

## **APPENDIX TABLES**

**Table II-A1**  
**RESOURCES AND USES, 1981-86<sup>a</sup>**  
(Real annual change, percent)

	1981	1982	1983	1984	1985	1986
Gross domestic product	3.8	0.4	2.7	1.8	2.8	2.2
Imports <sup>b</sup>	9.7	4.2	6.4	-0.7	-1.1	8.5
Civilian imports	7.6	11.7	11.1	-3.6	-3.9	15.1
Total resources	6.0	1.8	4.2	0.8	1.3	4.7
Private consumption	12.0	7.3	8.0	-7.3	-0.4	14.0
Public consumption	6.1	-6.9	-4.7	6.1	3.8	-12.0
Public consumption, excl. direct defense imports	1.4	2.5	1.7	1.0	-0.8	-4.8
Domestic fixed investment	-5.7	14.0	12.0	-7.5	-13.6	8.1
Domestic uses, excl. direct defense imports	5.2	7.2	7.2	-5.3	-3.2	7.8
Exports, at local market prices <sup>c</sup>	4.6	-3.0	2.1	13.9	8.6	4.7
Total uses, excl. direct defense imports	5.1	4.3	5.8	-0.3	0.3	6.8
Total uses	6.0	1.8	4.2	0.8	1.3	4.7
Gross domestic product of business sector <sup>d</sup>	4.7	-1.1	3.1	1.8	3.8	3.7

<sup>a</sup> See note a to Table II-1.

<sup>b</sup> See note b to Table II-1.

<sup>c</sup> See note d to Table II-1.

<sup>d</sup> See note e to Table II-1.

SOURCE: Central Bureau of Statistics.

**Table II-A2**  
**RESOURCES AND USES, 1980-86<sup>a</sup>**  
 (Current NIS million)

	1980	1981	1982	1983	1984	1985	1986
Gross domestic product	110	260	580	1,487	7,444	26,948	41,044
Imports <sup>b</sup>	67	159	344	830	4,235	16,593	23,463
Civilian imports	56	131	302	756	3,669	14,168	21,386
Total resources	177	419	924	2,317	11,679	43,541	64,507
Private consumption	60	145	338	892	4,170	15,854	26,115
Public consumption	44	108	224	532	2,857	10,184	13,323
Public consumption, excl.							
direct defense imports	34	80	183	458	2,290	7,759	11,246
Gross domestic fixed investment	25	54	135	349	1,581	4,988	8,012
Domestic uses, excl.							
direct defense imports	118	279	656	1,699	8,042	28,601	45,373
Exports, at local market prices <sup>c</sup>	48	111	226	544	3,071	12,516	17,057
Total uses, excl.							
direct defense imports	167	390	882	2,243	11,112	41,116	62,430
Total uses	177	419	924	2,317	11,679	43,541	64,507
Net factor payments to abroad	4	8	18	43	378	1,088	1,410
Gross national product	106	252	562	1,444	7,066	25,861	39,633
Gross domestic product of business sector <sup>d</sup>	76	170	391	1,000	5,001	18,457	28,441

<sup>a</sup> See note a to Table II-1.

<sup>b</sup> See note b to Table II-1.

<sup>c</sup> See note d to Table II-1.

<sup>d</sup> See note e to Table II-1.

SOURCE: Central Bureau of Statistics.

Table II-A3  
 RESOURCES AND USES, QUARTERLY DATA, 1984-86<sup>a</sup>  
 (Seasonally adjusted, percent real change)

	1984				1985				1986			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
1. Private consumption	-5.3	1.7	4.9	-7.5	4.3	-1.5	-6.2	11.5	3.9	2.5	5.2	1.4
2. Public domestic consumption	-1.9	0.5	2.4	-2.1	2.0	-1.3	-2.7	-0.9	-0.9	-1.2	-0.6	-0.8
3. Fixed investment <sup>b</sup>	-6.0	-3.3	1.1	-2.8	-2.8	1.4	-8.0	7.9	-7.4	-2.6	4.5	-1.9
4. Total domestic uses (1+2+3)	-4.6	0.4	3.5	-5.2	2.3	-0.9	-5.6	7.4	0.6	0.7	3.6	0.3
5. Exports of goods and services <sup>c</sup>	7.2	-3.7	5.6	2.0	2.9	2.8	-0.3	1.3	0.6	3.1	6.6	-11.3
6. Civilian imports of goods and services <sup>b,d</sup>	-5.6	-4.6	6.7	-5.2	-0.8	3.1	-11.6	17.2	2.0	3.9	6.2	-1.2
7. Civilian import surplus (6-5)	-33.9	-8.0	10.9	-30.9	-20.1	5.1	-86.4	?	9.8	7.9	4.3	48.8
8. Gross domestic product	-0.0	0.9	4.5	-1.4	1.7	2.8	-2.6	-3.7	6.0	0.3	0.8	-3.1

<sup>a</sup> Rates of change are calculated from the absolute figures of Table II-A2.

<sup>b</sup> Excluding ships and aircraft.

<sup>c</sup> See note *b* to Table II-1.

<sup>d</sup> See note *a* to Table II-1.

SOURCE: Central Bureau of Statistics.

**Table II-A4**  
**RESOURCES AND USES, QUARTERLY DATA, 1984-86**  
(NIS million, 1980 prices; seasonally adjusted)

	1984				1985				1986			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
1. Private consumption	17,654	17,951	18,836	17,429	18,177	17,899	16,784	18,721	19,452	19,932	20,968	21,264
2. Public domestic consumption	8,905	8,953	9,169	8,972	9,150	9,028	8,787	8,706	8,631	8,525	8,475	8,407
3. Fixed investment <sup>a</sup>	6,461	6,251	6,319	6,144	5,975	6,061	5,574	6,016	5,568	5,421	5,664	5,554
4. Total domestic uses (1+2+3)	33,020	33,155	34,324	32,545	33,302	32,988	31,145	33,443	33,651	33,878	35,107	35,225
5. Investment in ships and aircraft	217	352	376	1	-88	0	0	-5	-39	74	-5	4
6. Investment in stocks	234	31	578	664	-151	1,148	133	-787	1,069	1,192	357	950
5. Exports of goods and services	14,231	13,702	14,474	14,758	15,180	15,598	15,548	15,752	15,840	16,327	17,410	15,441
6. Civilian imports <sup>a</sup>	18,204	17,358	18,527	17,557	17,417	17,950	15,868	18,599	18,966	19,701	20,930	20,678
7. Civilian import surplus (8-7)	3,973	3,656	4,053	2,799	2,237	2,352	320	2,847	3,126	3,374	3,520	5,237
8. Gross domestic product	29,281	29,530	30,849	30,410	30,914	31,784	30,958	29,809	31,594	31,696	31,944	30,938

<sup>a</sup> Excluding ships and aircraft.

SOURCE: Central Bureau of Statistics.

**Table II-A5**  
**INCOME FROM ALL SOURCES AND GROSS NATIONAL**  
**SAVING, 1983-86, AT EFFECTIVE EXCHANGE RATE<sup>a</sup>**

	1983	1984	1985	1986
	<i>Current NIS million</i>			
1. Gross national product at market prices	1,444	7,065	25,860	39,633
2. Unilateral transfers from abroad, net <sup>a,b</sup>	172	1,179	5,741	7,067
3. Total gross income from all sources (1+2)	1,616	8,244	31,601	46,700
4. Private consumption	892	4,170	15,854	26,115
5. Domestic public consumption <sup>c</sup>	458	2,290	7,759	11,246
6. Direct defense imports, incl. advance payments <sup>a</sup>	76	617	2,278	3,042
7. Total consumption (4+5+6)	1,426	7,077	25,891	40,403
8. Gross national saving (3-7)	190	1,167	5,710	6,297
9. Gross private saving <sup>d</sup>	265	1,971	5,455	5,382
10. Gross public saving (8-9)	-75	-804	255	915
11. Gross saving rate, income from all sources:				<i>Percent</i>
A. National [100x(8)/(3)]	11.8	14.2	18.1	13.5
B. Private [100x(9)/(3)]	16.2	23.9	17.3	11.5
C. Public [100x(10)/(3)]	-4.4	-9.7	0.8	2.0

<sup>a</sup> Converted into NIS at the average of the effective exchange rate of imports and exports.

<sup>b</sup> Unilateral transfers from abroad, less net interest payments of the public sector to the rest of the world.

<sup>c</sup> Total public consumption excluding direct defense imports.

<sup>d</sup> Gross private disposable income from all sources (line 13 in Table II-5), less private consumption.

**Table II-A6**  
**INCOME FROM ALL SOURCES AND GROSS NATIONAL**  
**SAVING, 1983-86, AT OFFICIAL EXCHANGE RATE**

	1983	1984	1985	1986
<i>Current NIS million</i>				
1. Gross national product at market prices <sup>a</sup>	1,531	7,394	27,460	42,733
2. Net unilateral transfers from abroad <sup>b</sup>	154	1,068	5,255	6,395
3. Total gross income from all sources (1+2)	1,685	8,462	32,715	49,128
4. Private consumption	892	4,170	15,854	26,115
5. Domestic public consumption	458	2,290	7,759	11,246
6. Direct defense imports, incl. advance payments	68	557	2,081	2,759
7. Total consumption (4+5+6)	1,418	7,017	25,694	40,120
8. Gross national saving (3-7)	267	1,445	7,021	9,008
9. Gross private saving <sup>c</sup>	265	1,971	5,455	5,382
10. Gross public saving (8-9)	2	-526	1,566	3,626
11. Gross saving rate, income from all sources:			<i>Percent</i>	
A. National [100x(8)/(3)]	15.9	17.1	21.5	18.3
B. Private [100x(9)/(3)]	15.5	23.3	16.7	11.0
C. Public [100x(10)/(3)]	0.4	-6.2	4.8	7.3

<sup>a</sup> Gross national product at the official exchange rate is defined as private consumption *plus* public consumption *plus* investment *plus* exports at the official exchange rate, *minus* imports at the official exchange rate.

<sup>b</sup> Unilateral transfers from abroad, less net interest payments of the public sector to the rest of the world.

<sup>c</sup> Gross private disposable income from all sources (line 13 in Table II-5), less private consumption.

Table V-A1  
**DOMESTIC GOVERNMENT BUDGET, 1980/81-1987/88**  
(Percent of GNP, at current prices)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87 <sup>a</sup>	1987/88 <sup>b</sup>
<b>Total domestic expenditure</b>	<b>47.3</b>	<b>52.4</b>	<b>49.6</b>	<b>47.9</b>	<b>45.6</b>	<b>46.5</b>	<b>44.4</b>	<b>44.4</b>
Public consumption	19.2	19.8	22.0	19.8	17.7	18.0	17.6	17.1
Thereof: Defense consumption	11.7	12.2	13.7	11.8	10.5	10.9	10.5	9.8
Investment	2.4	2.8	2.5	1.8	1.2	1.1	1.2	1.1
Other current outlays	25.8	29.8	29.3	28.0	29.0	26.6	27.7	26.2
<b>Total domestic revenue</b>	<b>40.7</b>	<b>40.3</b>	<b>46.0</b>	<b>43.4</b>	<b>35.3</b>	<b>42.2</b>	<b>43.9</b>	<b>41.4</b>
Tax revenue	33.8	34.4	37.9	36.5	32.5	37.8	40.3	37.2
Other revenue	7.0	5.9	8.1	7.0	2.8	4.5	3.6	4.2
<b>Domestic deficit (-) or surplus (+)</b>	<b>-6.6</b>	<b>-12.1</b>	<b>-7.8</b>	<b>-6.2</b>	<b>-12.6</b>	<b>-3.4</b>	<b>-2.6</b>	<b>-3.0</b>
Net borrowing from the public	7.2	9.3	3.0	0.2	7.5	3.9	1.8	2.3
<b>Injection resulting from budget</b>	<b>-0.7</b>	<b>2.8</b>	<b>4.8</b>	<b>6.0</b>	<b>5.1</b>	<b>-0.5</b>	<b>0.8</b>	<b>0.7</b>

<sup>a</sup> Provisional data.

<sup>b</sup> At July 1986 prices.

SOURCE: Based on Ministry of Finance data.

Table VII-A1  
CIVILIAN MERCHANDISE IMPORTS BY ECONOMIC DESTINATION, 1983-86<sup>a</sup>

	\$ million				Percent annual change <sup>b</sup>			Quantity		
	1983	1984	1985	1986	1984	1985	1986	1984	1985	1986
Consumer goods	953.3	657.0	621.0	1,022.7	-4.4	-0.8	18.8	-27.9	-4.7	38.6
Thereof: Durables	456.4	256.4	231.7	454.0	-5.1	4.1	27.7	-40.8	-13.2	53.4
Capital goods	1,778.5	1,572.4	1,413.7	1,604.1	-1.9	4.4	17.1	-9.9	-13.9	-3.1
Thereof: Equipment, machinery and instruments	1,302.2	1,246.9	1,227.1	1,295.2	-1.7	3.6	14.1	-2.6	-5.0	-7.5
Intermediates	5,787.3	6,004.5	6,161.7	6,843.3	0.5	-3.7	-6.5	3.3	6.6	18.7
Thereof: Fuel	1,607.1	1,592.8	1,510.2	924.3	0.5	-6.2	-46.0	-1.4	1.1	13.3
Raw and polished diamonds, net	782.2	879.9	1,168.3	1,597.9	1.7	-1.5	10.0	14.4	30.8	24.3
Other	3,398.0	3,531.8	3,483.2	4,321.1	1.3	-4.3	4.4	2.6	3.0	18.8
Goods n.e.s., less returned imports	-137.5	-161.8	-175.5	-194.7						
Total (net) foreign trade statistics	8,381.6	8,072.1	8,020.9	9,275.4	-0.4	-2.3	-1.0	-3.3	1.7	16.8
Balance of payments adjustments	-287.6	-301.5	-371.6	-378.3						
Imports from Judea-Samaria and the Gaza District	285.2	195.7	192.2	289.2	-9.6	2.8	20.1	-24.1	-4.4	25.3
Total civilian goods imports, net, according to balance-of-payments definition (c.i.f.)	8,379.2	7,966.3	7,841.5	9,186.3	-0.3	-2.1	-0.5	-4.6	0.5	17.8
Total, net, excl. fuel, diamonds, and Judea-Samaria and the Gaza District	5,704.7	5,297.9	4,970.8	6,374.9	-0.2	-1.9	9.0	-6.9	-4.4	17.7

<sup>a</sup> Imports c.i.f.

<sup>b</sup> Rates of change calculated from less rounded figures than those shown.

SOURCE: Central Bureau of Statistics.

**Table VII-A2**  
**COMPOSITION OF IMPORTS BY FINAL USES, 1982-86<sup>a</sup>**  
(Percent change in dollar value, current prices)

	1982	1983	1984	1985	1986
Private consumption	25.2	26.4	23.0	21.3	23.9
Public consumption, excl. direct defense imports	5.9	5.4	5.2	5.2	4.1
Direct defense imports	10.0	6.8	9.4	12.0	7.1
Fixed investment	11.9	14.9	13.0	11.8	12.0
Exports	23.4	22.6	25.6	27.8	26.7
Investment in stocks	-0.1	-0.1	-1.4	-0.9	4.6
Capital services	18.1	17.4	19.0	18.3	16.1
Other <sup>b</sup>	5.6	6.6	6.2	4.5	5.5

<sup>a</sup> Calculated on the basis of the 1977/78 input-output table.

<sup>b</sup> Mainly factor payments to the rest of the world other than capital services.

SOURCE: Bank of Israel estimates.

**Table VII-A3**  
**DERIVED DEMAND FOR IMPORTED INTERMEDIATES AND**  
**ACTUAL IMPORTS OF INTERMEDIATES, 1982-86<sup>a</sup>**

	Derived demand by final destination <sup>b</sup>						Actual imports <sup>c</sup>
	Consumption	Fixed investment	Total domestic uses	Exports	Total		
Private	Public						
<i>Annual change in volume, percent</i>							
1982	4.9	3.7	-3.2	3.0	0.9	2.1	4.6
1983	4.3	0.0	8.8	4.4	-0.6	2.2	5.5
1984	-2.2	0.4	-8.2	-2.9	18.9	6.2	1.3
1985	1.0	-5.4	-5.6	-1.3	2.9	0.7	1.2
1986	11.4	-5.2	-6.4	5.4	4.9	5.2	20.1
<i>Percent of total<sup>d</sup></i>							
1982	32.5	10.9	11.7	55.1	44.9	100	
1983	32.9	10.8	12.5	56.2	43.8	100	
1984	30.6	10.1	10.5	51.2	48.8	100	
1985	29.8	9.8	9.9	49.5	50.5	100	
1986	30.7	9.2	9.1	49.0	51.0	100	

<sup>a</sup> Excludes fuel and diamonds; includes imports from Judea-Samaria and the Gaza District.

<sup>b</sup> Based on the 1977/78 input-output table. Absolute figures are not shown because of differences in the definition of intermediates between the input-output table and the foreign trade statistics (actual imports).

<sup>c</sup> Foreign trade statistics.

<sup>d</sup> Calculated from figures in current dollars.

SOURCE: Based on data of the Central Bureau of Statistics.

Table VII-A4  
COMMODITY EXPORTS, BY SECTOR, 1983-86<sup>a</sup>

	\$ million <sup>c</sup>				Percent annual change <sup>b</sup>					
					Price			Quantity		
	1983	1984	1985	1986	1984	1985	1986	1984	1985	1986
Agricultural exports	504	529	469	560	-3.9	-3.2	5.8	9.2	-8.5	13.0
Citrus	163	116	172	174	-19.2	45.2	5.5	-11.5	1.9	-4.0
Other	341	412	296	386	1.8	-19.0	5.9	18.8	-11.2	22.9
Industrial exports <sup>d</sup>	3,392	4,034	4,350	4,732	-0.5	0.1	2.4	19.5	7.7	6.2
Metals, machinery and electronic equipment	1,395	1,760	1,928	2,190	0.4	-0.5	5.2	25.7	10.1	7.9
Other industrial exports	1,997	2,274	2,421	2,542	-0.5	0.9	0.3	14.4	5.5	4.6
Diamonds, net	1,001	1,035	1,263	1,665	-4.9	-3.9	4.4	8.8	26.9	26.2
Ships and aircraft	5	32	10	4						
less Returned exports	11	8	6	7						
Total exports, net, foreign trade statistics	4,890	5,622	6,084	6,914	-1.7	-1.0	3.2	16.9	9.3	10.1
Balance of payments adjustments	-67	-56	-82	-57	..	..	..	..	..	..
Exports to Judea-Samaria and the Gaza District	718	623	600	780	-3.9	-9.8	15.1	-9.8	6.9	12.9
Total, net, balance of payments definition	5,541	6,189	6,602	7,637	-3.7	-2.0	4.4	16.0	8.9	10.8
Total, net, excl. diamonds and exports to Judea-Samaria and Gaza	3,822	4,531	4,739	5,193	-0.9	-0.2	2.8	19.7	4.9	6.6

<sup>a</sup> Exports f.o.b.

<sup>b</sup> Rates of change calculated from less rounded figures than those shown.

<sup>c</sup> Figures may not add owing to rounding.

<sup>d</sup> Excluding diamonds, ships and aircraft.

SOURCE: Based on data of the Central Bureau of Statistics.

**Table VII-A5**  
**SERVICES ACCOUNT, 1983-86<sup>a</sup>**

	\$ million <sup>b</sup>				Percent annual change <sup>c</sup>		
	1983	1984	1985	1986	1984	1985	1986
<b>Imports</b>							
Transport	1,031	1,070	938	936	3.7	-12.3	-0.2
Tourism	801	726	550	852	-9.5	-24.3	55.0
Insurance	8	39	133	49			
Capital services	2,669	2,966	2,776	2,591	11.1	-6.4	-6.6
Other services	1,325	1,317	1,008	1,225	-0.6	-23.5	21.6
Government services n.e.s.	90	92	106	93	1.6	15.3	-12.0
Total	<b>5,924</b>	<b>6,208</b>	<b>5,509</b>	<b>5,746</b>	4.8	-11.3	4.3
Thereof: From Judea-Samaria and the Gaza District	452	412	336	488	-8.7	-18.5	45.3
Total excl. Judea-Samaria and the Gaza District	<b>2,803</b>	<b>2,830</b>	<b>2,397</b>	<b>2,666</b>	1.0	-15.3	11.2
<b>Exports</b>							
Transport	1,237	1,314	1,329	1,333	6.2	1.2	0.3
Thereof: Freight charges on imports (Israeli carriers)	325	312	306	358	-4.1	-1.6	16.8
Tourism	1,017	1,040	1,101	971	2.3	5.9	-11.9
Insurance	4	-14	21	29			
Capital services	1,585	1,192	1,039	926	-24.8	-12.8	-10.9
Other services	1,075	1,076	1,126	1,196	0.1	4.6	6.2
Government services n.e.s.	27	24	16	22	-11.2	-31.1	31.1
Total	<b>4,944</b>	<b>4,632</b>	<b>4,632</b>	<b>4,477</b>	-6.3	0.0	-3.4
Thereof: To Judea-Samaria and the Gaza District	143	133	139	157	-7.1	5.0	12.7
Total excl. Judea-Samaria and the Gaza District	<b>3,217</b>	<b>3,308</b>	<b>3,454</b>	<b>3,394</b>	2.8	4.4	-1.8
Deficit on services account	980	1,576	877	1,270	60.9	-44.4	44.8
Net imports of capital services	1,084	1,774	1,737	1,665	63.7	-2.1	-4.1
Surplus on services account excl. Judea-Samaria and the Gaza District	414	478	1,057	727	15.6	121.2	-31.2

<sup>a</sup> Imports c.i.f.; exports f.o.b. Imports of transport services and insurance of imports are included in merchandise imports, but transport and insurance of import freights of Israeli carriers are classified as exports.

<sup>b</sup> Figures may not add owing to rounding.

<sup>c</sup> Rates of change have been calculated from less rounded figures.

SOURCE: Central Bureau of Statistics.

**Table VIII-A1**  
**MONETARY INDICATORS, 1981-86**  
(NIS million, average balances)

	1981	1982	1983	1984	1985	1986
Narrow money base <sup>a</sup>	7	15	34	132	1,145	2,554
Unlinked short-term assets <sup>b</sup>	15	35	94	388	2,535	5,781
Unlinked short-term assets + Patam	60	144	380	2,052	8,333	11,841
Short-term assets <sup>c</sup>	91	210	514	2,526	10,093	15,384
Short-term assets + bank shares	136	333	851	3,256	13,549	20,256
Total financial assets <sup>c</sup>	373	979	2,450	10,748	46,874	73,433
Bank credit (excl. fuel) to private nonfinancial sector <sup>d</sup>	55	112	256	1,165	5,189	9,023
Medium- and long-term credit <sup>e</sup>	60	161	492	2,667	11,785	18,699
Net financial wealth of private nonfinancial sector <sup>f</sup>	268	659	1,608	6,642	29,363	45,717

<sup>a</sup> Source: Table VIII-A7.

<sup>b</sup> M1, time deposits, CDs, and treasury bills, as detailed in Table VIII-A12.

<sup>c</sup> As detailed in Table VIII-A13.

<sup>d</sup> As detailed in Table VIII-A20.

<sup>e</sup> As detailed in Table VIII-A21.

<sup>f</sup> As detailed in Table VIII-A16.

**Table VIII-A2**  
**SOURCES AND DESTINATION OF NOMINAL INCREMENTAL LIQUIDITY GENERATED BY EXTERNAL INJECTIONS, 1981-86**  
(NIS million, at current prices)

	1981	1982	1983	1984	1985	1986
<b>Source</b>						
Public sector injection <sup>a</sup>	33	52	146	746	669	-538
Bank of Israel injection <sup>a</sup>	-5 <sup>b</sup>	-13 <sup>b</sup>	54	95	350 <sup>b</sup>	316
Total external injection	28	39	200	842	1,019	-222
Less: Balance of payments leakage	6	9	102	538	1,135	984
Total injection	21	30	98	304	-116	1,206
<b>Destination</b>						
Money creation (= change in money base)	5	10	32	231	1,862	737
Addition to short-term asset base	-4	-4	71	-99	-1,544	498
Resident deposits (Patam)	1	2	85	41	-1,754	-927
Tradable bonds	-5	-6	-14	-140	210	1,425
Addition to medium- and long-term asset base	20	24	-4	172	-434	-2,441
Restitution deposits	2	5	10	14	194	112
Saving schemes and social insurance funds <sup>c</sup>	18	19	-15	158	-628	-2,553

<sup>a</sup> For details see Table VIII-A4.

<sup>b</sup> The figures are downward biased because they are net of the export funds transferred from the Bank of Israel to the commercial banks. The amount that has to be added to make these figures comparable with the others is to be found in Table VIII-A4.

<sup>c</sup> Net long-term government borrowing from the private sector (including early redemption of State of Israel Bonds).

**Table VIII-A3**  
**VELOCITY OF DEMAND DEPOSITS AND MONETARY**  
**AGGREGATES, 1960-86**

	Demand deposits <sup>a</sup> (1)	Patam deposits <sup>b</sup> (2)	Money (M1) (3)	Average annual velocity of monetary aggregates relative to domestic uses <sup>c</sup>	
				M1 and unlinked deposits (4)	Total short-term assets <sup>d</sup> (5)
1960	16.4		6.3		
1966	21.8		6.7		
1970	21.5		8.4	4.5	2.6
1976	35.8		13.2	7.5	2.6
1980	104.3		23.1	17.5	3.2
1981	161.0		28.3	19.1	3.5
1982	193.7	11.8	33.2	18.6	3.7
1983	227.5	9.6	40.2	18.2	3.8
1984	345.9	11.0	58.6	20.7	3.8
1985	428.5	13.3	46.1	11.3	3.3
1st half	419.6	13.8	68.9	21.7	4.5
2nd half	437.5	11.8	34.7	7.6	2.6
1986	306.3	12.9	27.2	7.8	3.4
1st half	368.0	12.9	32.3	9.0	3.6
2nd half	244.5	13.0	23.4	7.0	3.2

<sup>a</sup> Total debits to Israeli currency demand deposits in banks, divided by the average annual balance of such deposits.

<sup>b</sup> Resident accounts denominated in foreign currency.

<sup>c</sup> Total domestic uses, excl. direct defense imports as defined in Table II-1, divided by the average total of the monetary aggregates.

<sup>d</sup> All the assets in column 4 plus tradable bonds held by the public and Patam.

SOURCE: Turnover of demand and Patam deposits—Department of the Examiner of Banks, *Banking Statistics*; M1 and unlinked deposits—Table VIII-A1; total liquid assets—Table VIII-A12; domestic uses, excluding direct defense imports—Table II-1.

**Table VIII-A4**  
**EXTERNAL INJECTION AND BALANCE OF**  
**PAYMENTS LEAKAGE, 1981-86**  
(NIS million)

	1981	1982	1983	1984	1985	1986
<b>Public sector</b>						
Expenditure <sup>a</sup>	136	302	755	3,478	13,154	19,791
Less: Tax revenue	111	270	702	2,830	12,589	20,857
Domestic deficit	25	33	53	648	565	-1,066
Credit to private sector <sup>b</sup>	8	19	93	98	104	527
Total public sector injection	33	52	146	746	669	-538
<b>Bank of Israel</b>						
Directed credit <sup>b</sup>	-9	-16	62	233	125	-52
Transfer of export funds to commercial banks	4	19	0	0	170	0
Discount-window loan	0	2	30	63	-26	166
Other factors	4	1	-38	-201	251	202
Bank of Israel injection A <sup>c</sup>	-5	-13	54	95	350	316
Bank of Israel injection B <sup>c</sup>	-1	6	54	95	520	316
<b>Balance of payments, private sector</b>						
Deficit on current account	5	32	109	367	-63	682
Less: Capital imports	-2	23	7	-171	-1,198	-302
Leakage via balance of payments <sup>d</sup>	6	9	102	538	1,135	984

<sup>a</sup> Domestic purchases, payroll, transfer payments, subsidies (excludes interest on the internal debt).

<sup>b</sup> Includes the subsidy component of such credit.

<sup>c</sup> Variant A excludes and variant B includes transfer of export funds to commercial banks.

<sup>d</sup> Purchase of foreign currency by the public.

**Table VIII-A5**  
**REVENUE FROM MONEY CREATION, 1982-86**  
(Percent of GNP<sup>a</sup>)

	1982	1983	1984	1985		1986		
				Total	2nd half	Total	1st half	2nd half
1. Inflationary erosion	2.1	2.4	3.1	2.7	2.2	1.3	1.2	1.5
2. Money creation	1.7	2.3	2.9	6.5	10.6	1.9	0.3	3.5
3. Interest on money base	0.3	0.5	0.8	1.8	2.5	0.9	1.2	0.6
4. Interest on discount-window loan and liquidity deficiency fines	0.5	0.8	1.1	0.7	0.5	0.0	0.1	-0.1
5. Change in discount-window loan	0.8	1.8	0.6	-0.0	-1.0	0.5	1.2	-0.3
6. Revenue from money creation (2-3+4-5)	1.2	0.8	2.7	5.4	9.6	0.5	-2.0	3.1

<sup>a</sup> See note a to Table VIII-2.

**Table VIII-A6**  
**MONEY SUPPLY AND NONINDEXED SHEQEL DEPOSITS OF THE PUBLIC, 1983-86**  
(NIS million, end of period)

	Money supply (M1)				Nonindexed deposits			Total (3+5+6+7)		
	Currency in circulation (1)	Demand deposits (2)	Total (1+2) (3)	Total (3) seasonally adjusted (4)	CDs (5)	Time deposits (6)	Deposits against liabilities (7)	NIS million (8)	Percent change over preceding period (9)	
1983	24	37	61	61	48	29	5	143	146.4	
1984	123	154	277	274	244	183	40	745	419.7	
1985	481	508	989	937	2,066	1,153	39	4,248	470.4	
1986	974	1,207	2,181	2,173	2,803	2,379	57	7,419	74.7	
1986	January	494	602	1,096	1,102	2,555	1,072	39	4,762	12.1
	February	528	698	1,225	1,213	2,585	1,104	40	4,955	4.0
	March	608	923	1,532	1,378	2,610	886	43	5,071	2.3
	April	654	863	1,517	1,457	2,425	946	62	4,950	-2.4
	May	653	822	1,475	1,531	2,435	956	42	4,907	-0.9
	June	681	893	1,574	1,606	2,554	842	45	5,015	2.2
	July	756	1,003	1,759	1,791	2,474	1,061	43	5,338	6.4
	August	799	1,043	1,843	1,905	2,628	1,386	38	5,895	10.4
	September	837	1,090	1,927	1,958	2,540	1,736	42	6,244	5.9
	October	850	1,073	1,923	2,002	2,635	2,059	44	6,662	6.7
	November	872	1,123	1,995	2,059	2,612	2,304	35	6,946	4.3
	December	974	1,207	2,181	2,173	2,803	2,379	57	7,419	6.8

Table VIII-A7  
 THE MONEY BASE, 1983-86  
 (NIS million, end of period)

	Currency in circulation (1)	Liquid assets of banking institutions (2)	Narrow money base (1+2) (3)	Liquidity exemptions (4)	Recognized liquidity deficits (5)	Broad money base Total (3+4+5) (6)	Percent change over preceding period (7)
1983	24	27	51	0	0	51	130.7
1984	123	159	282	0	1	283	453.8
1985	481	1,662	2,143	0	24	2,168	667.0
1986	974	1,906	2,880	0	21	2,901	33.8
1986 January	494	2,010	2,504	0	20	2,525	16.5
February	528	2,077	2,605	0	22	2,627	4.0
March	608	1,749	2,357	0	19	2,376	-9.6
April	654	2,026	2,680	0	25	2,705	13.9
May	653	1,376	2,028	0	17	2,046	-24.4
June	681	1,483	2,164	0	40	2,204	7.8
July	756	1,541	2,297	0	22	2,319	5.2
August	799	1,831	2,631	0	19	2,650	14.2
September	837	1,937	2,774	0	18	2,791	5.3
October	850	1,980	2,830	0	36	2,867	2.7
November	872	2,022	2,894	0	27	2,921	1.9
December	974	1,906	2,880	0	21	2,901	-0.7

Table VIII-A8  
**LINKED DEPOSITS OF THE PUBLIC AND ITS SECURITIES HOLDINGS, 1983-86**  
(NIS million, end of period)

	Approved saving scheme deposits		Linked long-term deposits <sup>a</sup>	Resident deposits <sup>b</sup>		Tradable securities		
	Total (1)	Principal (2)		Restitutions (4)	Other (5)	Bonds <sup>c</sup> (6)	All shares <sup>d</sup> (7)	Bank shares <sup>d</sup> (8)
1983	629	126	48	264	561	205	451	261
1984	4,051	739	330	1,534	3,382	934	2,609	1,544
1985	10,877	2,858	1,279	4,194	6,434	2,718	7,582	4,600
1986	12,325	4,750	2,359	4,790	5,711	3,663	10,696	5,245
1986 January	10,886	3,032	1,323	4,229	6,354	2,893	7,474	4,440
February	10,850	3,184	1,345	4,365	6,271	2,953	8,329	4,628
March	11,075	3,378	1,378	4,354	6,328	3,264	9,084	5,013
April	11,168	3,536	1,488	4,453	6,228	3,358	8,947	4,935
May	11,395	3,694	1,593	4,373	6,102	3,567	9,555	5,046
June	11,559	3,908	1,685	4,515	6,127	3,776	9,165	5,017
July	11,664	4,044	1,751	4,599	6,103	3,911	9,139	4,929
August	11,637	4,172	1,825	4,618	6,022	3,795	9,391	4,677
September	11,713	4,293	1,936	4,667	6,012	3,836	9,334	4,791
October	11,868	4,411	2,038	4,645	5,750	3,954	9,872	4,808
November	12,041	4,521	2,175	4,748	5,706	3,552	10,270	4,936
December	12,325	4,750	2,359	4,790	5,711	3,663	10,696	5,245

<sup>a</sup> Includes linkage increments.

<sup>b</sup> Includes valuation adjustments for changes in foreign exchange rates. Includes nonresident deposits of Israeli residents.

<sup>c</sup> At market prices. Excludes bonds held by commercial banks, the Bank of Israel, social insurance funds, and other institutional investors.

<sup>d</sup> At market prices. Includes shares held by banks; excludes shares held by the government.

SOURCE: Bank of Israel and calculations of the Tel Aviv Stock Exchange.

**Table VIII-A9**  
**SOURCE AND COMPOSITION OF CHANGE IN LIQUID ASSET BASE, 1986**  
(NIS million)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Public sector injection to liquid asset base <sup>a</sup>	145.8	-103.6	90.4	-215.7	-80.7	366.4	159.0	826.7	237.2	234.8	179.4	175.3
Bank of Israel injection	17.8	224.7	-46.4	555.2	-430.5	173.7	124.9	-342.1	-78.6	-173.5	-87.9	266.3
Directed sheqel credit	1.0	0.0	1.0	2.0	0.0	1.0	1.0	-4.0	0.3	0.1	0.1	0.5
Directed foreign currency credit	-6.0	-3.0	-10.0	-2.6	-14.0	-6.0	8.4	-13.5	-22.1	22.6	-3.5	-5.4
Discount-window loan	142.0	29.0	-80.0	421.0	-415.0	126.0	295.0	-210.0	-76.1	-98.5	-104.4	136.7
Other factors <sup>b</sup>	-119.2	198.7	42.6	134.8	-1.5	52.7	-179.5	-114.6	19.3	-97.7	19.9	134.5
Total external injection	163.6	121.1	44.0	339.5	-511.2	540.1	283.8	484.6	158.5	61.3	91.5	441.6
Purchase (-) of foreign currency by private sector	-29.9	-87.8	-136.5	105.9	-147.3	-141.5	-288.9	-92.0	-13.6	1.3	96.2	-249.7
Change in narrow liquid asset base	133.7	33.3	-92.5	445.4	-658.5	398.6	-5.1	392.6	144.9	62.6	187.7	191.9
Liquidity exemptions and recognized deficiencies	-3.8	1.1	-2.6	6.3	-8.3	23.2	-17.9	-3.6	-1.0	18.7	-9.2	-6.5
Change in broad liquid asset base	129.8	34.5	-95.1	451.7	-666.9	421.8	-23.0	389.0	144.0	81.3	178.5	185.5
Change in broad money base	356.9	102.2	-251.0	329.5	-659.9	158.9	115.0	330.3	141.7	75.2	54.5	-20.0
Net increment to resident deposits (Patam) <sup>c</sup>	-125.4	-109.0	19.0	-4.0	-177.0	-9.0	-206.0	-96.0	-124.7	-132.5	38.1	-0.4
Net purchase of bonds	-101.7	41.3	136.9	126.2	170.0	271.9	68.1	154.7	127.0	138.6	85.9	205.9
Change in liquidity deficiencies	238.1	16.6	-87.0	321.9	-341.1	-64.4	60.5	187.1	-41.0	-79.8	56.7	-381.8

<sup>a</sup> Excludes long- and medium-term borrowing from the public.

<sup>b</sup> Consists mainly of the absorption or injection through the Bank of Israel's income and expense accounts (such as interest paid on local and foreign currency liquid assets, fines for liquidity deficiencies, the absorption or injection through restitution deposits, and discrepancies between the commercial banks' balance sheets and the balance sheet of the Bank of Israel).

<sup>c</sup> Time and demand deposits.

**Table VIII-A10**  
**SOURCES OF CHANGE IN NONINDEXED**  
**LOCAL CURRENCY ASSETS, 1983-86**

	1985			1986			
	1983	1984	Total	2nd half	Total	1st half	2nd half
<i>Percent of GNP</i>							
Public sector contribution (injection plus net sale of treasury bills)	9.4	10.9	5.2	2.8	1.3	-2.6	5.3
Bank of Israel contribution	3.8	1.5	1.5	0.2	0.9	3.0	-1.2
Discount-window loan	1.8	0.6	-0.0	-1.0	0.5	1.2	-0.3
Directed credit	3.8	4.0	0.7	-0.5	-0.1	-0.2	-0.1
Other factors	-1.8	-3.2	0.8	1.7	0.6	2.0	-0.9
Resident and restitution deposits	-5.7	1.3	-4.7	-10.3	-2.1	-1.8	-2.3
Purchase (-) of foreign currency by the private sector	-6.3	-8.6	-4.8	-2.2	-2.5	-2.4	-2.6
Domestic banking activities	4.5	6.5	6.7	5.8	6.0	4.1	7.9
Purchase of nonindexed financial assets	5.7	9.0	13.3	16.9	7.9	4.0	11.7
Money (M1)	2.4	2.9	2.7	3.0	3.1	3.3	2.9
Time deposits and CDs	3.2	6.1	10.4	13.3	4.8	1.1	8.6
Treasury bills	0.0	0.1	0.2	0.6	-0.1	-0.4	0.3
Treasury bill valuation changes	0.0	0.1	0.3	0.5	-0.0	0.0	-0.0
Total change in nonindexed local currency assets	5.7	9.1	13.6	17.4	7.9	4.0	11.7
<i>NIS million, monthly average</i>							
Public sector contribution (injection plus net sale of treasury bills)	13.4	60.3	94.6	76.4	49.1	-85.9	184.0
Bank of Israel contribution	4.5	8.0	29.1	8.6	26.3	93.8	-41.2
Discount-window loan	2.5	5.3	-2.2	-25.8	13.8	37.2	-9.5
Directed credit	5.2	19.4	10.4	-13.7	-4.3	-6.1	-2.6
Other factors	-3.2	-16.8	20.9	48.1	16.8	62.8	-29.1
Resident and restitution deposits	8.0	4.6	-130.0	-266.3	-67.9	-56.2	-79.6
Purchase (-) of foreign currency by the private sector	-8.5	-44.8	-94.6	-63.9	-82.0	-72.9	-91.1
Domestic banking activities	5.7	32.2	138.0	155.1	202.4	124.7	280.0
Purchase of nonindexed financial assets	7.1	51.1	297.2	442.5	263.6	116.0	411.3
Money (M1)	2.9	18.0	59.3	79.9	99.3	97.4	101.1
Time deposits and CDs	4.2	32.1	232.6	347.8	165.0	30.4	299.7
Treasury bills	0.0	1.0	5.2	14.8	-0.7	-11.9	10.5
Treasury bill valuation changes	0.0	0.5	7.2	12.9	0.0	0.2	-0.2
Total change in nonindexed local currency assets	7.1	51.6	304.3	455.4	263.7	116.2	411.2

**Table VIII-A11**  
**CHANGE IN FINANCIAL ASSETS OF THE PUBLIC, 1982-86**  
(NIS million)

	1982	1983	1984	1985		1986	
				Total	2nd half	Total	1st half
<b>Contribution of injections and financial intermediation</b>							
1. Total injection <sup>a</sup>	30	44	307	-116	-327	-1,209	-231
To money base	10	32	231	1,862	1,646	737	21
To indexed short-term asset base	-4	71	-99	-1,544	-1,424	498	239
To medium- and long-term asset base	24	-59	175	-434	-549	-2,444	-491
2. Domestic financial intermediation	31	-10	-7	414	167	3,705	1,269
3. Purchase of assets by the public (1+2)	61	34	300	298	-161	2,496	1,038
Nonindexed assets	30	50	198	2,366	2,022	2,472	439
Resident deposits and tradable bonds	-17	-2	-299	-1,091	-1,186	-772	186
Medium- and long-term assets <sup>b</sup>	48	-14	401	-977	-996	796	413
<b>Contribution of revaluation</b>							
4. Total revaluation	774	2,119	18,453	41,382	20,745	12,054	5,431
Nonindexed assets	7	32	385	1,288	768	673	251
Resident deposits and tradable bonds	131	517	3,704	5,730	2,005	730	467
Medium- and long-term assets <sup>b</sup>	637	1,571	14,364	34,364	17,972	10,651	4,713
5. Total change in asset holdings (3+4)	836	2,153	18,753	41,680	20,584	14,550	6,469
Nonindexed assets	37	83	583	3,653	2,790	3,145	690
Resident deposits and tradable bonds	114	514	3,405	4,640	819	-42	654
Medium- and long-term assets	685	1,557	14,765	33,387	16,976	11,447	5,125

<sup>a</sup> Public sector and Bank of Israel injections, less balance of payments leakage. The discrepancies between the data here and in Table VIII-2 stem from the inclusion in the latter table of government purchases of "arrangement" bank shares.

<sup>b</sup> Includes shares of financial concerns.

SOURCE: Research Department of the Bank of Israel.

Table  
FINANCIAL ASSETS

	NIS million, end-of-period balances			
	1985		1986	
	1st half	2nd half	1st half	2nd half
Nonindexed short-term assets	1,682	4,414	5,111	7,578
Money supply (M1)	510	989	1,574	2,181
Thereof: Currency in circulation	234	481	681	974
Time deposits, CDs, treasury bills	1,172	3,425	3,537	5,398
Resident deposits and tradable bonds	8,236	9,152	9,903	9,374
Resident deposits (Patam) <sup>b</sup>	6,662	6,434	6,127	5,711
Bonds held by the public <sup>c</sup>	1,574	2,718	3,776	3,663
Total short-term assets	<b>9,918</b>	<b>13,566</b>	<b>15,014</b>	<b>16,952</b>
Bank shares	3,624	4,600	5,017	5,245
Total short-term assets + bank shares	<b>13,542</b>	<b>18,166</b>	<b>20,031</b>	<b>22,197</b>
Nonbank shares	1,973	2,982	4,148	5,452
Restitution deposits	3,163	4,194	4,515	4,790
Savings schemes and indexed deposits	10,046	13,803	15,045	16,553
Social insurance funds and life insurance	15,623	25,968	28,996	33,002
Total financial assets	<b>44,346</b>	<b>65,113</b>	<b>72,734</b>	<b>81,993</b>
Thereof: Nonbank shares	1,973	2,982	4,148	5,452
Foreign currency-linked assets	19,867	23,073	24,378	24,861
CPI-linked assets	20,824	34,644	39,098	44,102

<sup>a</sup> In this table the "public" excludes the government, Bank of Israel, and commercial banks. For lack of data no adjustment was made for the rest-of-the-world sector; i.e. financial assets of foreigners were not deducted and foreign financial assets of Israeli residents were not added. There is some double-counting in this table, since financial assets include liabilities issued by financial institutions to the public and financial assets held by these institutions.

<sup>b</sup> Includes nonresident deposits of Israeli residents.

<sup>c</sup> Total bonds of the type issued to the public, less bonds held by commercial banks, the Bank of Israel, and social insurance funds.

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OF THE PUBLIC, 1985-86<sup>a</sup>

Percent of total				Average real balances (index, 1983 = 100)				Percent real change during period <sup>d</sup>					
1985		1986		1985		1986		1985		1986			
1st half	2nd half	1st half	2nd half	Total	2nd half	Total	1st half	2nd half	Total	2nd half	1st half	2nd half	
3.8	6.8	7.0	9.2	100	122	164	151	177	103.1	80.6	43.5	6.6	34.6
1.1	1.5	2.2	2.7	100	103	182	161	203	25.0	33.5	84.2	46.4	25.8
0.5	0.7	0.9	1.2	100	106	178	156	200	37.1	41.2	69.2	30.3	29.8
2.6	5.3	4.9	6.6	100	128	157	147	168	147.8	101.0	31.7	-4.9	38.6
18.6	14.1	13.6	11.4	100	88	83	86	79	-25.6	-23.6	-14.4	-0.4	-14.0
15.0	9.9	8.4	7.0	100	84	67	72	62	33.3	-33.6	-25.8	-12.4	-15.4
3.5	4.2	5.2	4.5	100	100	136	133	139	2.1	18.8	12.6	27.9	-11.9
22.4	20.8	20.6	20.7	100	96	101	101	102	-6.3	-5.9	4.4	1.9	2.5
8.2	7.1	6.9	6.4	100	97	95	99	91	4.5	-12.7	-4.7	0.4	-5.1
30.5	27.9	27.5	27.1	100	96	100	100	99	-3.8	-7.7	2.1	1.5	0.6
4.4	4.6	5.7	6.6	100	98	126	118	134	-1.8	4.0	52.8	28.0	19.3
7.1	6.4	6.2	5.8	100	98	97	98	95	-4.1	-8.8	-4.5	-0.9	-3.7
22.7	21.2	20.7	20.2	100	98	99	99	99	-5.4	-5.5	0.2	0.3	-0.1
35.2	39.9	39.9	40.2	100	102	113	111	114	7.1	14.3	6.2	2.8	3.3
100.0	100.0	100.0	100.0	100	99	105	105	106	-0.0	1.0	5.2	2.8	2.4
4.4	4.6	5.7	6.6	100	98	126	118	134	-1.8	4.0	52.8	28.0	19.3
44.8	35.4	33.5	30.3	100	93	87	90	84	-10.5	-20.1	-9.9	-2.8	-7.4
47.0	53.2	53.8	53.8	100	102	112	110	114	1.5	14.5	6.4	3.9	2.4

<sup>d</sup> Average end-of-month balances, deflated by the CPI.

**Table VIII-A13**  
**NET PURCHASE OF FINANCIAL ASSETS BY THE PRIVATE NONFINANCIAL SECTOR, 1983-86**  
(Millions of current NIS)

	1983	1984	1985	1986	1985		1986	
					1st half	2nd half	1st half	2nd half
Money supply (M1) <sup>a</sup>	35	204	671	1,118	207	464	585	533
Time deposits and CDs <sup>a</sup>	15	-6	1,695	1,354	137	1,558	-146	1,500
Tradable bonds <sup>b</sup>	-38	-218	631	249	239	392	601	-352
Foreign currency deposits <sup>c</sup>	36	-81	-1,722	-1,021	-143	-1,579	-415	-606
Shares of financial concerns <sup>b,d</sup>	-58	-1	-6	-21	16	-23	-24	3
Restitution deposits	7	51	-616	-417	-70	-546	-29	-388
Deposits in financial institutions <sup>e</sup>	3	67	347	780	73	274	349	431
Savings schemes <sup>f</sup>	-25	139	-863	-213	41	-904	-7	-206
Social insurance funds	47	95	-11	425	-107	96	8	417
Life insurance	12	50	172	243	65	107	116	127
Total	34	300	298	2,496	458	-161	1,038	1,458
Total short-term	-10	-103	1,269	1,678	456	813	601	1,077
Total medium- and long-term	44	402	-971	817	2	-973	437	381

<sup>a</sup> Money supply—change in balances during the period; time deposits and CDs—change in balances less accrued interest after tax.

<sup>b</sup> Secondary-market transactions between financial intermediaries (mainly social insurance funds and commercial banks) and the private nonfinancial sector. Accordingly, the figures differ from those in Table VIII-3.

<sup>c</sup> Resident deposits (demand and time) and nonresident deposits of Israelis.

<sup>d</sup> Includes purchases of original-issue shares, less dividends.

<sup>e</sup> Linked and others.

<sup>f</sup> Savings schemes administered by commercial banks and financial institutions.

**Table VIII-A14**  
**ESTIMATED CONVERSION OF PATAM RESTITUTION DEPOSITS, 1983-86**  
(NIS million)

	Personal restitution receipts (1)	Accrued interest (2)	Currency valuation differentials (3)	Total potential increase (1+2+3) (4)	Actual increase (5)	Converted into NIS (4-5) (6)	Conversion rate, percent	
							A <sup>a</sup> (6/4) (7)	B <sup>a</sup> [6/ (1+2+3)] (8)
1983	21	9	163	193	179	14	7	45
1984	91	52	1,154	1,298	1,270	28	2	19
1985	390	200	3,077	3,666	2,660	1,007	27	171
1986	631	224	1,051	1,906	596	1,310	69	153
1986 January	46	21	92	159	35	124	78	185
February	47	16	284	347	136	211	61	335
March	48	19	-128	-60	-11	-50	83	-74
April	48	20	233	301	99	203	67	296
May	50	18	-245	-177	-80	-97	55	-142
June	52	19	261	332	142	190	57	270
July	58	20	218	296	84	211	71	272
August	61	19	68	148	19	130	87	161
September	54	17	81	153	49	103	68	144
October	53	19	-87	-16	-23	7	-43	10
November	54	17	199	270	103	167	62	235
December	60	18	74	152	42	110	72	141

<sup>a</sup> Variant A assumes that recipients treat currency valuation differentials like the other components; variant B assumes that they regard them as capital gains.

Table VIII-A15  
**MEAN AND STANDARD DEVIATION OF SELECTED RATES OF RETURN, 1984-86**  
(Monthly rate, percent)

	Rate of return					Standard deviation <sup>a</sup>			
	1986					1986			
	1984	1985	Total	1st half	2nd half	1984	1985	1st half	2nd half
Demand deposits <sup>b</sup>	-14.86	-9.02	-1.66	-1.51	-1.80	5.01	6.78	4.03	0.80
CDs <sup>c</sup>	-0.17	-0.37	-0.36	-0.11	-0.62	4.40	2.92	1.96	1.04
Resident deposits <sup>d</sup>									
Demand	1.11	-1.33	-1.70	-1.48	-1.91	2.92	1.72	1.75	0.96
Time <sup>e</sup>	1.60	-0.93	-1.40	-1.16	-1.64	2.92	1.72	1.75	0.97
Restitution deposits (time) <sup>f</sup>	0.30	1.14	0.10	0.76	-0.56	4.31	4.28	4.90	4.17
CPI-indexed bonds	1.00	-0.40	-0.09	0.24	-0.43	7.66	5.98	2.96	2.04
All shares	2.77	0.61	0.38	0.92	-0.17	10.31	4.37	4.55	3.40
Bank shares	3.81	0.57	-0.72	-0.03	-1.42	9.02	4.75	4.59	3.18
Nonbank shares	0.93	1.61	2.81	3.26	2.36	15.72	15.61	15.46	7.09

<sup>a</sup> For 12 months up to and including the end of the stated period.

<sup>b</sup> Nominal interest on credit balances of demand deposits is included from August 1984.

<sup>c</sup> High intercustomer variance.

<sup>d</sup> Denominated in dollars.

<sup>e</sup> Net of tax deducted at source.

<sup>f</sup> Denominated in DM.

**Table VIII-A16**  
**ESTIMATED WEALTH OF PRIVATE NONFINANCIAL SECTOR, 1983-86**  
(Millions of current NIS, end of year)

	1983	1984	1985	1986
<b>Assets</b>				
<b>Short-term assets<sup>a</sup></b>	1,077	6,506	18,009	22,007
Money supply (M1)	61	277	989	2,181
Time deposits and CDs	77	444	3,386	5,340
Foreign currency deposits <sup>b</sup>	561	3,382	6,434	5,711
Tradable bonds	170	754	2,342	3,023
Shares of financial intermediaries	207	1,648	4,858	5,753
<b>Medium-term financial assets<sup>c</sup></b>	1,139	7,790	21,550	25,018
Earmarked deposits of the public	59	319	942	965
Savings schemes and linked deposits	717	5,390	14,820	17,719
Restitution deposits	264	1,534	4,194	4,790
Exporters' customer credit	100	547	1,594	1,544
<b>Long-term financial assets</b>	1,586	9,489	28,731	35,915
Deposits in social insurance funds	1,293	7,967	24,238	30,794
Life insurance	90	537	1,730	2,208
Compulsory loans <sup>d</sup>	203	985	2,763	2,913
<b>Tangible assets<sup>e</sup></b>	6,549	36,823	86,985	105,480
Consumer durables	814	4,498	10,066	14,317
Dwellings	2,660	15,009	33,133	37,949
Nonresidential structures and equipment	2,804	15,831	39,782	47,622
Inventories	272	1,486	4,004	5,592
Total assets	10,352	60,608	155,274	188,421
<b>Liabilities</b>				
<b>Short-term liabilities<sup>f</sup></b>	489	3,043	8,975	13,195
Nondirected credit				
Local currency	140	904	3,767	7,388
Foreign currency	92	526	1,075	1,194
Directed credit				
Local currency	33	94	2	5
Foreign currency	150	1,036	2,818	2,952
Credit from abroad (supplier and direct)	73	483	1,313	1,657
<b>Medium- and long-term liabilities<sup>g</sup></b>	876	5,759	16,818	20,786
Long-term local currency credit	440	3,099	9,871	13,290
Long-term foreign currency credit	436	2,660	6,947	7,495
Total liabilities	1,364	8,802	25,793	33,981
<b>Net wealth<sup>h</sup></b>	8,988	51,806	129,481	154,440

<sup>a</sup> The discrepancies between these items and the corresponding items in Table VIII-12 stem from the difference in the definition of "the public" and the "private nonfinancial sector." Time deposits and CDs are deposits in commercial banks and other financial institutions. Foreign currency deposits are nonresident deposits of Israeli residents, loan deposits, and importers' deposits. Tradable bonds are total bonds issued to the public, less bonds held by the Bank of Israel, commercial, investment, and mortgage banks, other financial institutions subject to the supervision of the Examiner of Banks, social insurance funds, and insurance companies; they do not include dollar-linked bonds issued by the business sector. Shares of financial intermediaries are shares issued by commercial banks, specialized financial institutions, mortgage banks, and insurance companies.

**Table VIII-A17**  
**NET FINANCIAL WEALTH OF THE PUBLIC**  
**IN FOREIGN CURRENCY, 1982-86**  
(\$ million)

End of period	Assets <sup>a</sup> (1)	Liabilities <sup>b</sup> (2)	Net (1-2) (3)	(3) as a percent of total net financial wealth (4)
1982	9,041	6,501	2,540	8.4
1983 III	10,131	6,903	3,228	10.7
IV	12,639	6,973	5,666	25.0
1984	14,859	7,367	7,492	31.9
1985 II	16,575	7,332	9,243	40.3
IV	16,345	8,105	8,241	29.1
1986 I	17,012	8,266	8,746	29.4
II	17,174	8,446	8,728	28.4
III	17,086	8,755	8,331	26.7
IV	17,577	8,946	8,631	26.2

<sup>a</sup> Resident deposits (Patam), nonresident deposits (Patach) of Israeli residents, indexed bonds (\$ or other exchange rate), restitution deposits, dollar-linked saving schemes, and supplier credit to foreigners. Bank shares covered by the bank share arrangement (including shares converted to saving schemes) are included from December 1983.

<sup>b</sup> Credit via the banking system (directed and nondirected) and from earmarked deposits in commercial, mortgage, and investment banks, direct credit, and supplier credit. Excludes credit for fuel imports.

(continued from preceding page)

<sup>b</sup> Includes time deposits.

<sup>c</sup> The discrepancies between these items and the corresponding items in Table VIII-12 stem from the inclusion here of earmarked deposits of the public, as well as savings schemes and linked deposits in investment and mortgage banks (in addition to the savings schemes and linked deposits in commercial banks). The data on savings schemes include the accrued value of the grant and not the full amount recorded at the time the accounts were opened.

<sup>d</sup> Calculated by discounting the adjusted stream of repayments at 5 percent (the interest rate on social insurance fund bonds). The present value of Peace for Galilee bonds is assumed to be equal to 25 percent of the adjusted value.

<sup>e</sup> Revised data.

<sup>f</sup> Nondirected local currency credit consists of credit from the commercial banking system, mortgage banks (to building contractors), and insurance companies, less credit to local authorities. Nondirected foreign currency credit includes credit from the banking system in Israel other than for fuel imports. Credit from abroad is granted by overseas branches of Israeli banks, suppliers, and others (excludes credit to local authorities).

<sup>g</sup> The subsidy component of long-term local currency credit is estimated as the present value of the stream of repayments according to the actual inflation rate. In this calculation repayments are spread over six years (the estimated average period of the loans), with interest on the stock of loans weighted accordingly. The subsidy component of foreign currency credit is calculated in a similar manner, with the Eurodollar market rate being used for determining the present value of the stream of repayments.

<sup>h</sup> Calculated as the difference between total assets and total liabilities of the private nonfinancial sector; includes the estimated subsidy component of long-term local and foreign currency credit.

**Table VIII-A18**  
**LOCAL CURRENCY CREDIT TO THE GOVERNMENT, 1983-86**  
(NIS million, end-of-period balances)

	From the Bank of Israel			From banking institutions				Total net credit (3+7) (8)
	Credit <sup>a</sup> (1)	Government and National Institu- tion deposits <sup>b</sup> (2)	Net credit (1-2) (3)	Credit <sup>c</sup> (4)	Gov- ern- ment securities <sup>d</sup> (5)	Gov- ern- ment deposits <sup>e</sup> (6)	Net credit (4+5-6) (7)	
1983	423	142	281	41	53	1	93	374
1984	2,668	737	1,931	541	179	10	710	2,642
1985	7,548	3,150	4,398	2,016	214	22	2,208	6,606
1986	6,913	3,339	3,574	2,747	978	20	3,705	7,279
1986 January	7,886	3,086	4,800	2,147	209	12	2,345	7,145
February	7,143	2,227	4,916	2,226	208	11	2,423	7,339
March	7,006	2,132	4,874	2,306	217	17	2,505	7,379
April	6,606	1,837	4,769	2,401	220	11	2,610	7,379
May	5,785	2,054	3,731	2,444	245	20	2,669	6,400
June	5,959	1,726	4,233	2,534	312	15	2,832	7,065
July	5,769	1,574	4,195	2,585	379	16	2,948	7,143
August	6,488	1,539	4,949	2,654	504	16	3,142	8,091
September	6,468	1,337	5,131	2,681	611	19	3,273	8,404
October	5,959	1,431	4,528	2,701	734	15	3,419	7,947
November	4,323	1,296	3,027	2,727	869	15	3,581	6,608
December	6,913	3,339	3,574	2,747	978	20	3,705	7,279

<sup>a</sup>Excludes indexation increments on long-term advance. Includes monthly accrual of Bank of Israel profits transferred to the Ministry of Finance.

<sup>b</sup>Includes the Bank of Israel's equity and the "other accounts" item in its balance sheet.

<sup>c</sup>The large increase in this item stemmed from indexed long-term deposits with the Accountant-General, which consisted mainly of the deposit requirement against dollar-linked savings schemes.

<sup>d</sup>Excludes treasury bills held by the banks.

<sup>e</sup>The government's sheqel deposits, its participation in working capital funds, and the unutilized balance of government deposits earmarked for loans.

**Table VIII-A19**  
**CREDIT TO THE PUBLIC FROM THE BANKING SYSTEM, 1983-86**  
(NIS million, end-of-year balances)

	Export finance					Finance of domestic activity					Total excl. fuel and diamonds (3+10)	Total credit to the public (5+9)	
	Foreign cur- rency, excl. diamonds		Subtotal (1+2)	Diamond Fund <sup>a</sup>	Total (3+4)	Local currency		Foreign cur- rency, non- directed <sup>c</sup>	Total (6+7+8)	Total, excl. fuel (10)			
	Local currency	Diamonds	(2)	(4)	(5)	Non- directed <sup>b</sup>	Directed (7)	(8)	(9)	(11)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1983	32	103	135	47	182	135	1	176	312	215	350	494	
1984	91	808	899	228	1,127	876	2	972	1,850	1,327	2,226	2,977	
1985	0	2,385	2,385	433	2,818	3,451	2	1,814	5,267	4,400	6,785	8,085	
1986	0	2,432	2,432	520	2,952	7,162	5	1,551	8,718	8,263	10,694	11,669	
1986	January	0	2,381	2,381	416	2,797	3,608	2	1,844	5,454	4,551	6,932	8,251
	February	0	2,377	2,377	435	2,812	3,825	2	1,801	5,628	4,771	7,148	8,440
	March	0	2,341	2,341	454	2,795	4,153	3	1,864	6,019	5,141	7,482	8,814
	April	0	2,291	2,291	446	2,737	4,337	3	1,919	6,258	5,324	7,615	8,995
	May	0	2,195	2,195	449	2,644	4,478	3	1,855	6,336	5,494	7,689	8,980
	June	0	2,211	2,211	459	2,670	4,886	3	1,912	6,802	5,995	8,206	9,472
	July	0	2,247	2,247	477	2,724	5,349	4	1,787	7,139	6,389	8,636	9,863
	August	0	2,296	2,296	449	2,745	5,675	4	1,769	7,448	6,773	9,069	10,193
	September	0	2,310	2,310	483	2,793	5,975	4	1,794	7,773	7,133	9,444	10,566
	October	0	2,395	2,395	481	2,877	6,332	4	1,662	7,998	7,446	9,842	10,875
	November	0	2,408	2,408	500	2,908	6,417	4	1,673	8,095	7,542	9,949	11,003
	December	0	2,432	2,432	520	2,952	7,162	5	1,551	8,718	8,263	10,694	11,669

<sup>a</sup> Includes doubtful debts of diamond firms.

<sup>b</sup> Includes indexation increments.

<sup>c</sup> Includes credit from overseas offices of Israeli banks.

Table VIII-A20  
COMMERCIAL BANK CREDIT TO THE PUBLIC, 1985-86

	End-of-year balance, NIS million		Real average balance; index: 1985 = 100				Percent change during period <sup>a</sup>					
			1985		1986		1985		1986			
	1985	1986	Total	2nd half	Total	1st half	2nd half	Total	2nd half	Total	1st half	2nd half
Finance of domestic activity <sup>b</sup>	4,400	8,263	100.0	105.2	147.6	130.0	165.3	231.6	56.0	87.8	36.2	37.8
Overdraft facilities and overdrafts	1,595	3,284	100.0	105.2	173.8	154.9	192.7	301.6	72.8	105.9	50.9	36.4
Indexed sheqel credit	839	1,660						178.7		97.9		
Other sheqel credit	1,020	2,222						467.6		118.0		
Nondirected foreign currency credit	946	1,096	100.0	95.1	84.2	83.7	84.7	110.7	8.1	15.8	16.8	-0.9
Directed export credit	2,818	2,952	100.0	97.8	85.8	88.8	82.9	149.9	26.3	4.8	-5.2	10.5
Diamond fund <sup>c</sup>	433	520	100.0	90.9	83.5	83.7	83.2	89.7	11.4	20.0	6.1	13.2
Other	2,385	2,432	100.0	99.2	86.3	89.9	82.8	165.2	29.4	2.0	-7.3	10.0
Credit for fuel imports	867	455	100.0	90.1	59.8	71.9	47.8	65.8	-4.6	-47.5	-6.9	-43.6
Total, excl. diamonds and fuel	6,785	10,694	100.0	102.8	123.0	113.9	132.2	204.8	45.5	57.6	20.9	30.3
Total, excl. fuel	7,218	11,214	100.0	101.9	120.0	111.6	128.5	194.1	42.9	55.4	20.1	29.4
Total	8,085	11,669	100.0	100.1	111.0	105.6	116.4	171.5	35.6	44.3	17.2	23.2
Consumer price index <sup>d</sup>								185.2	45.4	19.7	8.6	10.1

<sup>a</sup> From beginning to end of period.

<sup>b</sup> Includes indexation differentials on the indexed portion of nondirected sheqel credit, credit from overseas offices of Israeli banks, and credit to local authorities; excludes credit for fuel imports.

<sup>c</sup> Includes doubtful debts of diamond firms.

<sup>d</sup> See note h to Table VIII-1.

**Table VIII-A21**  
**MEDIUM- AND LONG-TERM CREDIT TO THE PUBLIC, 1982-86**  
(NIS million, at current prices)

	1982	1983	1984	1985	Total	1986		Percent real change <sup>a</sup>		
						1st half	2nd half	1984	1985	1986
Gross credit granted <sup>b</sup>	77	170	713	3,084	5,071	2,658	2,414	-12.9	6.0	11.8
To households	24	61	246	814	1,367	599	768	-20.6	-15.2	12.6
To business sector	52	106	453	2,202	3,612	2,016	1,596	-8.8	16.5	12.2
Credit granted less repayments	50	95	272	889	1,588	803	785	-36.9	-25.9	20.7
Credit outstanding <sup>c</sup>										
Average balance	161	492	2,667	11,785	18,699	17,806	19,592	17.0	9.2	1.7
End of period	263	943	6,047	17,447	20,823	18,698	20,823	17.7	1.1	-0.3

<sup>a</sup> The credit flows were deflated semiannually by the consumer price index, and the balances by the end-of-period CPI.

<sup>b</sup> Includes unclassified credit granted by the National Institutions.

<sup>c</sup> As recorded, i.e. not net of the subsidy component.

SOURCE: Bank of Israel calculations.

**Table VIII-A22**  
**AVERAGE QUARTERLY NOMINAL INTEREST RATES, 1985-86**  
(Monthly rates, percent)

	1985				1986			
	I	II	III	IV	I	II	III	IV
Rate of inflation (CPI) <sup>a</sup>	10.2	13.6	10.9	2.1	0.6	2.2	1.0	2.2
Change in NIS/\$ exchange rate	10.4	13.7	5.6	0.3	-0.0	0.0	-0.2	-0.1
Lending rate <sup>b</sup>								
Effective rate on overdraft facilities	16.1	19.1	17.4	9.0	4.9	3.5	3.6	3.8
Excess drawings on overdraft facilities	18.8	23.0	20.4	10.5	5.7	4.0	4.0	4.4
Discount-window loan (highest bracket)	16.1	18.0	15.7	7.4	3.4	2.0	2.0	2.2
Dollar-linked credit <sup>c</sup>	12.7	14.2	12.2	2.7	2.8	2.8	2.1	2.3
Deposit interest rates <sup>b</sup>								
Reserve deposits with central bank (marginal bracket)	10.1	12.0	10.1	3.7	2.1	1.2	1.2	1.5
CDs <sup>d</sup>	10.1	12.4	8.2	3.0	1.7	1.1	1.2	1.3
14-day sheqel deposits <sup>e</sup>	10.0	12.3	7.6	3.0	1.6	1.1	1.4	1.6
Resident deposits (Patam) <sup>f</sup>	11.0	12.4	10.0	0.4	0.5	0.6	0.2	0.3
Yield to maturity of shortest-term treasury bills	10.2	13.3	9.6	3.7	1.8	1.3	1.4	1.5
Financial margin <sup>g</sup>	6.0	6.7	9.1	6.0	3.2	2.4	2.4	2.6

<sup>a</sup> See note h to Table VIII-1.

<sup>b</sup> Average monthly rates.

<sup>c</sup> Nominal interest on credit for domestic use.

<sup>d</sup> Amounts over NIS10,000. It is assumed that CDs are renewed every three days.

<sup>e</sup> Amounts over NIS10,000.

<sup>f</sup> From Bank of Israel data on the gross interest rate on 12-month deposits. The dollar interest rate is multiplied by the average monthly change in the NIS/\$ rate in order to obtain the nominal interest rate.

<sup>g</sup> The difference between the effective rate on overdrafts and the rate on CDs.

**Table VIII-A23**  
**NOMINAL COST OF CREDIT, 1984-86**  
(Percent, annual rate)

	1984	1985		1986		
		Total	2nd half	Total	1st half	2nd half
<b>Nondirected short-term credit</b>	<b>628.4</b>	<b>263.8</b>	<b>168.3</b>	<b>40.3</b>	<b>40.7</b>	<b>39.9</b>
Local currency	670.3	355.2	283.6	50.4	52.9	48.1
Overdraft facilities	771.0	453.3	338.8	59.6	64.2	55.2
CPI-indexed	531.9	222.4	207.9	35.9	33.5	38.3
Overdrafts, other nonindexed credit	697.8	409.5	305.2	51.9	55.2	48.6
Foreign currency <sup>a</sup>	594.2	174.7	66.8	16.3	17.7	14.9
Subject to deposit and 1% interest surcharge	668.2	213.8	94.2	33.2	37.34	29.1
Exempt from deposit and surcharge	565.4	158.2	55.1	7.7	9.1	6.3
<b>Directed credit</b>	<b>454.3</b>	<b>148.3</b>	<b>52.7</b>	<b>7.7</b>	<b>9.1</b>	<b>6.3</b>
Local currency	112.0	112.4	107.8	18.1	22.1	14.3
Foreign currency <sup>a</sup>	556.2	156.3	54.6	7.7	9.1	6.3
<b>Total short-term credit<sup>b</sup></b>						
Average cost	554.6	215.8	118.6	29.8	29.5	30.1
Standard deviation	49.1	48.4	65.1	17.0	17.4	16.6

<sup>a</sup> See note a to Table VIII-10.

<sup>b</sup> The cost and its standard deviation are weighted by the composition of credit (average balances) as shown here.

**Table VIII-24**  
**REAL<sup>a</sup> COST OF CREDIT BEFORE AND AFTER TAX, 1984-86**  
(Percent, annual rate)

	Before tax						After tax <sup>b</sup>					
	1985		1986		1985		1985		1986		1986	
	1984	Total	2nd half	Total	1st half	2nd half	1984	Total	2nd half	Total	1st half	2nd half
<b>Nondirected short-term credit</b>	39.7	31.7	64.1	15.1	17.6	12.9	18.3	14.6	29.5	7.0	8.1	5.9
Local currency	47.7	64.8	134.6	23.6	27.8	19.5	21.9	29.8	61.9	10.8	12.8	9.0
Overdraft facilities	67.0	100.4	168.3	31.1	37.2	25.2	30.8	46.2	77.4	14.3	17.1	11.6
CPI-indexed	21.2	16.8	88.3	11.6	11.6	11.7	9.7	7.7	40.6	5.3	5.3	5.4
Overdrafts, other nonindexed credit	53.0	84.5	147.8	24.8	29.7	20.0	24.4	38.9	68.0	11.4	13.7	9.2
Foreign currency <sup>c</sup>	33.1	-0.5	2.0	-4.5	-1.6	-7.2	15.2	-0.2	0.9	-2.1	-0.7	-3.3
Subject to deposit requirement and 1% interest surcharge	47.3	13.7	18.8	9.4	14.9	4.2	21.8	6.3	8.6	4.3	6.8	1.9
Exempt from deposit and surcharge	27.6	-6.5	-5.2	-11.6	-8.8	-14.2	12.7	-3.0	-2.4	-5.3	-4.0	-6.5
<b>Directed credit</b>	6.3	-10.1	-6.6	-11.6	-8.8	-14.2	2.9	-4.6	-3.0	-5.3	-4.0	-6.5
Local currency	-59.3	-23.1	27.1	-3.0	2.0	-7.8	-27.3	-10.6	12.5	-1.4	0.9	-3.6
Foreign currency-linked <sup>c</sup>	25.8	-7.2	-5.5	-11.6	-8.8	-14.2	11.9	-3.3	-2.5	-5.3	-4.0	-6.5
<b>Total short-term credit<sup>d</sup></b>	25.5	14.4	33.7	6.6	8.3	5.0	11.7	6.6	15.5	3.1	3.8	2.3
Average cost	41.6	44.7	62.2	16.7	17.1	16.3	19.1	20.6	28.6	7.7	7.9	7.5
<b>Long-term credit<sup>e</sup></b>												
Directed housing credit	-10.3	-7.7	0.5									
Industrial development loans	-0.0	2.5	1.6				0.0	1.8		1.2		
Private bond issues <sup>f</sup>			7.7							3.6		

<sup>a</sup> Deflated by an index approximating the end-of-month price level, which is constructed as the geometric mean of adjacent pairs of the monthly CPI.

<sup>b</sup> Assuming that real interest is tax deductible and that the tax rate was 54 percent in all three years (30 percent on development loans).

<sup>c</sup> Nominal shekel interest on dollar-linked loans is calculated as  $[(1+r)(1+e)-1]100$ , where  $r$  is the nominal interest rate denominated in dollars and  $e$  is the change in the NIS/\$ exchange rate.

<sup>d</sup> The cost and its standard deviation are weighted by the composition of credit (average balances) as shown here.

<sup>e</sup> Weighted by the proportion of indexed and nonindexed loans. The price increase is assumed to be 250, 180, and 20 percent in 1984, 1985, and 1986 respectively.

<sup>f</sup> Average cost excluding underwriting and distribution fees.

**Table VIII-A25**  
**LOCAL CURRENCY LIQUIDITY OF BANKING INSTITUTIONS, 1983-86**  
(NIS million, end of period)

	Liquidity requirement			Total, gross	Total, net of exemptions	Daily average liquidity deficit <sup>d</sup>
	Ordinary deposits <sup>a</sup>	Time deposits and CDs <sup>b</sup>	Other <sup>c</sup>			
1983	20	13	0	33	33	-16
1984	89	88	47	224	224	17
1985	339	1,439	288	2,066	2,037	92
1986	612	1,586	162	2,360	2,335	57
1986 January	390	1,479	286	2,154	2,130	34
February	453	1,467	309	2,229	2,203	18
March	539	1,418	70	2,027	2,004	26
April	513	1,340	53	1,906	1,875	21
May	422	1,195	62	1,679	1,658	13
June	455	1,215	82	1,753	1,703	13
July	507	1,200	74	1,781	1,754	1
August	525	1,322	121	1,967	1,945	23
September	551	1,345	91	1,986	1,965	34
October	542	1,487	83	2,111	2,067	9
November	561	1,494	132	2,187	2,154	128
December	612	1,586	162	2,360	2,335	57

<sup>a</sup> Demand deposits and deposits against liabilities.

<sup>b</sup> Includes liquidity requirements on premature withdrawal of time deposits.

<sup>c</sup> Includes savings, directed credit, and unutilized balances of earmarked deposits.

<sup>d</sup> During the period. Liquidity deficit is the difference between liquid assets and the liquidity requirement net of exemptions. The liquid assets aggregate on which this table is based is from a different source than that shown in Table VIII-A7, and includes some adjustments not included there.

**Table VIII-B1**  
**MAIN SHARE MARKET INDICATORS, 1984-86**  
(NIS million)

	1984	1985	1986		
			Total	1st half	2nd half
New issues <sup>a</sup>	81	56	108	24	85
Bank shares (percent)	10	16	0	0	0
Other shares (percent)	90	84	100	100	100
Market value, end of year <sup>a</sup>	13,338	13,682	14,540	14,413	14,540
Bank shares (percent)	72	71	62	67	62
Other shares (percent)	28	29	38	33	38
Stock exchange trade on and off the floor <sup>a</sup>	3,349	2,880	4,002	1,846	2,156
Bank shares (percent)	51	54	27	29	25
Other shares (percent)	49	46	73	71	75
Annual rate of turnover <sup>b</sup>	0.30	0.21	0.28	0.25	0.30
Bank shares	0.23	0.16	0.11	0.11	0.12
Other shares	0.45	0.34	0.59	0.56	0.63
Overall real rate of return (percent) <sup>c</sup>	31.7	6.5	4.0	5.1	-1.0
Bank shares	50.5	5.7	-8.8	-0.5	-8.4
Other shares	-2.0	8.2	35.9	18.7	14.5

<sup>a</sup> At December 1986 prices; new issues and trading volume have been deflated monthly.

<sup>b</sup> The ratio between the monthly volume of stock exchange trade on and off the floor and the average monthly market value of the stock of securities.

<sup>c</sup> Deflated by the consumer price index (adjusted to approximate the price level at the end of the month).

SOURCE: Central Bureau of Statistics and Bank of Israel.

**Table VIII-B2**  
**MAIN BOND MARKET INDICATORS, 1984-86**  
(NIS million)

	1984	1985	Total	1986	
				1st half	2nd half
Market value of listed bonds (end of period) <sup>a</sup>	8,107	7,443	9,240	8,988	9,420
Thereof: Held by the public (percent)	39	44	39	46	39
Held by commercial banks (percent)	44	25	22	20	22.2
Held by social insurance funds (percent)	3	18	33	22	33.2
Stock exchange bond trade (at current prices)	1,910	1,453	1,554	696	858
Bank of Israel intervention (percent) <sup>b</sup>	27	22	0	0	0
Net issue of tradable bonds <sup>a</sup>	-671	122	2,239	1,170	1,069
Annual rate of turnover <sup>c</sup>	0.27	0.22	0.18	0.17	0.19
Overall real rate of return (percent)					
Indexed bonds	9.3	-6.7	-1.3	1.3	-2.6
Foreign currency-linked bonds	12.7	-19.9	-21.5	-8.1	-14.6

<sup>a</sup> At December 1986 prices. Bonds not held by the public or the banks are held by the Bank of Israel (see Table VIII-B3).

<sup>b</sup> The ratio between the sum of the Bank of Israel's purchases and sales in the secondary market and total stock exchange trade in bonds.

<sup>c</sup> The ratio between total stock exchange trade in bonds and the market value of the total stock of bonds; calculated from monthly ratios.

Table VIII-B3  
SECURITIES HELD BY THE PUBLIC, 1984-86

	Market value, NIS million			Percentage distribution			Percent real annual change in market value		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
<b>Tradable bonds</b>									
1. Total	2,376	6,220	9,420	100.0	100.0	100.0	-0.1	-8.2	26.6
2. Held by commercial banks	1,048	1,558	2,068	44.1	25.0	22.0	12.5	-47.9	10.9
3. Held by Bank of Israel	331	841	523	13.9	13.5	5.6	28.6	-10.9	-48.0
4. Held by social insurance funds	63	1,103	3,142	2.7	17.7	33.4	-10.3	513.3	138.1
5. Held by the public (1-2-3-4)	934	2,718	3,687	39.3	43.8	39.0	-16.5	2.1	13.4
<b>Shares and convertible securities</b>									
6. Total	3,909	11,435	14,540	100.0	100.0	100.0	30.9	2.6	6.3
7. Held by commercial banks*	400	1,150	1,270	10.2	10.1	8.7	33.5	0.8	-7.7
8. Held by the government	397	1,863	2,010	10.1	16.3	13.8	18.5	64.8	-9.8
9. Bank shares converted into savings schemes	625	1,133	1,267	16.0	9.9	8.7	0.0	-36.4	-6.6
10. Held by social insurance funds	278	856	718	7.1	7.5	4.9	42.1	7.9	-29.9
11. Held by the public (6-7-8-9-10)	2,209	6,432	9,275	56.5	56.2	63.8	2.5	2.1	20.5

\* Includes estimated bank-share holdings of price-supporting affiliates.

SOURCE: Tel Aviv Stock Exchange and Bank of Israel.

**Table VIII-B4**  
**SECURITY ISSUES AND NET BORROWING FROM THE PUBLIC, 1985-86**  
(NIS million, at current prices)

	Tradable bonds <sup>a</sup>				Special bond issues and net deposits					Shares and convertible securities (10)	Grand total (11)
	Amount issued (1)	Amount redeemed (2)	Open-market operations <sup>b</sup> (3)	Net total (1-2-3) (4)	Savings schemes (5)	Provident funds (6)	Pension funds (7)	Insurance companies & others (8)	Total (9)		
1985	1,049.2	874.8	4.0	170.4	117.4	-818.1	-149.0	-49.0	-898.8	37.0	-691.4
1986	3,130.8	1,076.6	0.2	2,054.0	-676.0	-1,333.4	-150.5	-478.0	-2,637.9	98.2	-485.7
1986 Jan.	105.8	31.6	-0.4	74.6	-0.6	-92.5	-8.6	-4.5	-106.2	14.1	-17.5
Feb.	79.5	26.6	-	52.9	35.0	-71.9	-10.5	-29.1	-76.5	-	-23.6
March	169.7	33.5	0.1	136.1	53.0	-79.6	-20.6	-11.4	-58.6	-	77.5
April	286.9	32.0	-	254.9	57.9	-57.7	85.8	-8.7	77.3	0.8	333.0
May	249.2	48.2	-	201.0	-30.5	-118.3	15.9	-140.5	-273.4	-	-72.4
June	388.2	77.8	-	310.4	-88.8	-160.5	-23.9	-139.9	-413.1	12.8	-89.9
July	240.7	79.6	0.5	160.6	-20.5	-118.5	-36.9	4.0	-171.9	17.2	5.9
Aug.	254.8	209.7	-	45.1	-189.8	-117.6	-59.4	-74.4	-441.2	1.7	-394.4
Sept.	330.4	116.7	-	213.7	-76.3	-84.5	-15.5	-19.3	-195.6	-	18.1
Oct.	305.4	131.4	-	174.0	-234.8	-125.2	-0.3	-9.6	-369.9	29.1	-166.8
Nov.	308.3	148.4	-	159.9	-117.0	-128.3	-26.2	-9.0	-280.5	-	-120.6
Dec.	411.9	141.1	-	270.8	-63.6	-178.8	-50.3	-35.6	-328.3	22.5	-35.0

<sup>a</sup> Includes bonds issued for commercial banks and social insurance funds; excludes purchases and redemptions for the Bank of Israel's portfolio.

<sup>b</sup> Net purchases by the Bank of Israel on the Tel Aviv Stock Exchange.

SOURCE: Bank of Israel.

**Table VIII-B5**  
**MARKET VALUE OF LISTED SHARES AND CONVERTIBLE SECURITIES, 1984-86<sup>a</sup>**

Group	Market value, end of 1986			New issues <sup>a</sup>			1986	
	NIS million	Percent of total	Percent real change <sup>b</sup>	Percent of total			NIS million	Percent of market value <sup>c</sup>
				1984	1985	1986		
Commercial banks and bank holding companies	9,120	62.1	-8.2	9.5	16.2	0.0	0.0	0.0
Mortgage banks	214	1.5	53.7	0	0	0.0	0.0	0.0
Specialized financial institutions	183	1.2	-6.2	0	0	0.0	0.0	0.0
Insurance companies	265	1.8	72.9	9.6	18.3	5.3	5.4	4.9
Total financial sector	9,782	66.6	-6.2	19.1	34.5	5.3	5.4	4.9
Commerce and services	524	3.6	79.2	4.5	0	28.7	29.0	14.2
Land, building, development, citrus	809	5.5	70.8	26.9	0	23.2	23.5	6.7
Industry	2,598	17.7	25.2	12.9	45.2	19.3	19.6	1.3
Investment and holding companies <sup>c</sup>	975	6.6	48.9	34.0	20.3	23.5	23.8	4.7
Total	14,691	100.0	5.5	100.0	100.0	100.0	101.3	1.0

<sup>a</sup> Excludes stock dividends, conversion of convertible bonds, noncash issues, and newly listed shares issued in previous years.

<sup>b</sup> Percent change over end of 1985.

<sup>c</sup> At beginning-of-year prices (monthly deflation).

SOURCE: Tel Aviv Stock Exchange and Bank of Israel.

**Table VIII-B6**  
**REAL OVERALL RATE OF RETURN ON LISTED SECURITIES, 1983-86**  
 (Index: December 1985 = 100)

	Bonds		Shares and convertible securities		
	Foreign currency <sup>a</sup>	CPI-indexed	Total	Commercial banks	Nonbank shares
1983	110.7	98.0	71.3	62.9	94.4
1984	124.8	107.1	93.9	94.6	92.5
1985	100.0	100.0	100.0	100.0	100.0
1986 January	96.4	98.3	97.3	96.2	99.8
February	94.2	96.2	103.7	98.3	117.1
March	96.7	98.2	109.9	103.7	125.3
April	93.2	98.1	105.7	99.5	121.0
May	92.3	102.6	109.0	99.8	131.1
June	91.9	101.3	105.1	99.5	118.7
July	90.1	101.3	103.3	96.5	120.2
August	83.2	98.2	102.8	91.2	131.7
September	82.2	97.7	102.4	91.9	128.4
October	79.9	97.3	102.6	89.5	134.9
November	78.4	97.0	103.0	89.2	137.2
December	78.5	98.7	104.0	91.2	135.9
<i>Real overall rate of return, percent<sup>b</sup></i>					
1986	-21.5	-1.3	4.0	-8.8	35.9
1st half	-8.1	1.3	5.1	-0.5	18.7
2nd half	-14.6	-2.6	-1.0	-8.4	14.5

<sup>a</sup> Bonds linked to or traded in foreign currency.

<sup>b</sup> Deflated by the end-of-month consumer price index.

SOURCE: Bank of Israel and Central Bureau of Statistics.

**Table VIII-B7**  
**OVERALL RATE OF RETURN ON LISTED SHARES (ORDINARY AND PREFERRED), 1983-86**  
(End-of-period index, December 1985 = 100)

	1983	1984	1985	1986				Percent real change in 1986 <sup>a</sup>
				I	II	III	IV	
General stock exchange index	5.0	34.0	100.0	114.5	114.9	116.7	126.6	4.0
Commercial banks	4.4	34.3	100.0	108.0	108.9	104.7	111.0	-8.8
Insurance companies	8.6	42.0	100.0	144.2	145.9	171.5	178.9	47.0
Mortgage banks	16.9	39.9	100.0	127.6	139.1	157.8	190.1	56.1
Specialized financial institutions	59.8	36.7	100.0	104.2	111.3	118.0	119.6	-1.8
Investment companies	7.0	36.8	100.0	137.1	130.4	143.6	175.9	44.5
Industry	5.5	30.5	100.0	122.9	119.4	132.1	145.8	19.8
Commerce and services	6.4	32.5	100.0	135.9	154.2	181.5	203.1	66.9
Land, building, development	7.1	37.4	100.0	159.9	157.7	187.4	209.3	71.9

<sup>a</sup> Deflated monthly by the consumer price index.

SOURCE: Central Bureau of Statistics.

**Table VIII-B8**  
**REAL NET YIELD TO MATURITY OF CPI-INDEXED BONDS, 1985-86<sup>a</sup>**  
(Annual rate, percent)

Percent indexation	New issues		Secondary market	
	100	100	80	100
Years to maturity	5	10	3-4 1/2	9-10
1985 I	4.92	4.70	4.89	4.18
II	5.08	5.28	6.49	5.67
III	6.78	5.61	7.17	5.40
IV	5.60	4.25	4.15	3.96
1986 January	4.85	3.82	3.46	5.22
February	5.47	4.45	4.19	4.98
March	4.91	5.22	3.63	4.66
April	4.25	4.41	2.96	4.14
May	3.81	4.08	2.81	4.06
June	3.83	4.10	2.18	3.97
July	4.17	4.44	2.29	4.33
August	4.42	4.59	3.28	4.71
September	4.59	4.73	3.37	4.87
October	4.74	4.94	3.30	4.66
November	4.72	4.95	3.22	4.81
December	4.42	4.70	3.01	4.71

<sup>a</sup> Calculated from end-of-week data. Corrected for the loss of one month's indexation increment at redemption.

**Table VIII-B9**  
**MUTUAL FUND OPERATIONS, 1984-86**

	1984	1985	1986	
			1st half	2nd half
Mutual fund assets, end of period, NIS million	455.2	1,726.4	2,381.3	2,323.6
Real overall annual rate of return (%)	16.8	3.7	4.0	0.4
Standard deviation of real monthly rate of return (%) <sup>a</sup>	9.5	3.5	2.5	2.1
Mutual fund assets/tradable assets, end of period (%) <sup>b</sup>	6.1	8.6	10.5	9.2
Bonds denominated in Israeli currency	32.9	37.9	43.0	41.5
Foreign currency assets	3.8	6.3	7.7	6.6
Thereof: "Arrangement" bank shares	5.0	8.5	7.5	8.0
Nonbank shares	7.6	10.5	13.7	11.7
Unlinked assets	1.2	4.3	4.4	4.0
Composition of mutual fund portfolio, end of period (%)	100.0	100.0	100.0	100.0
Indexed bonds	42.3	31.8	39.1	36.4
Foreign currency assets	44.5	45.1	41.4	35.7
Thereof: "Arrangement" bank shares	26.0	28.0	28.8	26.5
Nonbank shares	12.0	14.6	13.0	18.7
Unlinked assets	1.3	8.5	6.5	9.2

<sup>a</sup> Standard deviation for last 18 months.

<sup>b</sup> Tradable assets consist of unlinked assets, tradable bonds held by the public, foreign currency deposits, shares and convertible securities, as defined in Table VIII-A12.

SOURCE: Bank of Israel calculations.

**Table VIII-B10**  
**SOCIAL INSURANCE FUND ASSETS AND ACCUMULATION, 1984-86<sup>a</sup>**  
(NIS million)

	1984	1985	1986	Percent real increase <sup>b</sup>		
				1984	1985	1986
<b>Assets</b>						
Pension funds	2,826	9,053	12,021	12.0	12.3	11.0
Provident funds	3,698	11,210	13,751	15.9	6.3	2.5
Severance pay funds	702	1,866	2,324	21.2	-6.8	4.1
Advanced study funds	540	1,674	2,257	23.9	8.8	12.7
Other funds	201	435	453	-36.7	-24.2	-12.9
Total	7,967	24,238	30,806	13.1	6.7	6.2
<b>Net accumulation</b>						
				<i>Accumulation/assets (%)<sup>c</sup></i>		
Pension funds	39	80	52	3.0	1.6	0.5
Provident funds	16	-28	315	1.2	-1.0	2.5
Severance pay funds	0	34	18	1.3	2.5	0.8
Advanced study and other funds	40	-96	40	8.5	-8.3	1.5
Total accumulation	96	-11	425	2.6	-0.5	1.5

<sup>a</sup> Revised data.

<sup>b</sup> Deflated by the consumer price index.

<sup>c</sup> Accumulation relative to beginning-of-year assets, deflated by the consumer price index (accumulation deflated semiannually).

SOURCE: Based on Central Bureau of Statistics data.

**Table VIII-B11**  
**FLOW OF SAVINGS IN SOCIAL INSURANCE FUNDS, 1984-86**  
(NIS million)

	1984	1985	1986	Percent real increase <sup>a</sup>		
				1984	1985	1986
<b>Deposits</b>						
Pension funds	122	415	721	-5.1	-10.2	12.5
Provident funds	132	670	1,403	-29.5	19.7	45.3
Financial sector	109	540	1,198	-31.5	17.2	52.8
Histadrut and companies	23	130	205	-17.8	32.1	13.3
Severance pay funds	25	139	232	-35.1	29.9	11.4
Other funds	100	344	582	4.3	-7.1	9.6
Total	379	1,567	2,939	-16.2	4.1	25.2
<b>Payments to members and withdrawals</b>						
Pension funds	83	335	669	-5.8	5.1	33.4
Provident funds	116	698	1,088	27.2	57.0	1.3
Financial sector	91	560	921	23.6	61.3	6.8
Histadrut and companies	25	138	167	41.5	42.0	-20.8
Severance pay funds	25	105	215	12.8	12.6	39.4
Other funds	60	440	542	106.7	93.1	-24.1
Total	283	1,578	2,514	24.2	46.7	2.8
<b>Net accumulation</b>						
				<i>Accumulation/assets (%)<sup>b</sup></i>		
Pension funds	39	80	52	3.0	1.6	0.5
Provident funds	16	-28	315	1.2	-1.0	2.5
Severance pay funds	0	34	18	1.3	2.5	0.8
Other funds	40	-96	40	8.5	-8.3	1.5
Total	96	-11	425	2.6	-0.5	1.5

<sup>a</sup> Based on semiannual data at constant prices.

<sup>b</sup> Accumulation relative to beginning-of-year assets, deflated by the consumer price index (accumulation deflated semiannually).

SOURCE: Based on Central Bureau of Statistics data.

**Table VIII-B12**  
**BALANCE SHEET OF SOCIAL INSURANCE FUNDS, 1984-86<sup>a</sup>**  
(NIS million)

	1984	1985	1986	Percentage distribution		
				1984	1985	1986
<b>Assets</b>						
Securities	7,876	23,990	30,107	98.9	99.0	97.7
Loans to members <sup>b</sup>	7	19	101	0.1	0.1	0.3
Deposits and loans to others	9	18	72	0.1	0.1	0.2
Fixed assets	5	8	115	0.1	0.0	0.4
Employers' debt	12	40	48	0.2	0.2	0.2
Accrued interest and indexation increments, other current assets	58	163	363	0.7	0.7	1.2
Total assets	7,967	24,238	30,806	100.0	100.0	100.0
<b>Liabilities</b>						
Pension reserve	2,826	9,053	12,021	35.5	37.3	39.0
Provident and advanced study reserve	4,238	12,884	16,008	53.2	53.2	52.0
Severance pay, social benefit, and other reserves	781	1,942	2,418	9.8	8.0	7.8
Other reserves and undistributed profits	91	271	256	1.1	1.1	0.8
Current liabilities	31	88	104	0.4	0.4	0.3
Total liabilities	7,967	24,238	30,806	100.0	100.0	100.0

<sup>a</sup> Revised data.

<sup>b</sup> Directly and through banks and financial institutions.

SOURCE: Central Bureau of Statistics.

BANK OF ISRAEL

THE GOVERNOR AND MANAGEMENT

May 31, 1987

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MICHAEL BRUNO

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