

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

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**The monthly Index of Economic Activity increased in August by 0.1 percent**

This month, the Bank of Israel is initiating the publication of a new index—the monthly Index of Economic Activity. The index is based on data from more than 30 economic series, which are processed using a dedicated statistical model developed at the Bank of Israel. The Index will be calculated and published each month, about two weeks following the end of the month to which it relates. A description of the Index and the methodology upon which it is based can be found on the Bank of Israel website. The new Index replaces the “Composite State of the Economy Index”, the publication of which came to an end last month. However, the Bank of Israel will continue to calculate the Composite Index during the coming year for concatenation and control purposes, and it will be available in the series database on the Bank of Israel website.

The monthly Index of Economic Activity[[1]](#footnote-1) increased in August by 0.1 percent (Figure 1). The index reflects the development of the monthly growth estimate from June to August, during which time there were sharp fluctuations in economic activity due to Israel’s military operation against Iran and the recovery of activity in the months that followed. The Index was negatively influenced by the decline in goods exports in August, industrial production and revenue data for June, indirect tax receipts in June–July, and labor market and gasoline consumption data for June. The decline in GDP data for the second quarter also contributed to the weakness of the Index. In contrast, credit card purchase data for July and August, import data for June, and the financial indices—mainly in May–July—increased and positively affected the Index, moderating its decline (Tables 1 and 2). The pace of growth in the Index is slightly lower than the long-term growth trend (about 0.3 percent).

It should be noted that the reference period for the Index this month (June–August) was characterized by excessive volatility, while the indicators for the recovery months following the operation against Iran are incomplete. As such, there may be revisions to the Index in the coming months.

Detailed explanations regarding how the Composite Index is calculated, as well as detailed long-term tables, can be found at:

[/media/4djoojlx/new-monthly-index-of-economic-activity\_august.pdf](/%7blocalLink:umb:/media/25e7d2de037748838010dff083e72585%7d)

Figure 1 presents the Index data over the past two years. Table 1 presents the contributions of the Index’s components to the overall estimate, and Table 2 presents the monthly rate of change in the Index’s components.

**FIGURE 1 |** The monthly Index of Economic Activity







1. The monthly Index of Economic Activity reflects the three-month average of the estimated monthly growth of GDP. The estimate is based on a model developed at the Bank of Israel (Ginker and Suhoy, 2021). [↑](#footnote-ref-1)