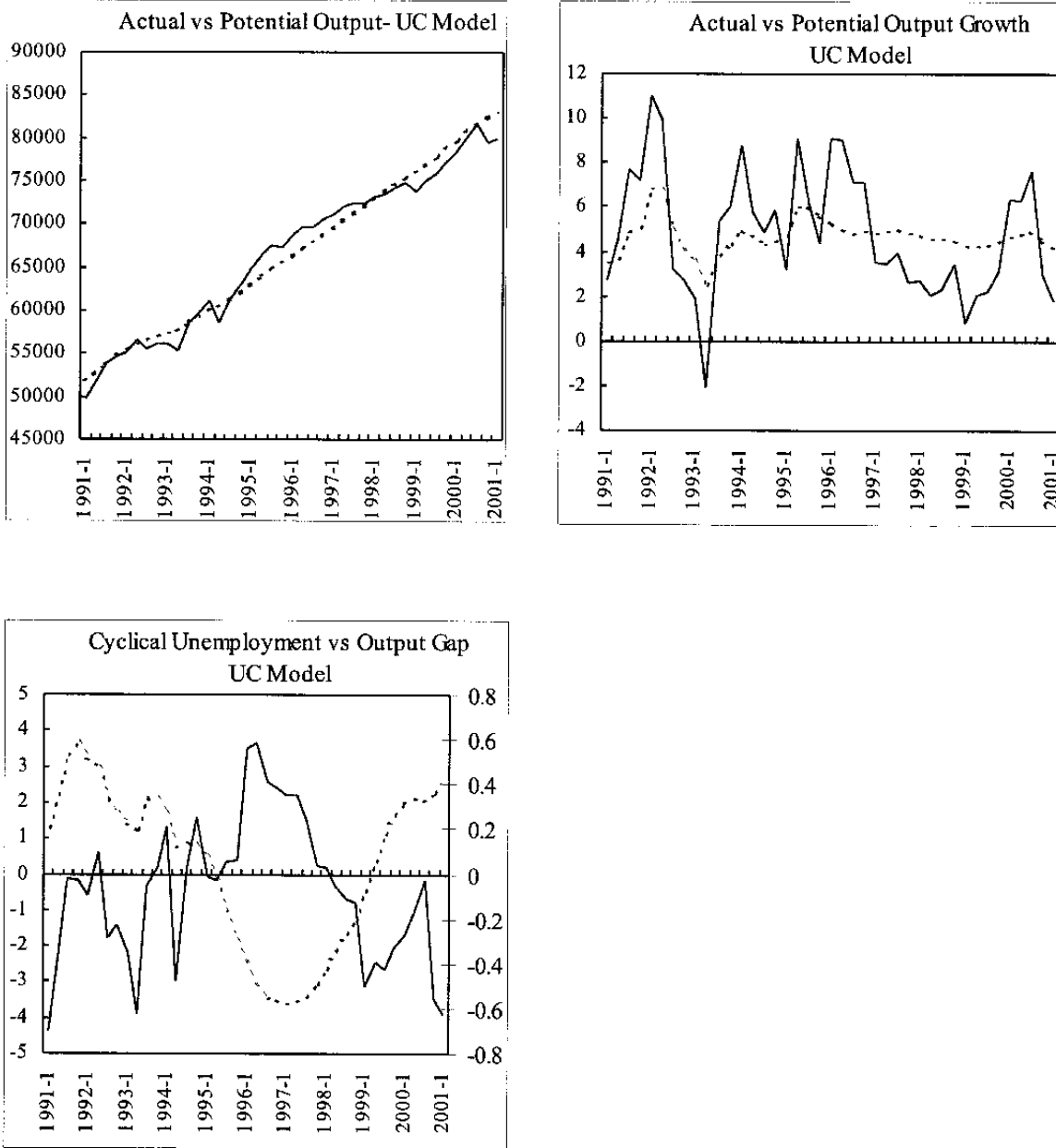


Figure 3. Potential Output, Output Gap and the Cyclical Unemployment³
Derived from the STM/UC Model



³ Cyclical unemployment series are derived as the difference between the actual unemployment and the estimated NAIRU series.

Table 1. The Estimates for Quarterly Output Gap: HP Filter 1, HP Filter 2 and STM/UC Model

	HP Filter 1			HP Filter 2		STM/UC Model	
	Actual 1/	Potential 1/	Output Gap	Potential 1/	Output Gap	Potential 1/	Output Gap
1996-1	6.1	5.2	2.1	5.2	2.2	5.3	3.5
1996-2	4.9	5.0	2.3	5.0	2.4	5.0	3.6
1996-3	3.5	4.8	1.2	4.8	1.3	4.8	2.6
1996-4	4.9	4.7	1.2	4.7	1.3	5.0	2.4
1997-1	3.6	4.5	1.2	4.5	1.3	4.9	2.2
1997-2	3.5	4.3	1.4	4.4	1.5	4.9	2.2
1997-3	3.9	4.2	1.0	4.2	1.0	5.0	1.5
1997-4	2.6	4.0	-0.1	4.1	-0.1	4.9	0.2
1998-1	2.7	3.9	0.0	4.0	0.0	4.8	0.2
1998-2	2.0	3.8	-0.3	3.9	-0.3	4.6	-0.4
1998-3	2.3	3.7	-0.3	3.8	-0.4	4.6	-0.7
1998-4	3.5	3.6	-0.2	3.8	-0.4	4.5	-0.8
1999-1	0.8	3.5	-2.6	3.7	-2.8	4.3	-3.2
1999-2	2.1	3.5	-1.6	3.7	-1.9	4.3	-2.5
1999-3	2.2	3.4	-1.5	3.7	-1.9	4.3	-2.7
1999-4	3.1	3.4	-0.5	3.7	-1.0	4.4	-2.0
2000-1	6.3	3.3	0.3	3.7	-0.4	4.7	-1.7
2000-2	6.3	3.3	1.3	3.8	0.5	4.8	-1.1
2000-3	7.6	3.3	2.7	3.8	1.7	4.9	-0.2
2000-4	3.0	3.3	-0.7	3.8	-1.7	4.6	-3.5
2001-1	1.8	3.2	-1.1	3.8	-2.2	4.2	-3.9

1/ The growth rate for the seasonally adjusted data from the same quarter, previous year.

Table 1. Israel: GDP by Expenditure Components in Current Prices, 1995-2000

	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim; current prices)						
Consumption	237,884	278,312	310,832	338,468	369,812	394,256
Private	159,328	185,668	208,832	227,080	248,604	265,796
Public	78,556	92,644	102,000	111,388	121,208	128,460
Gross domestic capital formation	67,163	75,182	77,512	76,858	87,859	87,075
Fixed capital formation	63,215	72,722	76,916	76,950	82,367	80,291
Increase in stocks	3,948	2,460	596	-92	5,492	6,784
Total domestic demand	305,047	353,494	388,344	415,326	457,671	481,331
Exports of goods and nonfactor services	82,076	93,792	107,236	122,160	149,024	180,000
Imports of goods and nonfactor services	121,424	136,856	145,552	154,696	189,256	211,256
Foreign balance	-39,348	-43,064	-38,316	-32,536	-40,232	-31,256
GDP	265,699	310,430	350,028	382,790	417,439	450,075
(In percent of GDP)						
Consumption	89.5	89.7	88.8	88.4	88.6	87.6
Private	60.0	59.8	59.7	59.3	59.6	59.1
Public	29.6	29.8	29.1	29.1	29.0	28.5
Gross domestic capital formation	25.3	24.2	22.1	20.1	21.0	19.3
Fixed capital formation	23.8	23.4	22.0	20.1	19.7	17.8
Increase in stocks	1.5	0.8	0.2	0.0	1.3	1.5
Total domestic demand	114.8	113.9	110.9	108.5	109.6	106.9
Exports of goods and nonfactor services	30.9	30.2	30.6	31.9	35.7	40.0
Imports of goods and nonfactor services	45.7	44.1	41.6	40.4	45.3	46.9
Foreign balance	-14.8	-13.9	-10.9	-8.5	-9.6	-6.9
GDP	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

Table 2. Israel: GDP by Expenditure Components in Constant Prices, 1995-2000 1/

	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim; constant 1995 prices)						
Consumption	237,885	251,568	261,230	269,809	278,543	290,686
Private	159,330	168,931	176,973	183,252	189,501	200,538
Public	78,555	82,637	84,257	86,557	89,041	90,148
Gross domestic capital formation	67,165	71,529	68,322	63,232	70,021	66,757
Fixed capital formation	63,215	68,772	68,149	64,322	64,677	63,854
Increase in stocks	3,952	2,756	172	-1,088	5,344	2,903
Total domestic demand	305,050	323,097	329,552	333,041	348,564	357,443
Exports of goods and nonfactor services	82,076	87,125	93,940	99,899	109,941	135,593
Imports of goods and nonfactor services	121,424	131,103	135,303	137,773	157,919	175,942
Foreign balance	-39,348	-43,978	-41,363	-37,873	-47,979	-40,349
GDP	265,702	279,118	288,321	295,378	302,208	320,352
(Annual percentage change)						
Consumption	4.9	5.8	3.8	3.3	3.2	4.4
Private	8.0	6.0	4.8	3.5	3.4	5.8
Public	-1.0	5.2	2.0	2.7	2.9	1.2
Gross domestic capital formation	9.0	6.5	-4.5	-7.4	10.7	-4.7
Fixed capital formation	8.6	8.8	-0.9	-5.6	0.6	-1.3
Total domestic demand	6.0	5.9	2.0	1.1	4.7	2.5
Exports of goods and nonfactor services	9.3	6.2	7.8	6.3	10.1	23.3
Imports of goods and nonfactor services	7.5	8.0	3.2	1.8	14.6	11.4
GDP	6.5	5.0	3.3	2.4	2.3	6.0

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

1/ Estimates in 1995 prices derived by chaining each category's growth rate computed at different base year prices; hence totals do not reflect the sum of their components.

Table 3. Israel: Investment, 1995-2000

	In millions of new sheqalim		Percentage change at constant prices				
	2000	1995	1996	1997	1998	1999	2000
Gross domestic capital formation	66,757	9.0	6.5	-4.5	-7.4	10.7	-4.7
Gross fixed capital formation	63,854	8.6	8.8	-0.9	-5.6	0.6	-1.3
Machinery, transport, and other equipment	35,409	-0.4	9.8	-5.3	-2.0	18.8	5.7
Land transport equipment	7,295	-8.4	14.4	-13.7	-11.1	4.4	31.2
Other machinery and equipment	27,327	2.8	9.2	-3.4	3.0	12.3	6.9
Ships and aircraft	787	-20.7	-9.3	8.5	-75.3	1200.5	-68.7
Construction	27,535	17.8	8.0	1.5	-8.6	-13.7	-7.9
Residential	14,910	25.0	6.1	0.9	-9.5	-10.7	-8.7
Private	12,751	20.6	3.7	-2.9	-7.9	-5.6	-9.6
Public	2,159	47.2	16.3	-6.4	-15.5	-33.4	-3.3
Nonresidential	12,625	10.3	10.2	2.3	-7.7	-17.1	-6.9

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

Table 4. Israel: Consumption, 1995-2000

	In millions of new sheqalim 2000	Percentage change at constant prices					
		1995	1996	1997	1998	1999	2000
Private consumption	265,794	8.0	6.0	4.8	3.5	3.4	5.8
Consumption by Israeli households	259,699						
Household consumption in the domestic market	263,967	7.7	4.8	3.6	2.8	3.6	5.7
Food, beverages, and tobacco	54,174	6.5	4.8	2.2	-0.1	1.3	2.7
Fuel and electricity	12,142	6.4	5.8	3.3	3.2	0.8	4.7
Clothing, footwear, and personal effects	11,140	7.8	-1.8	-4.0	-0.4	1.8	5.3
Other goods	13,884	10.5	4.4	-1.2	10.5	-0.4	3.8
Durable goods	32,718	15.5	7.2	4.8	2.7	3.1	18.4
Of which							
Passenger cars	10,101	8.8	5.3	-6.3	-6.3	1.3	27.4
Housing	58,120	3.1	4.2	4.6	4.2	3.4	3.2
Other services	81,789	8.9	5.6	6.1	2.9	7.1	5.1
Plus: Consumption by Israelis abroad	9,892	-6.3	12.9	10.3	10.4	8.6	12.4
Less: Consumption by nonresidents	14,160	-4.1	-11.0	-11.8	-8.0	13.3	5.6
Consumption by nonprofit institutions	6,095	-1.0	7.3	8.8	3.2	6.1	4.4
Public consumption (excluding net defense imports)	119,846	0.5	3.6	1.6	2.2	2.4	1.6
Civilian	89,292	1.3	4.3	2.3	2.9	3.1	2.1
Compensation of employees	59,335	2.7	3.7	2.3	0.8	3.1	1.2
Indirect taxes on salaries	4,467	1.9	4.2	2.4	0.9	3.4	1.5
Other current purchases	24,664	-2.4	6.5	2.5	8.0	3.2	3.9
Domestic defense	30,554	-1.2	1.9	-0.2	0.4	0.6	0.0
Compensation of employees	17,921	-0.6	-0.9	-0.1	-0.2	-0.2	-0.1
Indirect taxes on salaries	908	0.0	-0.3	0.1	-0.3	0.2	-0.2
Other current purchases	13,263	-2.0	5.9	-0.3	1.1	1.7	0.1
<u>Memorandum items:</u>							
Net defense imports	8,615	-23.2	32.5	6.2	9.5	8.6	-2.7
Defense imports	9,451	-12.7	25.2	5.6	8.1	9.3	-2.6
Less: Sales	836	35.5	-16.7	-0.9	-7.9	17.7	-2.7
Public consumption including net defense imports	128,461	-1.0	5.2	2.0	2.7	2.9	1.2

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

Table 5. Israel: Gross Private Income and Savings, 1995–2000

	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim; at current prices)						
GNP at market prices	261,106	303,517	340,742	373,796	409,033	432,238
<i>Plus:</i>	3,324	3,159	3,056	3,006	3,025	3,232
Subsidies on domestic production	2,960	2,864	2,867	2,868	2,983	3,169
Subsidies on government loans	364	295	189	138	42	63
<i>Less:</i>						
Indirect taxes on domestic production	36,840	43,779	49,650	53,749	58,553	61,365
GNP at factor cost	227,590	262,897	294,148	323,053	353,505	374,105
<i>Plus:</i>						
Net private transfers from abroad	6,985	7,285	7,474	8,245	9,533	9,624
Net transfers to domestic households and private nonprofit institutions	39,791	46,128	52,894	59,363	64,002	-
<i>Less:</i>						
Public sector income from property and entrepreneurship	4,210	3,588	1,772	3,597	-418	172
Public sector consumption of fixed capital	3,377	3,755	4,124	4,504	4,877	5,294
Private income	266,779	308,967	348,620	382,560	422,581	-
<i>Less:</i> Direct taxes 1/	53,567	59,059	71,139	77,574	84,273	102,191
Gross private disposable income	213,212	249,908	277,481	304,986	338,308	-
Private consumption	159,329	185,669	208,833	227,082	248,606	265,794
Private savings	53,883	64,239	68,648	77,904	89,702	-
(Percent of gross private disposable income)						
Private consumption	74.7	74.3	75.3	74.5	73.5	-
Private savings	25.3	25.7	24.7	25.5	26.5	-

Sources: Central Bureau of Statistics, *Current Briefings in Statistics*; and data provided by the Bank of Israel.

1/ Including contribution to National Insurance Institute.

Table 6. Israel: National Savings, Foreign Savings, and Investment, 1995–2000

	1995	1996	1997	1998	1999	2000
	(In percent of total income) 1/					
Gross national savings	17.9	17.3	17.3	18.0	18.0	-
General government	-0.7	-1.9	-1.0	-1.0	-2.0	-
Private sector	18.6	19.2	18.3	19.0	20.0	-
Foreign savings	5.3	5.1	3.3	0.8	1.6	-
Current account	-5.3	-5.1	-3.3	-0.8	-1.6	-
Civilian import surplus	-8.6	-8.2	-6.4	-4.0	-4.4	-
Unilateral transfers	5.2	4.9	4.8	5.1	4.3	-
Transfers on capital account	-1.9	-1.8	-1.8	-1.9	-1.5	-
Gross investment	23.2	22.4	20.7	18.7	19.5	18.2
Inventories	1.4	0.7	0.2	0.0	1.2	1.4
Fixed residential	6.5	6.5	6.3	5.5	4.7	4.1
Fixed nonresidential	15.3	15.2	14.2	13.2	13.6	12.7

Source: Data provided by the Bank of Israel.

1/ Total income defined as GNP plus unilateral transfers from abroad.

Table 7. Israel: Industrial Production Indices, 1995-2000

	Weight	Percentage change at constant prices					
		1995	1996	1997	1998	1999	2000
Food, beverages, and tobacco	12.7	8.9	0.1	3.0	0.8	1.4	0.1
Textiles, clothing, and leather	6.7	3.8	-6.0	-4.9	-0.1	1.5	-3.1
Wood, furniture, paper, and printing	12.1	4.2	3.2	-0.5	-1.4	-1.8	1.3
Chemicals, rubber, and plastics	15.2	7.7	8.2	0.3	9.5	-0.6	3.1
Mining and nonmetallic minerals	3.7	24.1	10.0	-9.3	-12.4	-8.2	-8.3
Basic metals and metal products	12.5	13.3	5.3	4.5	-1.8	-2.9	7.7
Machinery and equipment (incl. electric)	7.0	3.9	1.4	-6.0	3.8	2.2	8.6
Transport equipment	5.7	0.6	6.6	5.8	6.6	3.1	4.9
Electronic equipment	6.9	9.3	18.8	12.5	11.8	8.8	16.0
Jewelry and miscellaneous articles	1.8	14.9	7.6	-4.9	-4.0	-9.8	1.2
Total industrial production 1/	100.0	8.4	5.4	1.7	2.9	1.4	10.1

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

1/ Includes sectors not listed below.

Table 8. Israel: Labor Market Indicators, 1994-2000

	In thousands			Percentage change						
	1998	1999	2000	1994	1995	1996	1997	1998	1999	2000
Israeli working-age population 1/	4,243	4,359	4,487	2.9	3.0	3.0	2.7	2.8	2.7	2.9
Israeli civilian labor force	2,266	2,345	2,435	4.3	4.0	2.2	2.5	2.5	3.5	3.8
Total Israelis employed	2,073	2,137	2,221	6.9	5.0	2.4	1.4	1.6	3.1	4.0
Public services	628	646	662	4.8	8.1	2.3	2.9	5.3	2.8	2.5
Business sector	1,446	1,491	1,559	7.7	3.9	2.5	0.7	0.2	3.1	4.6
Workers from administered areas	107	116	98	-16.7	-14.3	-3.0	28.5	42.4	8.5	-15.2
Foreign workers 2/	163	164	164	74.3	78.3	49.1	16.1	2.5	0.3	-0.2
Total employed	2,342	2,416	2,483	6.9	6.3	4.3	3.0	3.0	3.1	2.8
<u>Memorandum items:</u>										
Participation rate (in percent of working-age population)				53.6	54.0	53.6	53.4	53.4	53.8	54.3
Unemployment rate (in percent of civilian labor force)				7.8	6.8	6.6	7.5	8.6	8.9	8.8

Sources: Bank of Israel, 1999 Annual Report; Central Bureau of Statistics, Monthly Bulletin of Statistics; and data provided by the Bank of Israel.

1/ Aged 15 and above.

2/ Includes unreported foreign workers.

Table 9. Israel: Employment and Labor Input by Industry, 1994-2000

	2000 1/	Annual percentage change						
		1994	1995 2/	1996	1997	1998	1999	2000
Employed persons 3/	(In thousands)							
Total 4/	2,221	6.9	5.0	2.4	1.4	1.6	3.1	4.0
Agriculture	48	1.6	-11.4	-11.1	-4.1	-1.2	4.4	-3.4
Industry	397	6.7	2.1	0.2	-1.7	-2.3	1.0	1.7
Public utilities	19	15.3	-5.4	-3.7	2.2	7.5	-4.0	0.5
Construction	116	21.2	3.3	6.7	-2.5	-10.5	-8.4	-3.2
Commerce	296	21.2	3.2	2.7	3.1	2.9	3.4	5.0
Hotels and restaurants	102	22.1	10.6	-6.3	-0.5	7.5	11.9	12.7
Transport, storage, and communication	145	3.0	1.9	8.2	0.0	-0.5	10.6	7.0
Banking, insurance, and finance	73	6.4	4.0	-0.3	8.9	-0.5	1.2	-0.7
Business services	259	12.5	11.9	9.8	5.6	6.0	3.7	15.1
Community, social, and personal services	106	5.1	10.0	3.3	1.2	-0.3	0.5	7.3
Civil service	120	7.3	-0.7	0.7	5.3	-0.8	3.5	3.1
Education	272	4.5	5.8	3.1	1.3	6.0	2.2	1.7
Health and welfare	214	6.3	7.0	4.1	2.7	9.8	4.5	0.8
Private household services	106	11.8	11.6	3.7	-4.1	-1.5	24.1	-13.5
Foreign organizations	-	0.0	16.7	-28.6	30.0	-	-	-
Labor input	(In millions of man-hours)							
Total 4/	84.0	8.6	5.6	2.4	1.6	-0.1	3.9	5.1
Agriculture	2.0	2.9	-7.9	-11.0	-3.7	-2.5	9.6	-4.6
Industry	16.9	7.3	3.7	0.5	-1.2	-2.8	0.5	-3.9
Public utilities	0.8	19.2	-4.3	-0.9	0.0	6.0	0.2	-0.9
Construction	5.0	24.7	5.9	5.9	-3.0	-13.0	-7.7	-0.9
Commerce	12.1	22.1	2.5	3.2	2.0	1.6	4.1	5.0
Hotels and restaurants	3.9	32.1	0.9	-5.4	-1.7	5.2	12.1	14.0
Transport, storage, and communication	6.2	6.6	1.7	8.7	-1.9	-1.0	12.4	9.6
Banking, insurance, and finance	2.8	7.8	3.4	-0.8	8.9	-0.5	2.6	-1.6
Business services	10.3	13.4	11.9	10.7	6.1	3.4	5.3	18.7
Community, social, and personal services	3.4	3.9	10.3	1.0	2.5	-1.5	1.4	3.0
Civil service	4.7	9.3	-0.2	2.1	3.7	-1.0	5.8	2.1
Education	6.9	7.9	7.9	1.8	4.1	2.4	5.4	-1.0
Health and welfare	7.0	6.0	7.0	6.7	3.2	9.1	3.3	1.7
Private household services	1.0	17.7	17.1	8.5	0.2	7.3	29.4	-4.3
Foreign organizations	-	12.6	20.2	-27.5	44.2	-	-	-

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

1/ Employment figures are annual averages; labor input figures are weekly averages.

2/ The Central Bureau of Statistics definitions and sample changed in 1994. The rows from 1996 on follow the new classification.

3/ Israeli employees.

4/ Data do not sum to total due to an "unknown" category.

Table 10. Israel: Real Wages, Labor Costs, and Productivity, 1994-2000

	1994	1995	1996	1997	1998	1999	2000
	(Percentage change)						
Real wages per employee post 1/							
Total economy	2.5	2.2	1.6	2.4	2.2	2.6	6.5
Business sector	-0.4	0.6	1.5	3.5	3.0	3.6	7.3
Public sector	9.8	5.7	1.9	0.0	0.4	0.1	4.7
Labor costs and productivity in the business sector							
Labor productivity 2/			9.6	9.2	8.0	5.9	5.7
Unit labor costs 3/	1.8	0.0	1.8	0.8	-0.3	0.7	2.8

Sources: Central Bureau of Statistics and data provided by the Bank of Israel.

1/ Deflated by the consumer price index.

2/ Business sector net domestic product per man-hour estimated from the expenditure side.

3/ Ratio of labor cost per man-hour to labor productivity.

Table 11. Israel: Real Wage Indices, 1994-2000 1/

	Public Services	Business Sector	Total
	(1994=100)		
1994	100.0	100.0	100.0
1995	105.7	100.6	102.2
1996	107.7	102.1	103.8
1997	107.7	105.7	106.3
1998	108.1	108.8	108.6
1999	108.2	112.8	111.4
2000	113.3	121.0	118.6
1997			
I	105.2	103.7	104.1
II	110.2	105.2	106.7
III	111.7	107.0	108.4
IV	103.8	106.8	105.9
1998			
I	105.5	109.5	108.3
II	111.8	109.2	110.0
III	113.2	109.8	110.8
IV	101.9	106.8	105.3
1999			
I	102.8	110.0	108.2
II	111.6	111.9	111.8
III	109.4	112.6	111.7
IV	108.9	116.0	113.8
2000			
I	108.8	119.3	116.4
II	115.2	119.1	117.9
III	119.6	120.7	120.4
IV	109.7	124.3	119.8

Source: Data provided by the Bank of Israel.

1/ Average monthly wage per employee post at constant prices, based on employers' contributions to the National Insurance Institute, deflated by the consumer price index.

Table 12. Israel: Consumer Price Index and its Main Components, 1996-2000
(Percentage change, unless indicated otherwise)

	Weight in index	1996		1997		1998		1999		2000	
		Annual average	During year	Annual average	During year	Annual average	During year	Annual average	During year	Annual average	During year
General index	1000.0	11.3	10.6	9.0	7.0	5.4	8.6	5.2	1.3	1.1	0.0
General index excluding agricultural products 1/	965.8	11.1	10.3	8.6	6.7	5.3	8.3	5.1	1.1	1.1	0.2
Agricultural products	34.2	6.4	7.9	12.2	7.7	2.3	9.8	4.2	7.0	0.9	-5.3
Fruits, vegetables and field crops	30.4	4.0	5.2	12.3	8.5	2.1	10.9	4.1	7.1	0.8	-6.1
Fish and animal products	3.8	24.0	24.8	11.4	2.9	3.5	3.7	5.6	5.6	1.9	1.0
Industrial products	398.3	9.3	8.6	6.6	5.3	4.1	8.4	6.0	0.7	1.8	0.9
Food, beverages and tobacco	136.4	11.5	10.1	9.2	9.3	6.5	9.1	7.5	2.1	2.5	3.0
Clothing and textiles	45.9	6.5	4.9	1.3	-4.5	0.3	8.4	1.6	-3.1	0.5	0.5
Wood and wood products	23.2	10.1	9.6	7.6	5.4	3.8	10.7	8.0	-1.5	-2.4	-2.2
Footwear, leather goods, rubber and plastic	22.0	5.2	5.3	2.6	-0.6	-2.4	3.9	2.8	-2.2	-0.4	-2.2
Chemical and fuel products	54.0	18.4	21.0	12.3	8.9	5.4	7.6	10.5	10.0	7.4	2.5
Metals, machinery, transport and electronic equipment	76.5	2.2	1.2	1.6	2.7	1.1	6.1	2.0	-5.1	-0.7	-1.9
Miscellaneous	31.4	9.1	7.7	5.5	5.0	5.4	10.7	8.8	2.5	1.1	0.2
Electricity and water	28.9	8.2	10.5	7.8	4.7	2.6	5.7	5.5	3.1	4.0	2.5
Building and housing services	207.1	16.0	13.2	10.8	7.5	5.6	8.6	2.5	-0.8	-2.5	-2.8
Transportation and communications	90.7	8.0	9.1	9.2	6.5	6.4	9.3	2.2	-2.6	-0.1	-1.2
Services	249.8	11.6	11.8	10.3	9.2	7.7	9.1	7.4	4.4	3.0	1.4
Municipal taxes and insurance	67.6	11.8	11.6	10.7	8.5	7.0	8.3	4.3	0.2	2.2	2.1
Public sector services	72.5	12.4	13.0	10.7	9.4	7.3	7.8	7.4	5.9	4.5	3.4
Education	45.7	12.2	11.6	10.1	9.2	6.9	6.1	5.9	6.0	4.9	3.6
Health	26.8	12.7	14.9	11.5	9.9	8.0	10.2	9.9	5.9	3.8	3.0
Personal services	54.6	10.3	10.8	9.0	9.0	8.1	9.6	9.7	6.0	3.2	1.2
Entertainment	23.1	10.2	10.9	11.6	11.9	9.5	10.9	13.3	8.9	1.4	-2.5
Other	31.5	10.3	10.7	7.7	7.3	7.2	8.7	7.0	3.8	4.5	3.9
Hotels, guest accommodation	47.7	11.5	11.8	11.3	10.3	9.4	12.5	9.7	6.8	2.2	-1.9
Business services	7.4	11.8	9.9	8.7	8.4	5.7	7.2	4.9	2.6	0.3	-2.0

Source: Central Bureau of Statistics data, as prepared and compiled by the Bank of Israel.

1/ In tables from previous years this component was calculated as "General Index excluding fruits and vegetables".

Table 13. Israel: Selected Price Indices, 1996-2000
(Percent increase during the period)

	Weight 1/		1996	1997	1998	1999	2000
	1999	2000					
Consumer price index							
General index	1000.0	1000.0	10.6	7.0	8.6	1.3	0.0
Controlled prices 2/	134.5	151.0	11.5	7.6	7.6	1.2	2.2
Uncontrolled prices	865.5	849.0	10.5	6.9	8.8	1.4	-0.4
Tradables	402.2	400.8	8.3	5.8	8.7	-0.1	-0.4
Nontradables	597.8	599.2	12.0	7.7	8.6	2.3	0.2
<i>Of which:</i> Housing	214.2	206.4	13.2	7.5	8.8	-0.9	-2.4
CPI excluding housing	785.8	793.0	9.8	6.8	8.6	2.0	0.6
CPI excluding housing and fruits & vegetables	750.4	763.0	10.1	6.7	8.5	1.7	0.9
CPI excluding housing, fruits & vegetables, controlled prices, clothing & footwear	569.9	576.5	10.2	7.8	8.8	2.4	0.6
Wholesale price index of industrial output			7.0	5.9	8.2	3.5	2.0
Exchange rates							
Against the U.S. dollar			5.0	7.9	18.2	0.4	-2.7
Against the currency basket			3.0	3.7	20.6	-2.5	-6.3

Source: Central Bureau of Statistics data, as prepared and compiled by the Bank of Israel.

1/ The weights of the components in the Consumer Price Index were changed in 2001.

2/ Public transport, communication services, education, medical services, municipal taxes, electricity, fuel, water, and meat.

Table 14. Israel: Bank of Israel Accounts, 1995-2000

	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim; end of period)						
Total assets	41,674	51,465	85,952	107,807	107,499	107,824
Foreign assets	25,576	37,126	71,896	94,325	93,504	93,606
Domestic assets	16,098	14,339	14,056	13,482	13,620	13,744
Credit to the government (long term debt)	7,773	7,448	7,109	6,760	6,367	5,946
Loans and notes	4,503	1,236	1,537	838	810	787
Monetary	4,009	957	1,444	796	785	781
Other	494	279	93	42	25	6
Government securities	3,045	4,856	5,090	5,528	6,049	6,584
Other accounts	777	799	320	356	394	427
Total liabilities	41,674	51,465	85,952	107,807	107,499	106,864
Foreign liabilities	1,242	724	617	714	680	633
Allocations of SDRs	496	496	511	626	610	564
Liabilities to international monetary organizations	746	228	106	88	70	69
Currency in circulation	7,916	9,222	10,373	11,935	15,605	14,659
Deposits of the government	19,325	23,013	27,550	39,407	32,242	37,369
In Israeli currency	16,828	15,670	14,917	18,824	12,141	16,328
In foreign currency	2,497	7,343	12,633	20,583	20,101	21,041
Deposits of banking institutions	11,126	16,484	46,547	52,709	64,461	65,900
In Israeli currency	1,007	8,502	38,832	44,778	53,720	56,800
In foreign currency	10,119	7,982	7,715	7,931	10,741	9,100
Against resident deposits	9,844	7,649	7,247	7,526	8,324	8,741
Against nonresident deposits	--	--	--	--	--	--
Free deposits of banking institutions	275	333	468	405	2,417	359
Other deposits and accounts	1,745	1,952	1,890	2,722	2,301	2,795
Capital and reserves	320	70	-1,025	320	-7,790	-14,492

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

Table 15. Israel: Financial Assets of the Public, 1997-2000 1/

	1997	1998	1999	2000
(In millions of new sheqalim; end of period)				
Total assets in banks and government bonds	454,850	523,850	582,185	623,633
Broad money assets	307,758	361,647	408,932	440,487
Liquid financial assets (M3)	149,989	181,072	222,040	259,118
Money supply (M1)	18,431	20,591	23,536	25,298
Time deposits and negotiable CDs	85,900	101,780	130,722	160,722
Special deposits 2/	0	1	0	-
Resident foreign currency	27,465	38,547	43,239	46,733
Medium-term assets	149,122	169,637	174,801	167,125
Restitution deposits	15,289	18,529	16,959	15,271
Saving schemes	85,243	95,788	101,778	93,388
Long-term linked deposits	48,590	55,320	56,064	58,466
Earmarked deposits	--	--	--	--
Short-term treasury bills	12,311	15,983	18,203	25,866
Tradable linked government bonds 3/	134,780	146,220	155,050	157,280
Stocks	163,881	170,169	271,473	269,819
Total financial assets	618,731	694,020	853,658	893,451
Of which: Nonindexed short term assets	134,835	158,509	197,005	238,251
(In percent of total financial assets)				
Total assets in banks and government bonds	73.5	75.5	68.2	69.8
Broad money assets	49.7	52.1	47.9	49.3
Liquid financial assets (M3)	24.2	26.1	26.0	29.0
Money supply (M1)	3.0	3.0	2.8	2.8
Time deposits and negotiable CDs	13.9	14.7	15.3	18.0
Special deposits 2/	--	--	--	--
Resident foreign currency	4.4	5.6	5.1	5.2
Medium-term assets	24.1	24.4	20.5	18.7
Restitution deposits	2.5	2.7	2.0	1.7
Saving schemes	13.8	13.8	11.9	10.5
Long-term linked deposits	7.9	8.0	6.6	6.5
Earmarked deposits	--	--	--	--
Short-term treasury bills	2.0	2.3	2.1	2.9
Tradable linked government bonds 3/	21.8	21.1	18.2	17.6
Stocks	26.5	24.5	31.8	30.2
Total financial assets	100.0	100.0	100.0	100.0
Of which: Nonindexed short term assets	21.8	22.8	23.1	26.7
(Real rate of growth) 4/				
Total assets in banks and government bonds		6.0	9.7	7.1
Broad money assets		8.2	11.6	7.7
Liquid financial assets (M3)		11.1	21.0	16.7
Money supply (M1)		2.8	12.8	7.5
Time deposits and negotiable CDs		9.1	26.7	22.9
Special deposits 2/		--	--	--
Resident foreign currency		29.2	10.7	8.1
Medium-term assets		--	--	--
Restitution deposits		11.6	-9.7	-10.0
Saving schemes		0.9	18.9	33.3
Long-term linked deposits		29.1	2.8	6.4
Earmarked deposits		--	--	--
Short-term treasury bills		19.5	12.4	42.1
Tradable linked government bonds 3/		-0.1	4.6	1.4
Stocks		-4.4	57.4	-0.6
Total financial assets		3.3	21.4	4.7
Of which: Nonindexed short term assets		8.2	22.6	20.9

Source: Data provided by the Bank of Israel.

1/ The public consists of individuals and corporations excluding the Government, Bank of Israel, ordinary banking corporations, and banks abroad. It includes social and life insurance funds but does not include the assets of these funds held out of the ordinary banking system.

2/ Noninterest-bearing deposits mandated by law to cover total subscriptions for securities flotations in the TASE.

3/ Defined to exclude bond holdings of pension funds and insurance companies.

4/ Nominal rate deflated by consumer price index.

Table 16. Israel: Commercial Bank Credit to the Private Sector, 1994-2000 1/

	1994	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim; end of period)							
Total	151,401	182,840	217,442	252,564	300,634	344,633	371,504
Short-term credit	78,522	100,142	116,287	139,232	177,062	208,445	226,538
Nondirected credit	78,522	100,142	116,287	139,232	177,062	208,445	226,538
In Israeli currency 2/	62,633	65,564	73,118	77,860	94,782	112,347	129,456
In U.S. dollars	15,889	34,578	43,169	61,372	82,280	96,098	97,082
Directed credit	0	0	0	0	0	0	0
Medium- and long-term credit	72,879	82,698	101,155	113,332	123,572	136,188	144,966
Of which: Indexed NIS credit	57,139	64,989	84,019	95,411	110,198	122,186	127,045
(In percent of total)							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term credit	51.9	54.8	53.5	55.1	58.9	60.5	61.0
Nondirected credit	51.9	54.8	53.5	55.1	58.9	60.5	61.0
In Israeli currency 2/	41.4	35.9	33.6	30.8	31.5	32.6	34.8
In U.S. dollars	10.5	18.9	19.9	24.3	27.4	27.9	26.1
Directed credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medium- and long-term credit	48.1	45.2	46.5	44.9	41.1	39.5	39.0
Of which: Indexed NIS credit	37.7	35.5	38.6	37.8	36.7	35.5	34.2
(Nominal percentage increase)							
Total	26.7	20.8	18.9	16.2	19.0	14.6	7.8
Short-term credit	22.2	27.5	16.1	19.7	27.2	17.7	8.7
Nondirected credit	23.0	27.5	16.1	19.7	27.2	17.7	8.7
In Israeli currency 2/	22.3	4.7	11.5	6.5	21.7	18.5	15.2
In U.S. dollars	26.0	117.6	24.8	42.2	34.1	16.8	1.0
Directed credit	--	--	--	--	--	--	--
Medium- and long-term credit	31.9	13.5	22.3	12.0	9.0	10.2	6.4
Of which: Indexed NIS credit	44.7	13.7	29.3	13.6	15.5	10.9	4.0
(Real percentage increase) 3/							
Total	10.7	11.7	7.5	8.6	13.7	12.9	7.8
Short-term credit	6.8	18.0	5.0	11.9	21.5	16.0	8.7
Nondirected credit	7.5	18.0	5.0	11.9	21.5	16.0	8.7
In Israeli currency 2/	6.9	-3.2	0.8	-0.5	16.3	16.8	15.2
In U.S. dollars	10.1	101.3	12.9	32.9	28.0	15.1	1.0
Directed credit	--	--	--	--	--	--	--
Medium- and long-term credit	15.3	5.0	10.6	4.7	4.1	8.6	6.4
Of which: Indexed NIS credit	26.5	5.2	16.9	6.1	10.3	9.2	4.0

Source: Data provided by the Bank of Israel.

1/ Includes credit to local authorities (the credit excludes deductions for loan-loss provisions).

2/ Includes indexation increments.

3/ Nominal rate deflated by consumer price index.

Table 17. Israel: Interest Rates, 1997-2001 1/

	Inflation rate	Change in NIS/US\$ exchange rate	Lending rates			Discount window average cost	Monetary loan (maximum bracket)	Three-month Euro-dollar rate 4/	Deposit rates			Yield to maturity on treasury bills	Yield to maturity on 5-year bonds	Yield to maturity on 10-year bonds
			Overdraft facilities 2/	Exceptional credit	Nondirected NIS credit 3/				Reserve deposits with Bol	Self-Renewing Overnight	Time deposits			
	(Average annual rate)			(Nominal rates in percent per annum) 5/										
1997	9.0	8.2	20.8	22.8	18.7	14.3	13.8	5.6	12.2	12.2	13.1	14.1	3.9	4.0
1998	5.4	10.2	18.3	20.4	16.2	13.2	12.0	5.5	7.8	10.3	11.0	12.2	3.0	4.8
1999	1.9	1.5	19.0	21.3	16.6	11.9	12.8	5.4	6.9	10.7	11.3	11.8	5.6	5.2
2000	1.1	-1.5	15.8	18.1	12.9	9.5	9.7	6.4	8.0	8.0	8.6	8.8	6.0	5.5
	(Annualized rate)			(Percent increase over preceding month)										
1997 Jan.	5.1	-0.1	22.3	24.0	20.0	15.4	14.8	5.4	10.5	13.3	14.3	15.0	4.3	4.3
Feb.	15.2	24.6	21.9	23.7	19.6	14.9	14.3	5.4	11.9	12.8	13.8	14.5	3.9	4.1
Mar.	12.2	11.3	21.7	23.6	19.4	14.6	14.1	5.5	12.5	12.4	13.4	14.2	3.9	4.1
Apr.	9.4	8.7	21.4	23.4	19.2	14.6	14.0	5.7	12.5	12.4	13.4	14.2	4.1	4.2
May	5.8	3.2	21.3	23.4	19.1	14.7	14.1	5.7	12.6	12.5	13.4	14.3	4.0	4.0
June	13.7	20.9	20.8	22.8	18.7	14.1	13.6	5.7	12.4	12.0	13.0	13.7	3.9	3.9
July	12.7	36.6	19.8	21.6	17.7	13.3	13.0	5.6	11.9	11.2	12.4	13.0	3.6	3.8
Aug.	4.9	-4.6	19.8	21.7	17.7	13.4	13.0	5.6	12.1	11.3	12.3	13.3	3.5	3.7
Sept.	-0.8	-7.3	20.4	22.4	18.4	14.1	13.6	5.6	12.5	12.0	12.8	14.1	3.7	3.8
Oct.	15.2	4.8	20.4	22.3	18.2	14.2	13.7	5.6	12.6	12.0	12.8	14.1	3.9	3.8
Nov.	-3.1	4.0	20.2	22.3	18.3	14.1	13.7	5.7	12.5	12.0	12.7	14.2	4.0	3.9
Dec.	-3.8	0.4	19.8	21.9	18.1	14.1	13.7	5.8	12.6	12.1	12.6	14.1	4.1	4.1
1998 Jan.	4.0	15.6	20.3	22.3	18.1	13.9	13.6	5.5	12.4	12.0	12.6	13.9	4.4	4.4
Feb.	-0.8	5.9	19.7	21.5	17.7	13.3	12.9	5.5	11.9	11.4	12.2	13.4	5.1	4.7
Mar.	-2.3	-2.6	19.0	21.0	17.2	12.9	12.6	5.6	11.3	11.0	11.9	12.9	5.4	4.9
Apr.	17.7	48.0	18.8	20.7	16.7	12.6	12.3	5.6	10.9	10.7	11.5	12.7	5.0	4.8
May	4.7	-12.2	18.5	20.5	16.3	11.2	11.9	5.6	10.5	10.4	11.2	12.1	5.4	4.8
June	4.7	-0.3	18.3	20.3	16.0	10.8	11.6	5.6	10.2	10.0	10.8	11.9	5.9	5.1
July	-1.5	-1.3	17.9	19.9	15.6	10.6	11.3	5.6	9.9	9.8	10.6	11.5	5.6	5.2
Aug.	6.3	16.9	16.3	18.4	14.2	9.6	9.8	5.6	8.7	8.3	9.6	10.0	4.6	4.7
Sept.	18.2	54.6	15.9	18.0	13.7	8.9	9.6	5.4	8.5	8.0	8.9	9.9	4.4	4.6
Oct.	42.8	183.7	16.1	18.0	13.9	8.9	10.2	5.1	0.0	8.2	8.9	11.3	4.3	4.8
Nov.	16.5	9.7	19.1	21.4	17.2	11.2	13.4	5.2	9.0	11.0	11.2	13.4	4.6	4.9
Dec.	0.7	-13.3	20.0	22.4	17.6	12.5	14.4	5.3	0.0	12.2	12.5	13.6	5.1	5.1
1999 Jan.	-5.4	-24.5	20.2	22.5	17.7	12.6	14.3	4.9	0.0	12.7	12.6	13.4	5.6	5.3
Feb.	-8.8	-3.5	20.2	22.6	17.7	12.6	13.9	4.9	0.0	12.1	12.6	13.3	5.3	5.2
Mar.	-2.3	-10.3	19.7	22.1	17.2	12.2	13.9	4.9	0.0	11.6	12.2	12.8	3.9	5.0
Apr.	3.5	9.4	19.2	21.5	16.7	11.7	13.3	4.9	0.0	11.0	11.7	12.3	3.4	4.9
May	6.0	18.1	19.1	21.3	16.7	12.1	12.7	5.0	10.7	10.5	11.2	11.5	5.2	4.9
June	5.9	-8.0	19.1	21.4	16.8	12.1	12.8	5.2	10.8	10.5	11.2	11.5	5.6	5.1
July	6.3	2.2	19.0	21.0	16.6	12.1	12.7	5.3	10.7	10.5	11.1	11.0	5.7	5.1
Aug.	6.3	35.9	18.5	20.7	16.1	11.6	12.2	5.5	10.3	10.1	10.7	11.1	5.4	5.2
Sept.	5.3	13.3	18.5	20.8	16.2	11.6	12.2	5.6	10.3	10.1	10.7	11.7	5.7	5.3
Oct.	2.9	5.0	18.5	20.7	16.1	11.6	12.3	6.2	10.2	10.2	10.8	11.5	6.0	5.3
Nov.	1.4	-10.1	18.2	20.4	16.0	11.6	11.9	6.1	10.2	10.1	10.7	10.9	6.0	5.3
Dec.	1.3	-9.1	17.7	20.0	15.4	11.3	11.8	6.1	10.0	9.9	10.5	10.1	5.8	5.2
2000 Jan.	1.3	-22.5	17.3	19.4	14.6	10.8	11.2	5.9	9.4	9.4	10.0	9.4	5.9	5.3
Feb.	1.6	-14.0	16.9	19.1	14.1	10.5	10.7	6.0	8.6	9.0	9.6	9.2	6.0	5.3
Mar.	1.5	-17.7	16.5	18.7	13.6	10.1	10.4	6.1	8.7	8.6	9.2	8.6	5.6	5.2
Apr.	1.7	11.4	16.1	18.3	13.2	9.8	10.0	6.2	8.5	8.2	8.9	8.8	5.7	5.2
May	2.1	36.2	15.9	18.1	12.9	9.5	9.8	6.6	8.0	8.0	8.6	9.0	5.7	5.2
June	2.1	-10.6	15.9	18.0	12.9	9.4	9.8	6.7	7.9	8.0	8.6	9.3	5.7	5.3
July	2.1	-5.0	15.8	18.1	12.9	9.4	9.7	6.6	8.0	7.9	8.6	9.0	6.1	5.3
Aug.	1.0	-11.5	15.6	17.9	12.6	9.3	9.5	6.6	7.8	7.8	8.4	8.8	6.5	5.7
Sept.	0.0	-2.8	15.2	17.7	12.3	9.1	9.3	6.5	7.6	7.9	8.2	8.6	6.0	5.8
Oct.	-0.1	21.7	15.1	17.4	12.0	8.8	9.0	6.7	7.4	7.2	7.9	8.6	6.1	5.6
Nov.	0.1	1.3	15.0	17.3	11.8	8.6	8.7	6.6	7.4	7.1	7.8	8.4	6.1	5.7
Dec.	0.0	-8.0	14.7	17.0	11.5	8.4	8.5	6.4	7.0	6.9	7.6	7.8	6.2	5.8
2001 Jan.	-0.1	11.8	14.6	16.8	11.3	8.2	8.3	5.8	6.9	6.7	7.4	7.6	6.1	5.6
Feb.	0.3	0.6	14.2	16.5	11.0	7.9	8.1	5.4	6.6	6.5	7.2	7.2	5.7	5.1
Mar.	0.7	13.3	14.0	16.3	10.8	7.7	7.8	5.0	6.4	6.3	7.1	7.1	5.4	5.2
Apr.	1.2	3.3	13.8	16.0	10.4	7.4	7.5	4.7	6.1	5.9	6.8	6.8	5.2	5.1
May		-9.9				7.3		4.1			6.6	6.6	5.0	
Jun		2.6				7.2		3.9			6.5	6.5	4.7	
Jul						7.2								

Source: Data provided by the Bank of Israel.

1/ All interest rates converted to annual terms at compounded interest.

2/ Includes basic interest rate, commitment fees and the higher interest charged for drawings in excess of approved ceiling.

3/ Includes interest on overdraft facilities.

4/ The base for interest on dollar loans is the euro expressed in dollar terms for three months.

5/ Monthly rates compounded annually.

Table 18. Israel: Interest Rates on Various Types of Credit and the Public's Assets, 1998-2000

	1998	1999	2000	1999				2000			
				I	II	III	IV	I	II	III	IV
Nominal interest rates (Annual rates in percent, before tax)											
<u>Credit</u>											
Short-term bank unindexed 1/											
Credit in domestic currency	14.6	14.5	11.6	15.6	14.7	14.1	13.7	12.6	11.7	11.4	10.8
Overdraft facilities	18.3	19.1	15.8	20.4	19.2	18.5	18.2	16.9	15.9	15.5	14.9
On-Call	13.7	14.0	10.7	15.4	14.1	13.5	13.1	11.8	10.8	10.5	9.7
Short-term bank cpi indexed											
Credit 2/	6.0	7.1	7.3	7.6	7.1	7.1	6.5	7.3	6.9	7.8	7.4
Foreign currency denominated and indexed credit	6.7	6.4	7.5	6.1	6.2	6.4	7.0	7.1	7.5	7.7	7.7
<u>Deposit</u>											
CDs	10.2	10.7	8.0	11.9	10.7	10.2	10.1	9.0	8.1	7.7	7.0
Time deposits	10.7	11.1	8.3	12.2	11.1	10.7	10.5	9.2	8.5	8.2	7.5
Bank of Israel Auction	12.6	13.0	9.8	14.3	13.0	12.5	12.2	10.9	10.0	9.6	8.8
Three-month treasury bills	11.9	12.0	9.0	13.2	12.1	11.6	11.3	9.6	9.2	9.0	8.4
Real actual interest rates											
<u>Credit</u>											
Short-term bank unindexed 1/											
Credit in domestic currency	7.3	12.9	11.4	14.2	9.7	9.6	18.1	9.2	10.9	11.6	13.8
Overdraft facilities	10.6	17.7	16.1	23.8	14.2	11.2	21.4	18.4	9.6	18.4	18.1
On-Call	6.2	12.7	11.0	18.7	9.3	6.5	16.2	13.2	4.8	13.2	12.8
Short-term bank cpi indexed											
Credit 2/	6.0	7.1	7.3	7.6	7.1	7.1	6.5	7.3	6.9	7.8	7.4
Foreign currency denominated and indexed credit	14.0	4.9	9.5	7.9	11.2	6.8	-6.3	9.1	2.7	12.1	14.2
<u>Deposit</u>											
CDs	3.0	9.4	8.3	15.2	6.1	3.4	13.0	10.4	2.2	10.4	10.0
Time deposits											
Bank of Israel Auction	5.2	11.7	10.1	17.6	8.4	5.5	15.2	12.3	4.0	12.4	11.9
Three-month treasury bills	4.8	10.4	8.8	11.8	7.2	7.2	15.6	6.3	8.4	9.2	11.3
Indexed 5 year government bond	5.1	5.6	6.0	5.6	5.4	5.6	5.9	5.9	5.7	6.2	6.2

Source: Data provided by the Bank of Israel.

1/ Credit with 1-3 months maturity.

2/ Up to one year maturity.

Table 19. Israel: Reserve Requirements on Deposits and Interest Brackets, 1994-2000

	Demand deposits	Time deposits		
	(In percent)			
	(November 2, 1991 to December 28, 1994)			
		1-6 days	1 week-3 months	Over 3 months
Reserve requirement				
Domestic holdings	8	8	6	4
Foreign holdings				
Percentage of reserve requirement on which interest is paid by the Bank of Israel	0	0	33.3	50
		(from December 29, 1994)		
		1-6 days	1 week-1 year	Over 1 year
Reserve requirement				
Domestic holdings	6	6	3	0
Foreign holdings	6	6	3	0
Percentage of reserve requirement on which interest is paid by the Bank of Israel	0	0	0	0

Source: Bank of Israel.

Table 20. Israel: Sources of Changes to the M3 Base, 1995-2000 1/

	1995	1996	1997	1998	1999	2000	1999				2000				2001
							I	II	III	IV	I	II	III	IV	I
(In millions of new sheqalim)															
Public sector injection 2/	2,841	5,926	1,234	1,901	4,067	-2,729	1,116	424	-1,995	4,522	-6,368	-5,586	3,507	5,720	-3229
Bank of Israel injection	-21,975	-7,607	-20,204	-2,664	-364	2,730	2,133	-2,236	943	-1,204	5,456	6,890	-3,453	-6,164	3,211
Monetary loans	-11,002	-3,052	469	-631	-12	-3	657	-300	-345	-24	31	-8	-36	10	-1,622
Open market operations	-3,061	-5,000	-27,500	-7,500	-8,700	-1,800	-200	-3,100	-1,700	-3,700	3,000	5,700	-4,000	-6,500	4,300
Total liquidity injection	-19,134	-1,681	-18,970	-763	3,703	1	3,249	-1,812	-1,052	3,318	-912	1,304	54	-444	-18
Net foreign currency purchases by private sector	-18,413	6,451	23,324	-1,004	-224	-311	155	-46	-182	-152	163	-200	-295	21	...
Additions to money base	-720	3,801	3,671	241	3,927	312	3,093	-1,766	-870	3,470	-1,075	1,504	349	-466	362

Source: Data provided by the Bank of Israel.

1/ Excluding changes resulting from the revaluation of government bonds and Patam deposits.

2/ Includes the injection of the Jewish Agency and interest payments on internal debt. Sale of tradable bonds is not considered as absorption.

Table 21. Israel: Factors Affecting the M3 Base, 1997-2000

	1997	1998	1999	2000
(In millions of new sheqalim; end of period)				
M3 base	16,363	16,619	20,554	20,871
Narrow money base 1/ Reserve requirements on Patam deposits	15,379	15,213	18,932	19,111
	984	1,406	1,622	1,760
(Real percentage increase during the period) 2/				
M3 base	20.4	-6.5	22.0	1.5
Narrow money base 1/ Reserve requirements on Patam deposits	-21.6	-8.9	22.8	0.9
	4.3	31.5	13.8	8.5
(In percent)				
Percent of increase in narrow liquid asset base due to:				
Revaluation increments	1.9	73.0	0.1	-13.3
Nonrevaluation increments	98.1	27.0	99.9	113.3
(In millions of new sheqalim; flows)				
<u>Memorandum items:</u>				
Increase in M3 base	3,658	256	3,934	317
<i>Of which:</i>				
Revaluation increments on Patam deposits' reserve requirements	69	187	5	-42
Nonrevaluation increments	3,589	69	3,929	359

Source: Data provided by the Bank of Israel.

1/ Currency held by public and liquid assets of banking institutions.

2/ Nominal rate deflated by consumer price index.

Table 22. Israel: The Israeli Capital Market, 2000

	Total	Shares 1/	Tradable bonds 2/	Indexed earmarked bonds	Treasury bills 2/	Other assets held by institutions
(In billions of new sheqalim; end of period)						
Institutions						
Provident funds	159.7	25.6	70.2	5.6	4.5	53.9
Old Pension funds	104.9	--	0.7	100.4	--	3.6
New Pension funds	7.5	--	1.5	5.1	--	1.0
Life insurance	70.9	5.2	13.8	28.0	--	23.9
Mutual funds 3/	45.3	9.2	19.0	--	9.6	7.4
Households and firms	106.7	85.4	9.6	--	11.7	--
Nonresidents	61.1	60.3	0.6	--	--	--
Banks	50.1	--	45.5	--	4.6	--
Total	606.1	185.8	160.9	139.0	30.6	89.8
(Real percentage change)						
Institutions						
Provident funds	2.9	2.2	1.2	-34.1	106.7	7.4
Old Pension funds	3.2	--	319.4	3.2	--	-14.2
New Pension funds	44.4	--	30.6	49.0	--	43.9
Life insurance	8.0	63.2	12.1	-8.7	--	22.8
Mutual funds 3/	28.0	-13.8	52.4	--	60.1	19.4
Households and firms	-7.1	7.4	-62.8	--	21.8	--
Nonresidents	15.6	16.2	-26.9	--	--	--
Banks	15.6	16.2	-26.9	--	--	--
Total	5.0	9.1	0.1	-0.6	18.4	11.2
Real change in price (in percent)	-0.2	-1.6	-0.2	0.1	--	0.1
Real change in quantity (in percent)	5.2	10.9	0.4	-0.6	18.4	11.1

Source: Data provided by the Bank of Israel.

1/ Excluding double counting and government-owned quoted companies.

2/ Excluding securities held by the Bank of Israel.

3/ Adjusted for provident funds' and nonresidents' holdings in mutual funds.

Table 23. Israel: Principal Stock Market Indicators, 1994–2000

	1994	1995	1996	1997	1998	1999	2000
	(In millions of 1996 new sheqalim)						
Private sector issues (excluding privatizations) 1/ 2/	5,795	1,698	1,117	5,932	5,690	2,303	5,100
Market value 2/	118,075	126,617	116,629	153,177	146,430	230,503	229,099
Volume of stock exchange trade 2/	90,262	30,209	25,617	46,134	48,889	74,105	98,177
	(In percent)						
Turnover ratio 3/	0.6	0.3	0.2	0.3	0.3	0.4	0.4
Real overall rate of return on all shares	-4.7	7.9	-1.1	27.2	-5.3	6.35	0.5

Sources: Data provided by the Bank of Israel; and Central Bureau of Statistics.

1/ Shares, convertible securities, and exercised options.

2/ Market value-end-of-year figures; volume of trade-on and off.

3/ Ratio of monthly volume of trade (on and off the floor) to average monthly market value of the stock of shares.

Table 24. Israel: Principal Bond Market Indicators, 1994–2000

	1994	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim, unless otherwise indicated)							
Market value of listed bonds							
Government	106,889	116,371	122,760	125,977	125,821	131,650	133,544
Corporate 1/	12,935	11,302	9,680	9,328	9,706	9,858	8,627
Total	119,824	127,673	132,440	135,305	135,527	141,508	142,171
<i>Of which:</i>							
Percentage held by:							
Public	24	26	26	27	24	23	17
Commercial banks	21	24	28	23	24	23	27
Social insurance funds	50	45	38	41	42	42	43
Bank of Israel	1.93	2.67	3.68	3.54	3.50	3.62	3.92
Volume of stock exchange trade							
Government	16,479	17,569	26,003	22,339	31,625	40,805	46,439
Corporate 1/	1,372	999	757	730	752	751	667
Total	17,851	18,568	26,760	23,069	32,378	41,557	47,106
Bank of Israel intervention 2/ (in percent)	1.8	2.9	3.0	1.3	1.1	1.3	1.1
Net issues of tradable bonds (issues less redemptions)							
Government	-3,553	5,934	1,685	-5,173	-1,973	-1,603	-7,183
Private 1/	-2,306	-2,968	-2,722	-2,330	-1,001	-118	-770
Total	-5,859	2,967	-1,037	-7,503	-2,974	-1,721	-7,953
Turnover 3/							
Government	0.16	0.17	0.23	0.18	0.27	0.32	0.35
Private 1/	0.10	0.09	0.08	0.08	0.09	0.08	0.07
Total	0.15	0.16	0.22	0.17	0.25	0.31	0.33
(In percent)							
Real overall rate of return							
CPI-indexed bonds	-3.8%	1.1%	2.7%	4.1%	-1.2%	3.4%	2.1%
Exchange-rate indexed bonds	-11.7%	1.2%	-0.4%	6.1%	12.0%	2.6%	3.0%
Nominal bonds	-3.6%	8.5%	5.8%	8.8%	2.7%	12.2%	12.0%

Sources: Data provided by the Bank of Israel; and Central Bureau of Statistics.

1/ Including public sector corporations.

2/ Ratio of the central bank's sales and purchases in the secondary market to total volume of stock exchange trade in bonds.

3/ Ratio of monthly volume of trade (on and off the floor) to market value of the stock of bonds. Calculated from monthly ratios.

Table 25. Israel: Institutional Investor Indicators, 1994–2000

	1994	1995	1996	1997	1998	1999	2000
Mutual funds							
Total assets (in NIS billions)	23	17	13	19	20	30	39
Real annual rate of return (in percent)	-29.0	2.5	-2.9	15.6	1.4	23.5	4.4
Percent of total tradable assets:							
Bonds	0.09	0.05	0.05	0.06	0.07	0.08	0.12
Stocks	0.09	0.06	0.05	0.05	0.04	0.04	0.04
Provident funds							
Total assets (in NIS billions)	123	121	110	120	120	132	136
Growth rate of total assets (in percent)	26.2	-1.6	-9.1	9.1	0.0	10.0	3.0
Real annual rate of return (in percent)	-8.3	3.0	1.4	6.7	1.2	8.6	3.0
Percent of total tradable assets:							
Tradable government bonds	50.7	43.4	35.8	39.7	39.6	40.0	41.1
Corporate bonds	62.1	56.6	59.0	61.3	62.5	63.4	54.4
Stock	11.6	10.7	9.7	9.7	10.1	9.2	9.5
Treasury bills	6.9	18.6	11.2	24.3	16.8	12.0	17.1
Pension funds' assets (in NIS billions)	68	74	77	84	85	91	95

Sources: Data provided by the Bank of Israel; and Central Bureau of Statistics.

Table 26. Israel: State Budget Balance and Financing, 1994-2000

	1994	1995	1996	1997	1998	1999 Budget	2000 Budget
(In millions of new sheqalim)							
Total revenue	90,120	104,637	116,648	132,770	142,258	158,258	165,777
Total expenditure	103,411	120,516	141,099	153,591	163,525	178,056	188,927
Budget balance before foreign grants	-13,291	-15,879	-24,451	-20,821	-21,268	-19,798	-23,150
Foreign grants	8,018	5,126	12,985	11,387	12,572	11,808	12,260
Budget balance after foreign grants	-5,273	-10,753	-11,466	-9,434	-8,696	-7,990	-10,890
Total financing	5,273	10,753	11,466	9,434	8,696	7,990	10,890
Foreign (net)	86	3,912	3,450	-1,562	-1,494	884	1,695
Gross	5,489	9,397	9,486	4,542	4,973	9,676	10,076
Repayment	5,403	5,485	6,036	6,104	6,468	8,792	8,381
Domestic (net)	5,187	6,841	8,016	10,996	10,190	7,106	9,195
Nonbank borrowing (net)	-323	6,440	7,923	784	3,995	2,623	5,244
Gross	20,358	24,206	34,006	28,043	35,689	32,495	38,442
Repayment	20,681	17,766	26,083	27,259	31,694	29,872	33,198
Bank of Israel credit (net)	4,242	-1,405	765	10	472	0	0
Sale of assets	703	1,798	349	8,467	5,094	4,590	3,500
Lending (net) (-)	564	181	-807	1,757	1,260	-97	1,521
Gross (-)	-2,825	-3,555	-4,507	-3,610	-3,467	-5,244	-5,249
Of which: housing (-)	-2,334	-2,797	3,264	-2,845	-2,725	-4,194	-4,346
Repayment	3,389	3,736	3,699	5,367	4,728	5,147	6,770
Residual	1	-173		-23	-632	-10	-1,070
<u>Memorandum items:</u>							
Primary balance	8,731	4,906	6,472	10,236	12,905	12,306	11,959
Current balance	932	-4,467	-3,989	-2,613	-1,608	8,305	3,265
Domestic balance	-4,372	-8,529	-13,952	-10,654	-11,142	-10,550	-13,535
Foreign balance	-901	-2,224	2,486	1,220	2,447	2,560	2,645
(In percent of GDP)							
Total revenue	39.9	39.6	37.6	37.9	37.2	37.9	36.9
Total expenditure	45.7	45.6	45.5	43.9	42.7	42.7	42.0
Budget balance before foreign grants	-5.9	-6.0	-7.9	-5.9	-5.6	-4.7	-5.1
Foreign grants	3.5	1.9	4.2	3.3	3.3	2.8	2.7
Budget balance after foreign grants	-2.3	-4.1	-3.7	-2.7	-2.3	-1.9	-2.4
Total financing	2.3	4.1	3.7	2.7	2.3	1.9	2.4
Foreign (net)	0.0	1.5	1.1	-0.4	-0.4	0.2	0.4
Gross	2.4	3.6	3.1	1.3	1.3	2.3	2.2
Repayment	2.4	2.1	1.9	1.7	1.7	2.1	1.9
Domestic (net)	2.3	2.6	2.6	3.1	2.7	1.7	2.0
Nonbank borrowing (net)	-0.1	2.4	2.6	0.2	1.0	0.6	1.2
Gross	9.0	9.2	11.0	8.0	9.3	7.8	8.5
Repayment	9.1	6.7	8.4	7.8	8.3	7.2	7.4
Bank of Israel credit (net)	1.9	-0.5	0.2	0.0	0.1	0.0	0.0
Sale of assets	0.3	0.7	0.1	2.4	1.3	1.1	0.8
Lending (net) (-)	0.2	0.1	-0.3	0.5	0.3	0.0	0.3
Gross (-)	-1.2	-1.3	-1.5	-1.0	-0.9	-1.3	-1.2
Of which: housing (-)	-1.0	-1.1	1.1	-0.8	-0.7	-1.0	-1.0
Repayment	1.5	1.4	1.2	1.5	1.2	1.2	1.5
<u>Memorandum items:</u>							
Primary balance	3.9	1.9	2.1	2.9	3.4	2.9	2.7
Current balance	0.4	-1.7	-1.3	-0.7	-0.4	2.0	0.7
Domestic balance	-1.9	-3.2	-4.5	-3.0	-2.9	-2.5	-3.0
Foreign balance	-0.4	-0.8	0.8	0.3	0.6	0.6	0.6

Source: Data provided by the Ministry of Finance.

Table 27. Israel: State Budget Revenue, 1994-2000

	1994	1995	1996	1997	1998	1999 Budget	2000 Budget
(In millions of new sheqalim)							
Total tax revenue	72,650	82,819	93,941	106,536	114,560	126,460	132,870
Taxes on income and profits	33,302	37,832	42,421	49,897	54,207	59,681	61,780
Companies	9,121	9,082	9,597	12,522	12,817	13,100	14,000
Individuals	24,181	28,750	32,824	37,375	41,390	45,200	47,780
Wage & salary	18,691	22,247	26,175	30,154	33,390	36,950	38,730
Self-employed	5,490	6,503	6,649	7,221	8,000	8,250	9,050
Payroll tax (nonprofit)	697	914	1,265	948	1,343	1,130	1,240
Taxes on property	3,299	3,622	3,634	2,935	2,847	3,240	3,760
Real-estate purchase tax	1,474	1,549	1,574	1,357	1,349	1,460	2,130
Land betterment tax	1,136	1,287	1,149	889	914	970	1,240
Property tax	689	786	911	689	584	810	390
Taxes on goods and services	34,759	40,203	45,825	51,594	56,162	60,609	65,410
VAT	24,313	28,938	32,506	37,135	39,962	42,170	46,320
Domestic expenditure & civilian imports	20,567	24,217	27,872	30,816	33,134	35,530	38,570
Nonprofit entities	2,634	3,257	2,865	4,501	4,910	5,050	5,400
Financial institutions	687	836	874	999	1,050	1,380	1,190
Defense imports	425	628	895	819	868	210	1,160
Excises	3,821	4,196	5,647	6,556	6,960	7,360	8,440
Fuel	2,715	3,110	4,159	4,959	5,238	5,650	6,570
Tobacco	565	586	737	848	940	910	1,010
Stamp	541	500	751	749	782	800	860
Purchase tax	6,625	7,069	7,672	7,903	8,069	8,610	9,310
Domestic	654	705	718	742	754	530	860
Imports	5,970	6,364	6,954	7,161	7,315	8,080	8,450
Customs duties	845	970	1,060	1,162	1,171	1,180	1,340
Adjustment to budget frame	-252	-722	-264	0	0	0	0
Total nontax revenue	17,470	21,818	22,707	26,234	27,698	31,798	32,907
Interest	1,709	2,914	2,465	2,556	2,823	3,540	3,490
Domestic	1,528	1,973	2,224	2,263	2,487	2,828	2,660
Foreign	181	941	241	293	336	712	830
Loans from National Insurance Institute	4,750	4,965	5,370	5,785	5,550	6,320	5,490
Fees, royalties, pension provisions, & misc.	3,011	4,875	5,618	7,758	11,176	12,571	13,223
Income from Israel Land Administration	1,808	1,643	1,715	975	1,003	1,201	1,050
Revenue for revenue-dependent expenditure	6,192	7,421	7,539	9,161	7,146	8,167	9,654
Total revenue	90,120	104,637	116,648	132,770	142,258	158,258	165,777
Foreign grants	8,018	5,126	12,985	11,387	12,572	11,808	12,260
Total revenue and grants	98,138	109,763	129,633	144,157	154,830	170,066	178,037
Memorandum items:							
Domestic revenue	89,079	101,923	113,749	129,020	136,905	151,425	157,091
Foreign revenue and grants	9,059	7,840	15,884	15,137	17,925	18,641	20,946
(In percent of GDP)							
Total tax revenue	32.1	31.3	30.3	30.4	29.9	30.3	29.5
Taxes on income and profits	14.7	14.3	13.7	14.3	14.2	14.3	13.7
Companies	4.0	3.4	3.1	3.6	3.3	3.1	3.1
Individuals	10.7	10.9	10.6	10.7	10.8	10.8	10.6
Payroll tax (nonprofit)	0.3	0.3	0.4	0.3	0.4	0.3	0.3
Taxes on property	1.5	1.4	1.2	0.8	0.7	0.8	0.8
Taxes on goods and services	15.4	15.2	14.8	14.7	14.7	14.5	14.5
VAT	10.8	10.9	10.5	10.6	10.4	10.1	10.3
Excises	1.7	1.6	1.8	1.9	1.8	1.8	1.9
Purchase tax	2.9	2.7	2.5	2.3	2.1	2.1	2.1
Customs duties	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Adjustment to budget frame	-0.1	-0.3	-0.1	0.0	0.0	0.0	0.0
Total nontax revenue	7.7	8.3	7.3	7.5	7.2	7.6	7.3
Total revenue	39.9	39.6	37.6	37.9	37.2	37.9	36.9
Foreign grants	3.5	1.9	4.2	3.3	3.3	2.8	2.7
Total revenue and grants	43.4	41.5	41.8	41.2	40.4	40.7	39.6
Memorandum items:							
Domestic revenue	39.4	38.6	36.6	36.9	35.8	36.3	34.9
Foreign revenue and grants	4.0	3.0	5.1	4.3	4.7	4.5	4.7

Sources: Data provided by the Ministry of Finance.

Table 28. Israel: State Budget Expenditure (Economic Classification), 1994-2000

	1994	1995	1996	1997	1998	1999 Budget	2000 Budget
(In millions of new sheqalim)							
Current expenditure	97,206	114,230	133,622	146,771	156,438	161,761	174,772
Wages	20,937	25,494	29,576	32,503	32,874	33,943	38,454
<i>Of which: defense</i>	8,036	9,475	10,629	11,216	12,921	12,860	14,746
Goods and services	21,641	24,873	28,685	31,452	33,398	33,230	36,890
<i>Of which: defense</i>	13,332	15,530	17,369	19,675	21,854	21,072	22,782
Interest	15,713	18,573	20,403	22,226	24,424	23,836	26,339
Domestic	11,098	13,739	14,425	16,736	18,550	18,131	19,883
Foreign	4,615	4,834	5,978	5,490	5,874	5,705	6,456
Subsidies and transfers	36,579	42,471	51,729	56,819	61,420	66,011	67,994
Subsidies	4,595	4,982	5,156	5,268	4,989	5,544	5,870
Nonexport	1,524	1,572	1,771	1,613	1,478	1,448	1,842
Export	86	0	0	0	0	0	0
Investment grants	2,985	3,410	3,385	3,656	3,511	4,096	4,028
Transfers	31,984	37,489	46,572	51,550	56,431	60,468	62,124
To local authorities	4,605	5,780	7,072	8,490	8,653	9,059	8,735
To National Insurance Institute	12,711	15,260	17,830	14,289	15,178	16,684	18,134
To nonprofit institutions	13,168	14,678	19,691	25,466	29,106	32,118	33,782
To defense	1,500	1,771	1,980	3,306	3,494	2,606	1,474
Repayment to National Insurance Institute	2,336	2,819	3,230	3,772	4,323	4,741	5,095
Capital expenditure	6,205	6,286	7,477	6,820	7,087	9,164	9,743
<i>Of which: housing</i>	1,863	1,843	2,139	1,771	1,813	2,076	2,367
Reserve	--	--	--	--	0	7,131	4,412
Total expenditure	103,411	120,516	141,099	153,591	163,525	178,056	188,927
<u>Memorandum items:</u>							
Domestic expenditure	93,451	110,452	127,701	139,674	148,047	161,975	170,626
Foreign expenditure	9,960	10,064	13,398	13,917	15,478	16,081	18,301
(In percent of GDP)							
Current expenditure	43.0	43.2	43.0	41.9	40.9	38.8	38.9
Wages	9.3	9.6	9.5	9.3	8.6	8.1	8.5
Goods and services	9.6	9.4	9.2	9.0	8.7	8.0	8.2
Interest	6.9	7.0	6.6	6.3	6.4	5.7	5.9
Domestic	4.9	5.2	4.6	4.8	4.8	4.3	4.4
Foreign	2.0	1.8	1.9	1.6	1.5	1.4	1.4
Subsidies and transfers	16.2	16.1	16.7	16.2	16.0	15.8	15.1
Repayment to National Insurance Institute	1.0	1.1	1.0	1.1	1.1	1.1	1.1
Capital expenditure	2.7	2.4	2.4	1.9	1.9	2.2	2.2
<i>Of which: housing</i>	0.8	0.7	0.7	0.5	0.5	0.5	0.5
Reserve	--	--	--	--	0.0	1.7	1.0
Total expenditure	45.7	45.6	45.5	43.9	42.7	42.7	42.0
<u>Memorandum items:</u>							
Domestic expenditure	41.3	41.8	41.1	39.9	38.7	38.8	37.9
Foreign expenditure	4.4	3.8	4.3	4.0	4.0	3.9	4.1

Sources: Data provided by the Ministry of Finance.

Table 29. Israel: State Budget Expenditure (Functional Classification), 1994-2000

	1994	1995	1996	1997	1998	1999 Budget	2000 Budget
(In millions of new sheqalim)							
General public service	7,594	9,657	11,763	13,072	14,696	15,731	17,641
General administration	5,135	6,626	8,242	9,219	10,467	10,466	11,748
Public order	2,459	3,031	3,521	3,853	4,229	5,265	5,893
Defense	22,050	26,926	30,852	34,410	37,909	36,426	39,138
Education	13,564	15,661	20,211	22,295	23,769	26,258	28,013
<i>Of which:</i> Universities	2,383	2,747	3,649	3,889	4,011	4,782	5,250
Health	6,146	6,828	8,802	15,190	14,951	15,031	16,088
Labor and welfare	15,469	18,636	21,891	18,827	19,144	21,008	22,834
Other social services	10,056	10,707	12,389	11,493	11,595	14,188	15,039
<i>Of which:</i> Housing	7,898	8,173	9,226	8,130	7,985	10,186	10,799
Immigrant absorption	1,244	1,241	1,377	1,424	1,536	1,752	1,945
Economic services	7,289	8,717	9,792	9,907	9,860	12,115	12,826
General	545	698	731	725	814	776	879
Agricultural	732	971	1,399	1,131	1,052	1,257	1,321
Manufacturing	2,460	3,075	3,290	3,465	3,329	4,039	3,926
Water and energy	772	824	726	997	1,073	1,334	1,347
Transport and communications	1,960	2,025	2,181	2,376	2,780	3,098	3,795
Other	821	1,124	1,465	1,214	812	1,611	1,558
Unallocable and other functions	17,713	20,392	22,980	22,869	26,019	32,657	31,781
Interest	15,910	18,574	20,403	22,226	24,424	23,836	26,339
Interest and loan subsidy	420	365	297	189	139	29	41
Subsidy for basic products	1,725	1,633	1,839	1,803	1,675	1,946	2,377
Export market development	86	0	0	--	0	0	0
General transfers	2,961	3,556	4,142	4,018	4,510	4,577	4,294
Reserves	0	0	0	--	0	7,417	4,449
Repayment of loans (-)	-3,389	-3,736	-3,699	-5,367	-4,728	-5,147	-5,720
Total expenditure and net lending	99,881	117,524	138,680	148,064	157,943	173,413	183,361
(Percent of GDP)							
General public service	3.4	3.7	3.8	3.7	3.8	3.8	3.9
Defense	9.8	10.2	9.9	9.8	9.9	8.7	8.7
Education	6.0	5.9	6.5	6.4	6.2	6.3	6.2
Health	2.7	2.6	2.8	4.3	3.9	3.6	3.6
Labor and welfare	6.8	7.1	7.1	5.4	5.0	5.0	5.1
Other social services	4.4	4.1	4.0	3.3	3.0	3.4	3.3
<i>Of which:</i> Housing	3.5	3.1	3.0	2.3	2.1	2.4	2.4
Immigrant absorption	0.6	0.5	0.4	0.4	0.4	0.4	0.4
Economic services	3.2	3.3	3.2	2.8	2.6	2.9	2.9
Unallocable and other functions	7.8	7.7	7.4	6.5	6.8	7.8	7.1
Interest	7.0	7.0	6.6	6.3	6.4	5.7	5.9
Interest and loan subsidy	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Subsidy for basic products	0.8	0.6	0.6	0.5	0.4	0.5	0.5
Export market development	0.0	0.0	0.0	--	0.0	0.0	0.0
General transfers	1.3	1.3	1.3	1.1	1.2	1.1	1.0
Reserves	0.0	0.0	0.0	--	0.0	1.8	1.0
Repayment of loans (-)	-1.5	-1.4	-1.2	-1.5	-1.2	-1.2	-1.3
Total expenditure and net lending	44.2	44.5	44.7	42.3	41.3	41.5	40.8

Source: Data provided by the Ministry of Finance.

Table 30. Israel: General Government Balance and Financing (National Accounts), 1994-2000

	1994	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim)							
Total receipts (including foreign receipts)	117,229	136,670	153,523	173,050	192,042	203,853	228,702
Total expenditure (including foreign expenditure)	124,565	148,336	172,127	189,027	206,517	223,998	237,814
Overall balance	-7,336	-11,666	-18,604	-15,977	-14,475	-20,145	-9,112
Total financing	7,336	11,666	18,604	15,977	14,475	20,145	9,112
Change in monetary base	1,903	-720	3,801	3,671	241	3,927	312
Foreign borrowing (net)	-2,372	-15,018	-2,975	-29,111	-9,523	-4,233	-835
Domestic borrowing (net)	1,823	23,976	21,228	38,739	19,922	22,951	7,050
Through government (net)	1,158	8,587	7,847	7,719	10,307	8,579	2,128
Through Bank of Israel (net)	-1,191	14,446	13,029	24,670	5,540	12,945	2,024
Sale of assets	696	1,075	352	6,350	4,075	1,427	2,898
Residual 1/	5,286	2,353	-3,802	-3,672	-240	-3,927	-313
Memorandum items:							
Current balance (net saving)	-2,550	-5,859	-11,323	-9,504	-9,690	-15,340	-5,870
Current balance + depreciation (gross saving)	315	-2,614	-7,568	-5,379	-5,186	-10,463	-576
Domestic balance	-8,947	-13,524	-22,030	-20,479	-19,998	-23,540	-13,063
Foreign balance	1,611	1,858	3,426	4,502	5,524	3,395	3,951
(In percent of GDP)							
Total receipts (including foreign receipts)	51.8	51.7	49.5	49.4	50.2	48.8	50.8
Total expenditure (including foreign expenditure)	55.1	56.1	55.4	54.0	53.9	53.7	52.9
Overall balance	-3.2	-4.4	-6.0	-4.6	-3.8	-4.8	-2.0
Total financing	3.2	4.4	6.0	4.6	3.8	4.8	2.0
Change in monetary base	0.8	-0.3	1.2	1.0	0.1	0.9	0.1
Foreign borrowing (net)	-1.0	-5.7	-1.0	-8.3	-2.5	-1.0	-0.2
Domestic borrowing (net)	0.8	9.1	6.8	11.1	5.2	5.5	1.6
Through government (net)	0.5	3.2	2.5	2.2	2.7	2.1	0.5
Through Bank of Israel (net)	-0.5	5.5	4.2	7.0	1.4	3.1	0.4
Sale of assets	0.3	0.4	0.1	1.8	1.1	0.3	0.6
Residual	2.3	0.9	-1.2	-1.0	-0.1	-0.9	-0.1
Memorandum items:							
Current balance (net saving)	-1.1	-2.2	-3.6	-2.7	-2.5	-3.7	-1.3
Current balance + depreciation (gross saving)	0.1	-1.0	-2.4	-1.5	-1.4	-2.5	-0.1
Domestic balance	-4.0	-5.1	-7.1	-5.9	-5.2	-5.6	-2.9
Foreign balance	0.7	0.7	1.1	1.3	1.4	0.8	0.9

Sources: Bank of Israel; and revised BCS data from February 2001.

1/ The deficit is calculated on the basis of flows rather than on a cash basis, so there are timing discrepancies between certain items. The financing of the deficit relates to the central government and not the rest of the public sector.

Table 31. Israel: General Government Receipts (National Accounts), 1994-2000

	1994	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim)							
Total domestic receipts	105,109	124,490	138,870	156,014	171,711	181,952	206,208
Current receipts	95,635	113,918	127,336	144,120	157,779	167,963	190,768
Taxes and fees	89,626	105,892	118,623	136,705	148,149	161,918	184,450
Indirect taxes	44,957	52,327	59,560	65,566	70,574	77,646	82,268
Domestic production	31,431	36,839	43,779	49,651	53,749	58,553	60,658
Civilian imports	13,526	15,488	15,781	15,915	16,825	19,093	21,610
Direct taxes and fees	34,105	38,607	41,653	50,625	54,962	59,508	74,589
National insurance income 1/	10,564	14,958	17,410	20,514	22,613	24,764	27,593
Transfer payments	3,530	4,433	5,125	5,643	6,033	6,464	6,869
Of which: imputed pensions	3,036	3,850	4,456	4,886	5,243	5,595	5,932
Property income/tax	2,479	3,593	3,588	1,772	3,597	-419	-551
Capital receipts	9,474	10,572	11,534	11,894	13,932	13,989	15,440
Transfer payments	6,609	7,327	7,779	7,770	9,428	9,112	10,146
Depreciation	2,865	3,245	3,755	4,124	4,504	4,877	5,294
Total foreign receipts	12,120	12,180	14,653	17,036	20,332	21,901	22,494
Current receipts	11,561	11,575	14,021	16,428	19,606	21,199	21,745
Interest	671	1,386	1,554	2,707	4,012	4,205	4,460
Transfer payments	10,890	10,189	12,467	13,721	15,594	16,994	17,285
Intergovernmental	8,894	7,978	10,014	11,283	12,658	13,958	13,137
National and nonprofit institutions	1,996	2,211	2,453	2,438	2,936	3,036	4,148
Capital receipts	559	605	632	608	726	702	749
Total receipts	117,229	136,670	153,523	173,050	192,043	203,853	228,702
(In percent of GDP)							
Total domestic receipts	46.5	47.1	44.7	44.6	44.9	43.6	45.8
Current receipts	42.3	43.1	41.0	41.2	41.2	40.2	42.4
Taxes and fees	39.6	40.1	38.2	39.1	38.7	38.8	41.0
Indirect taxes	19.9	19.8	19.2	18.7	18.4	18.6	18.3
Domestic production	13.9	13.9	14.1	14.2	14.0	14.0	13.5
Civilian imports	6.0	5.9	5.1	4.5	4.4	4.6	4.8
Direct taxes and fees	15.1	14.6	13.4	14.5	14.4	14.3	16.6
National insurance income 1/	4.7	5.7	5.6	5.9	5.9	5.9	6.1
Transfer payments	1.6	1.7	1.7	1.6	1.6	1.5	1.5
Of which: Imputed pensions	1.3	1.5	1.4	1.4	1.4	1.3	1.3
Property income/tax	1.1	1.4	1.2	0.5	0.9	-0.1	-0.1
Capital receipts	4.2	4.0	3.7	3.4	3.6	3.4	3.4
Transfer payments	2.9	2.8	2.5	2.2	2.5	2.2	2.3
Depreciation	1.3	1.2	1.2	1.2	1.2	1.2	1.2
Total foreign receipts	5.4	4.6	4.7	4.9	5.3	5.2	5.0
Current receipts	5.1	4.4	4.5	4.7	5.1	5.1	4.8
Interest	0.3	0.5	0.5	0.8	1.0	1.0	1.0
Transfer payments	4.8	3.9	4.0	3.9	4.1	4.1	3.8
Intergovernmental	3.9	3.0	3.2	3.2	3.3	3.3	2.9
National and nonprofit institutions	0.9	0.8	0.8	0.7	0.8	0.7	0.9
Capital receipts	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total receipts	51.8	51.7	49.5	49.4	50.2	48.8	50.8

Sources: Bank of Israel; and revised BCS data from February 2001.

1/ Figures from 1995 onward include revenue from the health tax.

Table 32. Israel: General Government Expenditure (National Accounts), 1994-2000

	1994	1995	1996	1997	1998	1999	2000
(In millions of new sheqalim)							
Total domestic expenditure	114,056	138,014	160,717	176,441	191,659	205,454	219,258
Current expenditure	99,237	121,030	141,453	157,517	172,266	185,997	199,840
Civilian 1/	40,989	53,823	62,849	69,414	75,627	82,205	88,388
Defense	16,979	19,224	23,061	25,026	26,760	28,553	30,220
Transfer payments	25,937	31,597	38,122	43,728	48,789	53,701	58,588
Subsidies	4,300	3,698	3,468	3,294	3,335	3,429	3,660
Credit	418	363	295	189	138	42	63
Other	3,882	3,335	3,173	3,105	3,197	3,387	3,597
Interest	11,032	12,688	13,953	16,055	17,755	18,109	18,984
Capital expenditure	14,819	16,984	19,264	18,924	19,393	19,457	19,418
Investment	8,075	9,626	11,384	11,931	13,043	12,064	12,412
Capital grants	6,744	7,358	7,880	6,993	6,350	7,393	7,006
Total foreign (current) expenditure	10,509	10,322	11,227	12,534	14,808	18,506	18,543
Defense imports	5,321	4,703	5,022	5,727	6,824	8,210	7,539
Interest	4,564	4,980	5,412	5,908	6,896	9,090	9,938
Other	624	639	793	899	1,088	1,206	1,066
Total expenditure	124,565	148,336	171,944	188,975	206,467	223,960	237,801
(In percent of GDP)							
Total domestic expenditure	50.4	52.2	51.8	50.4	50.1	49.2	48.7
Current expenditure	43.9	45.8	45.6	45.0	45.0	44.6	44.4
Civilian 1/	18.1	20.4	20.2	19.8	19.8	19.7	19.6
Defense	7.5	7.3	7.4	7.1	7.0	6.8	6.7
Transfer payments	11.5	12.0	12.3	12.5	12.7	12.9	13.0
Subsidies	1.9	1.4	1.1	0.9	0.9	0.8	0.8
Credit	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Other	1.7	1.3	1.0	0.9	0.8	0.8	0.8
Interest	4.9	4.8	4.5	4.6	4.6	4.3	4.2
Capital expenditure	6.6	6.4	6.2	5.4	5.1	4.7	4.3
Investment	3.6	3.6	3.7	3.4	3.4	2.9	2.8
Capital grants	3.0	2.8	2.5	2.0	1.7	1.8	1.6
Total foreign (current) expenditure	4.6	3.9	3.6	3.6	3.9	4.4	4.1
Defense imports	2.4	1.8	1.6	1.6	1.8	2.0	1.7
Interest	2.0	1.9	1.7	1.7	1.8	2.2	2.2
Other	0.3	0.2	0.3	0.3	0.3	0.3	0.2
Total expenditure	55.1	56.1	55.4	54.0	53.9	53.7	52.9

Sources: Bank of Israel; and revised BCS data from February 2001.

1/ Figures from 1995 onward include expenditure arising from the Health Law.

Table 33. Israel: Structure of General Government Finances (National Accounts), 1994-99

	1994	1995	1996	1997	1998	1999
(In millions of new sheqalim)						
Receipts from the public	117,990	137,814	158,094	175,716	196,672	207,678
Central government	93,834	106,816	121,296	134,278	150,136	157,766
National Insurance Institute	10,630	15,036	18,039	20,981	23,420	25,421
National institutions	1,550	1,640	1,400	1,332	1,568	1,271
Local authorities	9,012	10,824	13,238	14,821	16,653	17,684
Public nonprofit associations	2,964	3,498	4,121	4,304	4,895	5,536
Expenditure on the public	119,842	145,626	175,868	189,632	210,303	227,388
Central government	72,131	83,326	98,192	104,760	114,641	125,375
National Insurance Institute	16,290	19,941	24,629	28,206	32,430	35,271
National institutions	1,978	2,228	1,930	1,970	2,028	1,915
Local authorities	15,586	18,866	22,890	24,140	27,660	28,204
Public nonprofit associations	13,857	21,265	28,227	30,556	33,544	36,623
Unilateral transfers to general government entities	0	0	0	0	0	0
Central government	25,223	31,947	41,733	44,985	49,453	53,241
National Insurance Institute	-7,657	-7,305	-8,383	-9,380	-10,475	-11,539
National institutions	26	67	98	138	82	140
Local authorities	-5,353	-5,952	-7,652	-8,032	-8,978	-9,567
Public nonprofit associations	-12,239	-18,757	-25,796	-27,711	-30,083	-32,275
Overall balance	-1,852	-7,812	-17,774	-13,916	-13,631	-19,710
Central government	-3,520	-8,457	-18,629	-15,467	-13,958	-20,850
National Insurance Institute	1,997	2,400	1,793	2,155	1,465	1,689
National institutions	-454	-655	-628	-776	-542	-784
Local authorities	-1,221	-2,090	-2,000	-1,287	-2,029	-953
Public nonprofit associations	1,346	990	1,690	1,459	1,434	1,188
(In percent of GDP)						
Receipts from the public	52.2	52.9	52.1	50.2	51.4	49.8
Central government	41.5	41.0	40.0	38.4	39.2	37.8
National Insurance Institute	4.7	5.8	5.9	6.0	6.1	6.1
National institutions	0.7	0.6	0.5	0.4	0.4	0.3
Local authorities	4.0	4.2	4.4	4.2	4.4	4.2
Public nonprofit associations	1.3	1.3	1.4	1.2	1.3	1.3
Expenditure on the public	53.0	55.9	57.9	54.2	54.9	54.5
Central government	31.9	32.0	32.3	29.9	29.9	30.0
National Insurance Institute	7.2	7.6	8.1	8.1	8.5	8.4
National institutions	0.9	0.9	0.6	0.6	0.5	0.5
Local authorities	6.9	7.2	7.5	6.9	7.2	6.8
Public nonprofit associations	6.1	8.2	9.3	8.7	8.8	8.8
Unilateral transfers to general government entities	0.0	0.0	0.0	0.0	0.0	0.0
Central government	11.2	12.3	13.7	12.9	12.9	12.8
National Insurance Institute	-3.4	-2.8	-2.8	-2.7	-2.7	-2.8
National institutions	0.0	0.0	0.0	0.0	0.0	0.0
Local authorities	-2.4	-2.3	-2.5	-2.3	-2.3	-2.3
Public nonprofit associations	-5.4	-7.2	-8.5	-7.9	-7.9	-7.7
Overall balance	-0.8	-3.0	-5.9	-4.0	-3.6	-4.7
Central government	-1.6	-3.2	-6.1	-4.4	-3.6	-5.0
National Insurance Institute	0.9	0.9	0.6	0.6	0.4	0.4
National institutions	-0.2	-0.3	-0.2	-0.2	-0.1	-0.2
Local authorities	-0.5	-0.8	-0.7	-0.4	-0.5	-0.2
Public nonprofit associations	0.6	0.4	0.6	0.4	0.4	0.3

Source: Bank of Israel; and revised BCS data from March 2000.

Table 34. Israel: Privatization 1/
(1997 to June 30, 2000)

	Total capital raised	Percentage sold 2/	Percentage held by the State after sale
(In millions of U.S. dollars)			
1997:			
Bezeq (Telecommunications)	47.0	2.5	73.5
Israel Chemicals	198.0	17.0	31.5
Bank Hapoalim	1,368.0	43.0	33.6
Total	1,613.0		
1998:			
Bezeq (Telecommunications)	461.7	19.2	54.3
Weed Extermination Company	1.8	84.0	--
Bank Hapoalim	198.0	9.4	24.3
Israel Chemicals	299.5	30.7	2.2
Total	961.0		
1999:			
Israel Chemicals	7.0	0.6	1.6
Shikon Ovdim (Construction)	4.3	1.8	--
Yozma Euro Fund	8.8	40.0	--
Bank Leumi	85.6	4.0	43.6
Bank Hapoalim	236.6	6.6	17.7
Bank Igud	39.3	19.5	--
Total	381.6		
2000 (1-6):			
Yozma Ventax Fund	8.8	40.0	--
Bank Leumi	40.6	1.8	41.7
Bank Hapoalim	579.3	17.3	--
Israel Chemicals	20.5	1.5	0.1
Total	649.2		

Source: Government Companies Authority.

1/ The conversion to U.S. dollars was done using the exchange rate for the date of sale.

2/ The "percentage sold" figure refers to the percentage sold prior to the exercise of the associated option.

Table 35. Israel: Currency Basket of the Israeli Sheqel, 1994–2000

	Percentage distribution of currencies on the basis of market rates on:				
	1994	1995	1996	1997	1998
	Dec. 31	Dec. 31	Dec. 31	Dec. 31	Dec. 31
U.S. dollar	0.5381	0.5583	0.6028	0.6296	0.6151
Pound sterling	0.0939	0.0819	0.0895	0.0909	0.0894
Deutschmark	0.2419	0.2424	0.2070	0.1870	0.1954
Japanese yen	0.0692	0.0597	0.0505	0.0469	0.0525
French franc	0.0569	0.0577	0.0502	0.0457	0.0476

	Percentage distribution of currencies on the basis of market rates on:		
	1999	2000	2001
	Dec. 31	Dec. 31	Apr. 30
U.S. dollar	0.6343	0.6487	0.6601
Pound sterling	0.0896	0.0655	0.0640
Euro	0.2159	0.2248	0.2181
Japanese yen	0.0602	0.0610	0.0577

Sources: IMF, *International Financial Statistics*; and data provided by the Bank of Israel.

Table 36. Israel: Exchange Rate Developments, 1995-2000
(Index number 1986 = 100; period averages)

	U.S.dollar/ sheqel	Pound sterling/ sheqel	Deutsche mark/ sheqel	Japanese yen/ sheqel	French franc/ sheqel	Currency basket
1995	202.4	217.8	304.7	361.2	280.2	231.4
1996	214.3	228.4	307.3	329.0	289.3	239.5
1997	231.9	259.2	288.6	320.9	274.5	249.9
1998	255.5	288.7	314.4	328.7	300.2	274.0
1999	278.4	307.3	327.3	411.6	312.4	296.8
2000	274.1	283.1	279.2	424.8	266.6	282.6
1995						
I	201.6	217.6	294.2	350.4	269.7	227.7
II	200.5	218.3	309.3	395.9	281.4	232.7
III	202.1	216.9	304.5	360.4	282.1	231.3
IV	205.5	218.6	311.5	338.0	288.0	234.2
1996						
I	209.3	218.7	307.7	330.5	287.3	235.6
II	217.0	225.5	307.2	337.4	290.3	241.4
III	212.6	225.4	306.4	325.9	288.3	237.8
IV	218.2	243.3	307.8	323.2	291.4	243.3
1997						
I	223.3	248.7	291.5	308.5	276.5	243.3
II	229.5	256.0	288.8	320.9	274.2	248.0
III	237.1	263.1	283.3	335.8	269.3	253.2
IV	237.3	269.0	291.8	316.3	278.9	254.9
1998						
I	241.0	270.5	285.9	314.3	273.1	256.2
II	247.1	278.5	297.3	303.5	283.9	262.9
III	250.7	282.2	306.2	298.9	292.3	267.3
IV	282.2	322.4	366.1	395.7	349.5	308.0
1999						
I	272.8	304.0	338.3	391.5	322.9	294.3
II	274.9	301.2	320.0	380.1	305.5	291.2
III	281.0	307.0	325.1	415.2	310.4	298.2
IV	284.1	316.1	325.5	454.4	310.8	302.7
2000						
I	272.5	298.7	297.0	425.4	283.5	286.4
II	275.8	287.4	283.9	431.5	271.0	285.4
III	272.8	274.9	272.5	423.3	260.2	279.8
IV	275.5	271.6	263.8	419.4	251.8	279.2

Sources: IMF, *International Financial Statistics*; and data provided by the Bank of Israel.

Table 37. Israel: Overall Balance of Payments, 1996-2000

	1996	1997	1998	1999	2000	2000			
						I-III	IV-VI	VII-IX	X-XII
(In millions of U.S. dollars)									
Current account balance	-5,438	-3,662	-1,440	-2,319	-1,244	-540	-966	-281	543
Trade balance	-7,093	-5,126	-3,341	-4,515	-3,753	-827	-810	-885	-1,231
Exports, f.o.b.	21,333	22,698	22,974	25,576	30,320	7,420	7,390	7,703	7,807
Imports, f.o.b.	28,426	27,824	26,315	30,091	34,073	8,247	8,200	8,588	9,038
Civilian imports	26,754	26,068	24,443	28,021	32,121	7,792	7,807	8,134	8,388
Military imports (defence imports)	1,671	1,756	1,872	2,070	1,936	455	393	454	634
Civilian trade balance	-5,421	-3,370	-1,469	-2,445	-1,801	-372	-417	-431	-581
Services balance	-1,139	-995	-410	245	2,199	262	257	1,739	-59
Exports	7,999	8,326	9,172	10,904	14,342	3,072	3,253	5,233	2,784
Imports	9,138	9,321	9,582	10,659	12,143	2,810	2,996	3,494	2,843
Income (factor income) balance	-3,343	-3,590	-3,772	-4,378	-6,263	-1,437	-1,659	-2,517	-650
Exports	1,839	2,120	2,867	3,428	3,818	844	816	1,110	1,048
Imports	5,182	5,710	6,639	7,806	10,081	2,281	2,475	3,627	1,698
Current transfers	6,137	6,049	6,083	6,329	6,573	1,462	1,246	1,382	2,483
Capital and financial account balance	4,201	2,128	960	3,271		855	1,362	1,022	
Capital account	1,942	2,050	1,630	1,672		371	406	421	
Statistical discrepancies	1,252	1,838	670	-767		-132	-370	-679	
(Growth rates in percent) 1/									
Memorandum items:									
Goods exports	10.0	6.4	1.2	11.3	18.5	5.4	-0.4	4.2	1.4
Goods imports	5.9	-2.1	-5.4	14.3	13.2	-0.5	-0.6	4.7	5.2
Services exports	3.1	4.1	10.2	18.9	31.5	4.9	11.7	60.2	-52.5
Services imports	9.0	2.0	2.8	11.2	13.9	2.6	6.6	16.6	-18.6
Factor income exports	5.8	15.3	35.2	19.6	11.4	-23.7	-3.3	36.0	-5.6
Factor income imports	14.8	10.2	16.3	17.6	29.1	20.8	8.5	46.5	-53.2

Sources: Bank of Israel; and Central Bureau of Statistics.

Table 38. Israel: Balance of Payments—Services, 1995–2000

	1995	1996	1997	1998	1999	2000	1999				2000			
							I-III	IV-VI	VII-IX	X-XII	I-III	IV-VI	VII-IX	X-XII
(In millions of U.S. dollars)														
Freight and transportation, net	-1,667	-1,878	-1,879	-1,874	-1,974	-2,308	-436	-474	-593	-471	-433	-488	-669	-719
Receipts	2,014	1,902	2,001	2,097	2,263	2,478	508	545	614	596	588	644	672	573
Payments	-3,681	-3,780	-3,880	-3,971	-4,237	-4,786	-944	-1,019	-1,207	-1,067	-1,021	-1,132	-1,341	-1,292
Travel, net	844	677	530	286	990	1,015	247	242	-17	517	531	297	72	115
Receipts	2,964	2,955	2,813	2,759	3,556	3,819	719	956	931	949	1,022	1,130	1,085	582
Payments	-2,120	-2,278	-2,283	-2,473	-2,566	-2,804	-472	-714	-948	-432	-491	-833	-1,013	-467
Insurance, net	-228	-258	-282	-263	-325	-310	-80	-82	-84	-80	-70	-77	-84	-79
Receipts	18	13	15	17	18	17	4	4	4	5	4	5	5	3
Payments	-246	-271	-297	-280	-343	-327	-84	-86	-88	-85	-74	-82	-89	-82
Other, net	573	450	736	1,564	1,669	3,715	329	369	594	376	236	523	2,406	551
Receipts	2,717	3,066	3,422	4,223	4,969	7,946	1,155	1,094	1,350	1,369	1,435	1,454	3,452	1,605
Payments	-2,144	-2,616	-2,686	-2,659	-3,300	-4,231	-826	-725	-756	-993	-1,199	-931	-1,046	-1,054
Government, net	-146	-128	-100	-123	-114	-115	-19	-25	-23	-47	-27	-27	-30	-32
Receipts	46	64	75	76	98	83	24	23	29	23	22	20	20	20
Payments	-192	-192	-175	-199	-212	-198	-43	-48	-52	-70	-49	-47	-50	-52
Total services, net	-624	-1,137	-995	-410	246	1,997	-50	30	-123	483	237	228	1,695	-164
Receipts	7,759	8,000	8,326	9,172	10,904	14,343	2,410	2,622	2,928	2,942	3,071	3,253	5,234	2,783
Payments	-8,383	-9,137	-9,321	-9,582	-10,658	-12,346	-2,460	-2,592	-3,051	-2,459	-2,834	-3,025	-3,539	-2,947
Total factor payments, excluding investment income, net	-1,233	-1,867	-1,944	-2,743	-2,918	-3,002	-690	-717	-753	-759	-746	-805	-854	-597
Receipts	178	158	174	127	155	165	40	34	43	37	35	37	42	51
Payments	-1,411	-2,025	-2,118	-2,870	-3,073	-3,167	-730	-751	-796	-796	-781	-842	-896	-648
Investment income, net	-1,541	-1,476	-1,646	-1,029	-2,187	-3,661	-517	-404	-610	-655	-560	-659	-1,618	-824
Receipts	1,560	1,681	1,946	2,740	2,546	4,077	534	679	768	565	930	1,007	1,246	895
Payments	-3,101	-3,157	-3,592	-3,769	-4,733	-7,738	-1,051	-1,083	-1,378	-1,220	-1,490	-1,666	-2,864	-1,719
Total factor payments, net	-2,774	-3,343	-3,590	-3,772	-5,105	-6,663	-1,207	-1,121	-1,363	-1,414	-1,306	-1,464	-2,472	-1,421
Receipts	1,738	1,839	2,120	2,867	2,701	4,242	574	713	811	602	965	1,044	1,288	946
Payments	-4,512	-5,182	-5,710	-6,639	-7,806	-10,905	-1,781	-1,834	-2,174	-2,016	-2,271	-2,508	-3,760	-2,367

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

Table 39. Israel: Export Volume and Price Indices, 1995-2000
(Percentage change from previous period)

	1995	1996	1997	1998	1999	2000
Volume indicators 1/						
Agricultural products	16.9	17.5	8.5	7.1	1.6	-0.9
Citrus fruit	36.4	-5.5	3.4	-13.7	-15.5	-20.1
Other fruits and vegetables	22.1	33.0	1.0	20.3	6.7	15.2
Other	5.9	22.9	14.8	8.9	4.3	-4.8
Industrial products (excl. diamonds)	3.5	7.5	13.9	11.7	7.1	31.0
Ores and minerals	1.5	-7.3	9.6	0.7	-7.8	11.0
Food (incl. beverages and tobacco)	3.0	-3.6	-12.9	-5.7	-9.9	3.3
Textiles (incl. clothing and leather)	3.5	-4.5	-1.6	3.7	9.4	1.5
Other light industry products	14.6	3.6	-0.1	2.7	9.4	8.7
Chemicals	6.9	5.2	17.4	12.0	5.1	13.1
Metals, machinery and electronics	0.2	13.6	20.7	16.5	8.7	48.5
Diamonds, net	12.2	4.0	-0.6	-13.5	22.0	10.2
Total, net	6.2	7.0	9.5	4.7	9.3	23.5
Total, excluding diamonds	4.2	8.0	12.9	10.2	6.2	27.1
Price indicators 2/						
Agricultural products	6.7	-7.6	-8.1	-5.8	-4.9	-7.9
Citrus fruit	17.9	-6.1	-11.0	4.5	6.0	-12.2
Other fruits and vegetables	7.9	-12.9	-5.8	-2.8	-3.6	-8.9
Other	2.0	-5.3	-8.3	-10.4	-8.1	-5.2
Industrial products (excl. diamonds)	5.4	-1.2	-3.0	-3.4	-1.5	-2.7
Ores and minerals	13.1	3.9	5.0	3.9	2.5	-0.6
Food (incl. beverages and tobacco)	7.0	2.4	-0.5	-4.3	2.5	-2.2
Textiles (incl. clothing and leather)	3.4	1.0	1.5	2.8	-2.4	-1.4
Other light industry products	5.5	1.2	2.3	-4.0	-1.0	-4.1
Chemicals	4.6	-2.9	-3.2	-7.5	-0.2	2.1
Metals, machinery and electronics	5.4	-2.2	-4.9	-3.0	-2.4	-5.7
Diamonds, net	2.6	2.5	4.0	-1.5	7.1	8.9
Total, net	4.6	-0.4	-1.2	-3.0	1.0	0.5
Total, excluding diamonds	5.3	-1.4	-2.7	-2.8	-1.2	-1.3

Sources: Central Bureau of Statistics, *Foreign Trade Statistics Quarterly*; and *Monthly Bulletin of Statistics*.

1/ Value data deflated by paasche unit value indices.

2/ Based on data in U.S. dollars.

Table 40. Israel: Commodity Composition of Exports, 1995-2000 1/

	1995	1996	1997	1998	1999	2000	2000	
							III	IV
(In millions of U.S. dollars)								
Agricultural products	741	804	802	809	783	714	95.2	177.1
Citrus fruits	203	180	166	150	134	94	2.5	31.0
Other fruits and vegetables	181	209	199	233	239	251	28	75
Other	357	415	437	426	409	369	65	76
Industrial products (excl. diamonds)	12,302	13,072	14,437	15,576	16,425	20,928	5,345	5,709
Ores and minerals	381	367	422	442	418	461	141	117
Food (incl. beverages and tobacco)	616	608	527	476	439	444	103	106
Textiles (incl. clothing and leather)	1,036	999	998	1,064	1,136	1,138	292	265
Other light industry products	1,577	1,653	2	1,665	1,803	1,879	451	481
Chemicals	2,370	2,421	2,751	2,848	2,987	3,449	856	856
Metals, machinery and electronics	6,219	6,913	7,932	8,965	9,506	13,316	3,481	3,811
Diamonds, net	4,622	4,929	5,097	4,345	5,681	6,814	1,728	1,623
Other exports, n.e.s.	-55	-41	-38	-97	-110	-182	-49.7	-47.6
Total, net	17,610	18,764	20,298	20,633	22,779	28,274	7,119	7,461
Agricultural products	4.2	4.3	4.0	3.9	3.4	2.5	1.3	2.4
Citrus fruits	1.2	1.0	0.8	0.7	0.6	0.3	0.0	0.4
Other fruits and vegetables	1.0	1.1	1.0	1.1	1.0	0.9	0.4	1.0
Other	2.0	2.2	2.2	2.1	1.8	1.3	0.9	1.0
Industrial products (excl. diamonds)	69.9	69.7	71.1	21.1	1.8	1.6	75.1	76.5
Ores and minerals	2.2	2.0	2.1	2.1	1.8	1.6	2.0	1.6
Food (incl. beverages and tobacco)	3.5	3.2	2.6	2.3	1.9	1.6	1.4	1.4
Textiles (incl. clothing and leather)	5.9	5.3	4.9	5.2	5.0	4.0	4.1	3.6
Other light industry products	9.0	8.8	0.0	8.1	7.9	6.6	6.3	6.4
Chemicals	13.5	12.9	13.6	13.8	13.1	12.2	12.0	11.5
Metals, machinery and electronics	35.3	36.8	39.1	43.4	41.7	47.1	48.9	51.1
Diamonds, net	26.2	26.3	25.1	21.1	24.9	24.1	24.3	21.8
Other exports, n.e.s.	-0.3	-0.2	-0.2	-0.5	-0.5	-0.6	-0.7	-0.6
Total, net	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Central Bureau of Statistics, *Foreign Trade Statistics Quarterly*; and *Monthly Bulletin of Statistics*.

1/ Excluding exports to the autonomy and administered areas.

Table 41. Israel: Destination of Exports, 1995-2000
(In percent of total exports)

	1995	1996	1997	1998	1999	2000
Exports	100.0	100.0	100.0	100.0	100.0	100.0
Europe	39.2	38.7	37.3	37.5	36.2	33.2
<i>Of which:</i>						
European Union	32.3	32.0	30.0	30.8	30.2	27.3
Austria	0.4	0.4	0.4	0.4	0.4	0.3
Belgium	5.3	5.4	4.9	4.7	5.5	6.0
Denmark	0.3	0.3	0.2	0.3	0.3	0.2
Finland	0.2	0.3	0.2	0.2	0.2	0.2
France	3.7	3.3	2.7	2.9	2.7	2.4
Germany	5.5	5.1	4.3	4.8	4.6	4.8
Greece	1.1	0.8	0.7	0.6	0.6	0.5
Ireland	0.2	0.4	0.9	0.8	1.2	1.0
Italy	3.0	2.7	2.8	3.2	2.9	2.6
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	4.2	4.3	4.3	4.8	3.9	2.9
Portugal	0.2	0.2	0.2	0.3	0.3	0.2
Spain	1.6	1.6	1.5	1.7	1.7	1.4
Sweden	0.5	0.6	0.5	0.5	0.4	0.5
United Kingdom	6.1	6.6	6.2	5.7	5.4	4.3
EFTA countries 1/	2.0	1.7	1.9	1.8	1.6	1.7
North, Central, and South America	33.7	34.2	36.3	40.1	39.1	41.2
<i>Of which:</i>						
United States	30.1	30.6	32.1	35.4	35.0	37.4
Asia	20.1	20.0	18.6	13.9	16.4	18.5
<i>Of which:</i>						
Japan	6.9	5.9	4.5	3.2	3.4	2.7
Other countries	7.1	7.0	7.8	8.5	8.3	7.1

Source: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

1/ Iceland, Norway, and Switzerland.

Table 42. Israel: Civilian Import Volume and Price Indicators, 1995-2000
(Percentage change from previous period)

	1995	1996	1997	1998	1999	2000	2000	
							III	IV
Volume indicators 1/								
Consumer goods	11.6	12.4	2.9	3.6	3.8	19.2	12.5	-1.6
Nondurables	10.4	14.3	4.0	6.8	3.4	14.3	12.8	-3.0
Durables	12.9	10.5	1.6	0.1	4.4	24.7	12.1	-0.1
Input goods	12.8	4.5	2.9	0.4	15.4	11.4	2.7	4.4
Diamonds	19.9	2.5	-0.6	-17.3	49.1	9.4	-7.1	17.7
Fuel	8.7	-6.8	14.6	12.1	-4.7	7.3	9.2	-20.5
Other	10.5	6.9	2.0	4.8	7.5	12.5	6.5	3.5
Investment goods	3.6	10.4	-2.8	-3.4	34.8	6.2	6.2	10.4
Machinery and equipment	11.7	11.2	-0.2	4.7	26.0	12.2	3.7	10.5
Total imports, net	10.8	6.7	1.8	0.2	17.0	12.0	4.8	4.8
Total, excluding diamonds	8.8	7.4	2.0	3.5	11.2	11.6	7.7	2.2
Price indicators 2/								
Consumer goods	7.5	-4.1	-4.4	-3.5	-1.8	-4.5	-1.1	-1.1
Nondurables	8.0	-2.8	-3.0	-3.0	-2.9	-4.1	-1.6	-1.0
Durables	7.1	-5.5	-6.0	-4.3	-0.5	-4.7	-0.5	-1.2
Input goods	8.6	0.4	-4.8	-7.5	-3.7	7.3	0.9	-1.6
Diamonds	-4.6	6.1	-0.2	-2.8	-4.7	6.5	-5.0	-1.8
Fuel	10.9	14.9	-7.9	-28.9	23.0	54.6	14.4	8.3
Other	14.0	-3.4	-5.6	-4.7	-6.1	0.7	-0.7	-1.0
Investment goods	6.0	-2.8	-5.2	-2.0	-2.0	-5.4	-1.8	-1.8
Machinery and equipment	4.9	-2.0	-5.7	-1.7	-2.4	-5.6	-1.9	-1.2
Total imports, net	8.0	-0.9	-4.8	-6.0	-3.0	2.7	-0.1	-1.7
Total, excluding diamonds	10.6	-2.2	-5.6	-6.1	-3.4	1.9	1.4	-2.0

Sources: Central Bureau of Statistics, *Foreign Trade Statistics Quarterly*; and *Monthly Bulletin of Statistics*.

1/ Value data deflated by paasche unit indices.

2/ Based on data in U.S. dollars.

Table 43. Israel: Commodity Composition of Civilian Imports (c.i.f), 1995-2000 1/

	1995	1996	1997	1998	1999	2000	2000	
							III	IV
Consumer goods	3,657	3,941	3,876	3,875	3,951	4,498	1,183	1,151
Nondurables	1,846	2,051	2,070	2,146	2,155	2,363	620	596
Durables	1,811	1,890	1,806	1,729	1,796	2,135	563	555
Input goods	19,370	20,322	19,907	18,488	20,537	24,551	6,263	6,438
Diamonds	4,429	4,818	4,779	3,839	5,456	6,358	1,445	1,670
Fuel	1,999	2,141	2,260	1,800	2,109	3,498	1,037	892
Other	12,942	13,363	12,868	12,849	12,972	14,695	3,782	3,876
Investment goods	4,951	5,315	4,897	4,635	6,124	6,149	1,474	1,598
Machinery and equipment	3,468	3,780	3,558	3,661	4,500	4,764	1,152	1,258
Other imports, n.e.s.	4	4	3	12	17	23	-29	-24
Total imports, net	27,982	29,582	28,683	27,010	30,629	35,221	8,891	9,163
Total, excluding diamonds	23,553	24,764	23,904	23,171	25,174	28,863	7,446	7,493
(In percent of total imports)								
Consumer goods	13.1	13.3	13.5	14.3	12.9	12.8	13.3	12.6
Nondurables	6.6	6.9	7.2	7.9	7.0	6.7	7.0	6.5
Durables	6.5	6.4	6.3	6.4	5.9	6.1	6.3	6.1
Input goods	69.2	68.7	69.4	68.4	67.1	69.7	70.4	70.3
Diamonds	15.8	16.3	16.7	14.2	17.8	18.1	16.2	18.2
Fuel	7.1	7.2	7.9	6.7	6.9	9.9	16.2	18.2
Other	46.3	45.2	44.9	47.6	42.4	41.7	42.5	42.3
Investment goods	17.7	18.0	17.1	17.2	20.0	17.5	16.6	17.4
Machinery and equipment	12.4	12.8	12.4	13.6	14.7	13.5	13.0	13.7
Other imports, n.e.s.	0.0	0.0	0.0	0.0	0.1	0.1	-0.3	-0.3
Total imports, net	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Central Bureau of Statistics, *Foreign Trade Statistics Quarterly* and *Monthly Bulletin of Statistics*.

1/ Excludes imports from the Autonomy and administered areas.

Table 44. Israel: Origin of Imports, 1995-2000

	1995	1996	1997	1998	1999	2000
	(In percent of total imports)					
Imports	100.0	100.0	100.0	100.0	100.0	100.0
Europe	61.7	60.2	59.8	58.1	56.2	53.0
<i>Of which:</i>						
European Union	52.4	51.7	51.1	48.5	46.3	43.3
Austria	0.6	0.5	0.5	0.4	0.3	0.3
Belgium	12.1	12.1	12.4	10.4	11.3	9.9
Denmark	0.6	0.5	0.5	0.6	0.4	0.4
Finland	0.8	0.7	0.9	0.9	0.9	0.8
France	4.1	3.9	3.8	4.1	3.9	3.2
Germany	9.8	9.4	9.6	8.8	8.1	7.5
Greece	0.5	0.5	0.4	0.5	0.4	0.4
Ireland	0.6	0.6	0.6	0.8	0.8	0.9
Italy	7.8	7.6	6.9	6.7	5.3	4.8
Luxembourg	0.1	0.1	0.1	0.1	0.1	0.0
Netherlands	3.4	3.2	3.8	4.2	3.8	4.0
Portugal	0.4	0.4	0.4	0.4	0.3	0.2
Spain	1.9	2.1	2.1	2.3	1.9	1.9
Sweden	1.4	1.2	1.0	1.1	1.1	1.2
United Kingdom	8.3	8.8	8.3	7.5	7.5	7.6
EFTA countries 1/	6.3	5.8	5.7	5.8	5.8	5.6
North, Central, and South America	20.2	21.5	20.8	22.1	22.5	20.5
<i>Of which:</i>						
United States	18.6	20.0	18.7	19.6	20.3	18.6
Asia	10.0	10.2	10.8	12.4	13.1	14.6
<i>Of which:</i>						
Japan	3.3	3.7	3.6	3.6	3.5	3.3
Other countries	8.1	8.1	8.5	7.3	8.1	12.0

Source: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

1/ Iceland, Norway, and Switzerland.

Table 45. Israel: Capital Account Transactions, 1995-2000 1/
(in millions of U.S. dollars)

	1995	1996	1997	1998	1999	2000 3/	2000	
							II	III
Net capital flows (excluding flows by the central monetary institutions)	3,526	5,721	9,426	1,114	2,984	2,004	521	732
Long-term capital	2,815	5,266	5,375	3,039	3,893	5,468	734	1,022
Loans 2/	1,197	3,218	2,858	1,867	1,335	1,725	240	295
Public sector	882	1,839	1,222	1,130	280	520	50	-96
Private nonfinancial sector	315	1,286	1,651	475	1,055	1,205	190	391
Direct investment								
In Israel	1,337	1,387	1,628	1,760	2,363	4,012	1,727	1,732
Abroad	-733	-1,042	-795	-1,063	-1,030	-2,014	-1,402	-239
Financial investment								
In Israel	978	1,438	1,711	492	1,454	2,589	257	394
Abroad	36	265	-27	-17	-229	-844	-88	-1,160
Short-term capital	711	455	4,051	-1,666	-909	-3,464	-213	-290
Government								
Liabilities	28	-29	-29	-12	24	0	0	0
Assets	-1,229	864	-19	-13	-188	-90	-16	-60
Private								
Liabilities	1,100	-275	31	-526	306	632	477	354
Assets	-298	368	-28	-541	-1,970	-2,795	172	-1,205
Banking sector								
Liabilities	1,218	611	2,352	1,524	2,399	1,187	233	263
Assets	-108	-1,084	1,744	-2,099	-1,479	-2,398	-1,079	358
Foreign currency assets and liabilities of the central monetary institutions								
Liabilities	-1,081	-3,386	-9,386	-1,885	-1,399	35	435	-131
Assets	-90	-131	-7	-7	-41			
Assets	-980	-3,257	-9,346	-1,876	-1,399	24	424	-131

Source: Central Bureau of Statistics, *Monthly Bulletin of Statistics*.

1/ Excluding errors and omissions. Negative sign indicates an increase in assets or a decrease in liabilities.

2/ Loans include bonds issued abroad.

3/ For year 2000, based on three quarters of data.

Table 46. Israel: Indicators of External Indebtedness, 1995-2000
(In millions of U.S. dollars)

	1994	1995	1996	1997	1998	1999	2000	1999				2000			
								I	II	III	IV	I	II	III	IV
Gross external liabilities															
Amount	41,418	48,270	51,011	55,187	58,061	61,960	64,877	58,785	59,903	60,333	61,960	63,272	64,109	64,013	64,877
Percentage increase	10.4	16.5	5.7	8.2	5.2	6.7	4.7	3.4	4.9	0.7	2.7	2.1	1.3	-0.1	1.3
Percent of GDP	55.2	50.8	52.4	54.4	57.7	61.3	61.0	57.6	56.4	56.9	56.4	58.8	56.4	56.4	57.4
Gross external liabilities minus foreign assets of commercial banks															
Amount	29,407	35,866	37,730	44,030	44,689	47,455	48,401	45,081	45,633	45,627	47,455	47,153	46,986	47,413	48,401
Percentage increase	4.6	22.0	5.2	16.7	1.5	6.2	2.0	-0.1	1.1	0.0	4.0	-0.6	-0.4	0.9	2.1
Percent of GDP	39.2	36.7	38.7	43.4	44.4	46.9	48.6	43.3	41.9	43.0	40.5	39.1	41.9	37.7	42.8
Net external liabilities 1/															
Amount	18,473	20,788	19,433	15,209	11,368	10,008	7,353	11,878	11,482	11,225	10,008	8,314	8,498	8,387	7,353
Percentage increase	5.9	12.5	-7.2	-21.7	-25.3	-7.2	-26.5	-13.6	-11.8	-2.2	-10.8	-16.9	2.2	-1.3	-12.3
Percent of GDP	24.6	21.8	20.0	15.0	11.3	9.5	4.7	12.8	11.8	10.6	10.8	9.8	7.6	8.8	6.5
Memorandum items:															
Foreign assets	22,945	27,482	31,578	39,978	46,693	51,952	57,524	46,907	48,421	49,108	51,952	54,958	55,611	55,626	57,524
<i>Of which:</i>															
Commercial banks	12,011	12,404	13,281	11,157	13,372	14,505	16,476	13,704	14,270	14,706	14,505	16,119	17,123	16,600	16,476
Bank of Israel	6,896	8,309	11,577	20,333	22,675	22,507	23,159	21,983	21,794	21,669	22,507	22,640	22,159	22,115	23,159

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

1/ Net of foreign assets of commercial banks, Bank of Israel's reserves, holdings of other monetary institutions, and nonfinancial private sector.

Table 47. Israel: Indicators of Debt Service, 1994-2000

	1995	1996	1997	1998	1999	2000 5/	2000	
							II	III
(In millions of U.S. dollars)								
Investment income - imports	3,101	3,157	3,592	3,769	4,733	5,845	1,666	2,864
<i>Of which</i> : Gross interest payments	2,940	2,865	3,137	3,332	3,826	3,978	1,202	883
Interest receipts	1,560	1,681	1,946	2,740	3,286	2,670	783	1,073
Net interest payments 1/	1,380	1,184	1,191	592	540	1,308	419	-191
Principal repayments 2/	2,278	2,387	2,606	3,046	2,749	1,792	467	621
Debt service 3/	5,218	5,251	5,743	6,378	6,575	5,770	1,670	1,504
Net debt service 4/	3,658	3,571	3,797	3,638	3,289	3,100	886	430
(In percent of exports of goods and nonfactor services)								
Gross interest payments	10.9	9.8	10.1	10.4	10.5	8.9	11.2	6.9
Net interest payments	5.1	4.0	3.8	1.8	1.5	2.9	3.9	-1.5
Gross debt service	19.3	17.9	18.5	19.8	18.0	12.9	15.6	11.7
Net debt service	13.5	12.2	12.2	11.3	9.0	6.9	8.3	3.4

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

1/ Gross interest payments minus interest receipts.

2/ Excludes short-term debt.

3/ Gross interest payments plus principal repayments.

4/ Debt service minus interest receipts.

5/ For year 2000, based on three quarters of data.

Table 48. Israel: Assets and Liabilities in Foreign Currency, 1995-2000

	1995	1996	1997	1998	1999	2000 3/	2000	
							II	III
(In millions of U.S. dollars; end of period)								
Gross liabilities	44,796	51,011	55,187	58,075	61,961	64,013	64,109	64,013
Government	23,577	25,265	26,166	27,361	27,487	27,803	28,026	27,803
Nonfinancial private sector	5,971	10,170	11,411	11,447	13,225	14,122	14,048	14,122
Bank of Israel	235	98	89	83	31	45	42	45
Banks	15,014	15,478	17,520	19,170	21,218	22,043	21,993	22,043
Gross assets	27,482	29,657	39,978	46,693	51,953	55,626	55,611	55,626
Bank of Israel reserves	8,309	11,577	20,333	22,675	22,507	22,115	22,159	22,115
Other financial institutions	530	371	480	602	853	558	737	558
Exporters' credit	6,239	6,349	8,008	10,044	14,088	16,353	15,592	16,353
Banking system	12,404	13,281	11,157	13,372	14,505	16,600	17,123	16,600
Net liabilities 1/	17,314	21,354	15,209	11,382	10,008	8,387	8,498	8,387
Total current debt	7,169	9,650	13,792	12,209	13,733	12,575	11,726	12,575
Banking system (net)	2,646	2,334	6,403	5,788	6,647	6,095	4,777	5,394
Nonfinancial private sector	2,252	5,110	4,773	3,929	4,670	5,015	4,677	5,015
Direct government debt	9	33	0	1	0	0	0	0
Medium- and long-term debt (repayable within a year)	2,262	2,173	2,616	2,492	2,416	2,751	2,272	2,166
Net current debt 2/	-7,909	-8,647	-15,029	-21,112	-23,715	-26,451	-26,762	-26,451

Sources: Central Bureau of Statistics, *Monthly Bulletin of Statistics*; and data provided by the Bank of Israel.

1/ Gross liabilities minus gross assets.

2/ Total current debt minus Bank of Israel reserves, other financial institutions' reserves, and exporters' credit.

3/ For year 2000, based on three quarters of data.

Table 49. Israel: Official Gold and Convertible
Foreign Exchange Reserves, 1995-2001

	Gold 1/	SDRs	Reserve position in the Fund	Foreign exchange 2/	Total 3/
(In millions of U.S. dollars; end of period)					
1995	0.5	0.6	0.0	8,119	8,120
1996	0.4	1.4	0.0	11,414	11,414
1997	0.4	0.0	0.0	20,332	20,333
1998	0.0	0.3	0.0	22,674	22,674
1999	0.0	0.2	89.9	22,515	22,515
1996					
I	0.4	0.6	0.0	9,836	9,837
II	0.4	0.6	0.0	9,007	9,007
III	0.4	1.1	0.0	10,367	10,367
IV	0.4	1.4	0.0	11,573	11,573
1997					
I	0.4	0.2	0.0	15,520	15,520
II	0.4	1.7	0.0	17,992	17,992
III	0.4	0.2	0.0	19,205	19,205
IV	0.4	0.1	0.0	20,332	20,332
1998					
I	0.4	0.2	0.0	21,603	21,604
II	0.4	0.3	0.0	21,322	21,323
III	0.4	0.4	0.0	21,715	21,715
IV	0.0	0.3	0.0	22,674	22,674
1999					
I	0.0	0.2	89.0	21,983	21,983
II	0.0	0.2	87.5	21,931	21,931
III	0.0	0.2	90.9	21,854	21,854
IV	0.0	0.2	89.9	22,515	22,515
2000					
I	0.0	0.3	88.2	22,677	22,677
II	0.0	0.2	87.6	22,186	22,186
III	0.0	0.3	85.0	22,075	22,075
IV	0.0	1.1	117.1	23,163	23,164
2001					
I	0.0	0.3	113.3	23,839	23,839

Sources: IMF, *International Financial Statistics*; and data provided by the Bank of Israel.

1/ National value.

2/ At the Bank of Israel.

3/ Gold plus foreign exchange.