

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

**Press Release**

November 18, 2013

**Expected Rate of Inflation Derived from the Capital Market, Forecasters' Inflation Expectations, and the Money Supply**

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| **Date** | **Expected inflation rate (percent)** | **M1 money supply** |
| **Calculated from capital market1** | **Average inflation forecasts2 12 months forward** | **Average monthly balance (NIS billion)** | **Rate of change (percent)** |
| **For first year8** | **For second year** | **For third year and after** | **Monthly** | **Previous 12 months3** |
| **Annual data4:** |  |  |  |  |  |  |  |
| **2002** | 2.2 | 3.8 | 5.4 | 2.6 | 30.6 | 2.7 | 4.9 |
| **2003** | 0.7 | 2.6 | 2.8 | 2.0 | 33.0 | 1.7 | 7.7 |
| **2004** | 1.4 | 1.9 | 3.5 | 2.1 | 38.9 | 1.3 | 18.0 |
| **2005** | 1.7 | 2.1 | 2.6 | 2.1 | 48.2 | 3.0 | 23.8 |
| **2006** | 1.2 | 1.6 | 2.1 | 1.9 | 52.1 | 4.6 | 8.3 |
| **2007** | 1.4 | 1.9 | 2.3 | 2.0 | 61.2 | 2.0 | 17.4 |
| **2008** | 1.9 | 2.2 | 2.7 | 2.5 | 71.9 | 3.9 | 17.4 |
| **2009** | 1.8 | 2.6 | 2.5 | 1.8 | 109.6 | -0.5 | 52.1 |
| **2010** | 2.9 | 2.8 | 2.7 | 2.7 | 114.7 | 2.8 | 4.6 |
| **2011** | 2.7 | 2.7 | 2.6 | 2.8 | 116.5 | 2.2 | 1.6 |
| **2012** | 2.3 | 2.4 | 2.5 | 2.3 | 126.6 | 2.1 | 8.7 |
| **Monthly data5:**  |   |   |   |   |   |   |   |
| **2012** |  |  |  |  |  |  |  |
| **January** | 2.3 | 2.4 | 2.5 | 2.2 | 114.6 | -1.7 | -1.9 |
| **February** | 2.7 | 2.5 | 2.6 | 2.3 | 114.2 | -0.3 | 0.0 |
| **March** | 2.8 | 2.6 | 2.5 | 2.5 | 113.9 | -0.3 | 0.6 |
| **April** | 2.5 | 2.6 | 2.5 | 2.6 | 120.7 | 6.0 | 4.5 |
| **May** | 2.2 | 2.3 | 2.5 | 2.4 | 119.2 | -1.3 | 3.0 |
| **June** | 2.1 | 2.3 | 2.4 | 2.1 | 121.0 | 1.5 | 1.8 |
| **July** | 2.0 | 2.5 | 2.3 | 1.9 | 122.0 | 0.9 | 6.9 |
| **August**  | 2.2 | 2.4 | 2.4 | 2.5 | 125.2 | 2.6 | 6.8 |
| **September** | 2.2 | 2.5 | 2.4 | 2.6 | 127.5 | 1.9 | 11.2 |
| **October** | 2.4 | 2.5 | 2.4 | 2.2 | 125.9 | -1.3 | 10.3 |
| **November** | 2.2 | 2.3 | 2.5 | 1.9 | 124.0 | 1.5- | 8.7 |
| **December** | 2.2 | 2.2 | 2.6 | 1.9 | 126.6 | 2.1 | 8.7 |
| **2013** |  |  |  |  |  |  |  |
| **January**  | 2.4 | 2.3 | 2.7 | 1.9 | 126.7 | 0.1 | 10.6 |
| **February**  | 2.6 | 2.1 | 2.5 | 1.9 | 128.2 | 1.2 | 12.2 |
| **March**  | 2.8 | 2.1 | 2.4 | 1.9 | 131.2 | 2.3 | 15.2 |
| **April** | 2.1 | 2.0 | 2.3 | 1.8 | 131.4 | 0.1 | 8.8 |
| **May** | 1.9 | 2.1 | 2.4 | 1.8 | 132.2 | 0.6 | 10.9 |
| **June** | 1.6 | 2.1 | 2.4 | 2.0 | 134.9 | 2.1 | 11.6 |
| **July** | 1.4 | 2.4 | 2.4 | 1.9 | 138.9 | 2.9 | 13.8 |
| **August6** | 1.4 | 2.3 | 2.4 | 1.8 | 141.1 | 1.6 | 12.7 |
| **September6** | 1.5 | 2.2 | 2.4 | 1.9 | 144.6 | 2.5 | 13.5 |
| **October 6** | 1.5 | 2.3 | 2.4 | 1.8 | 142.9 | -1.2 | 13.5 |
| **current figure7** | 1.5 | 2.3 | 2.4 | 1.6 |  |  |  |

1. Inflation expectations are defined as the rate of inflation that would make the yields on indexed and unindexed government bonds equal (break-even inflation); they include an inflation-risk premium. An explanation for how the expectations are calculated is available at the following address:

[www.boi.org.il/en/DataAndStatistics/Pages/InflationExpectationsExplanation.aspx](https://e.boi.org.il/en/DataAndStatistics/Pages/InflationExpectationsExplanation.aspx)

1. Simple arithmetic mean of the inflation forecasts of the commercial banks and economic consultancy companies that publish their forecasts on a regular basis.
2. The percentage change in the level in the current month compared with the level in the equivalent month in the previous year.
3. Annual data: expected inflation rate––annual averages; M1 money supply––December averages.
4. Monthly data: monthly averages.
5. Money supply data are preliminary data.
6. Expectations derived from the capital market––average of the CPI month (i.e., from the 16th of the previous month to the 15th of the current month). Forecasts––average of forecasts updated after the publication of the CPI.
7. Are not seasonally adjusted.

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