

The Israeli Economy: Current Trends, Strength and Challenges

IMF Women Economist Network

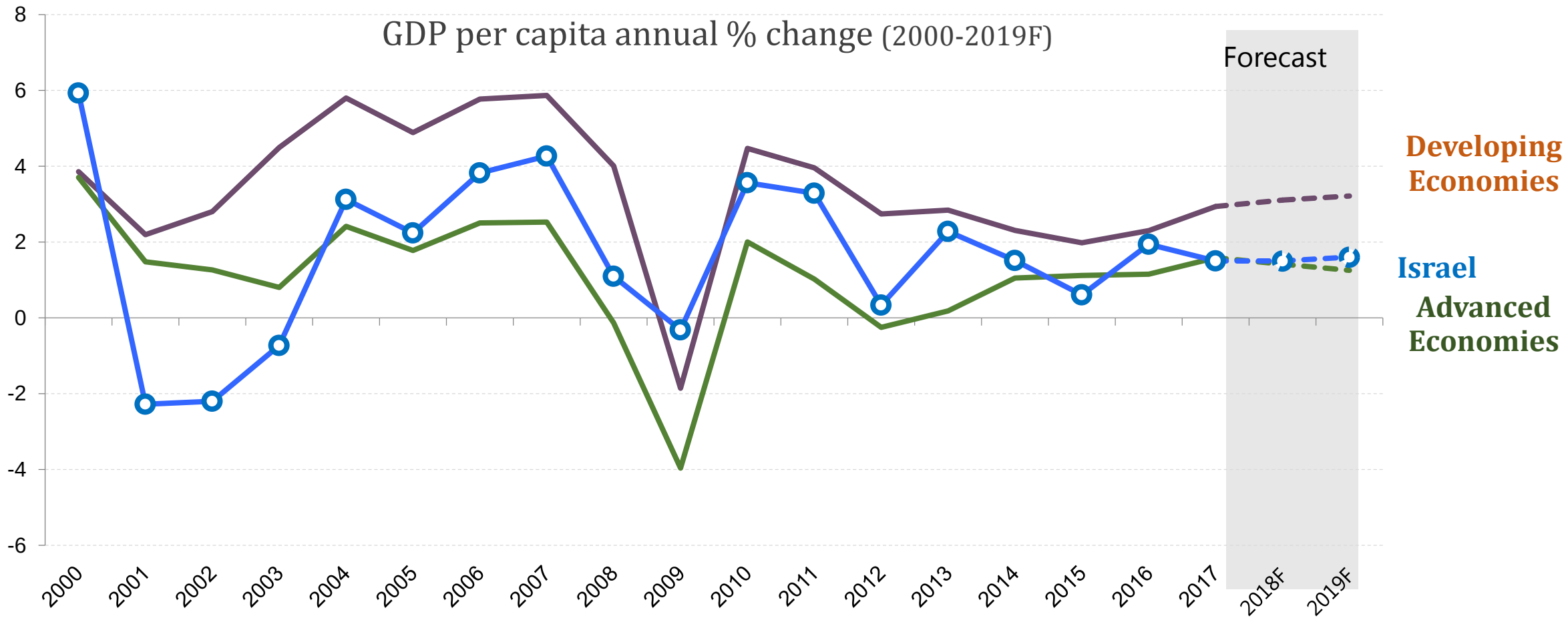


Dr. Karnit Flug, Governor of the Bank of Israel

20.4.2018



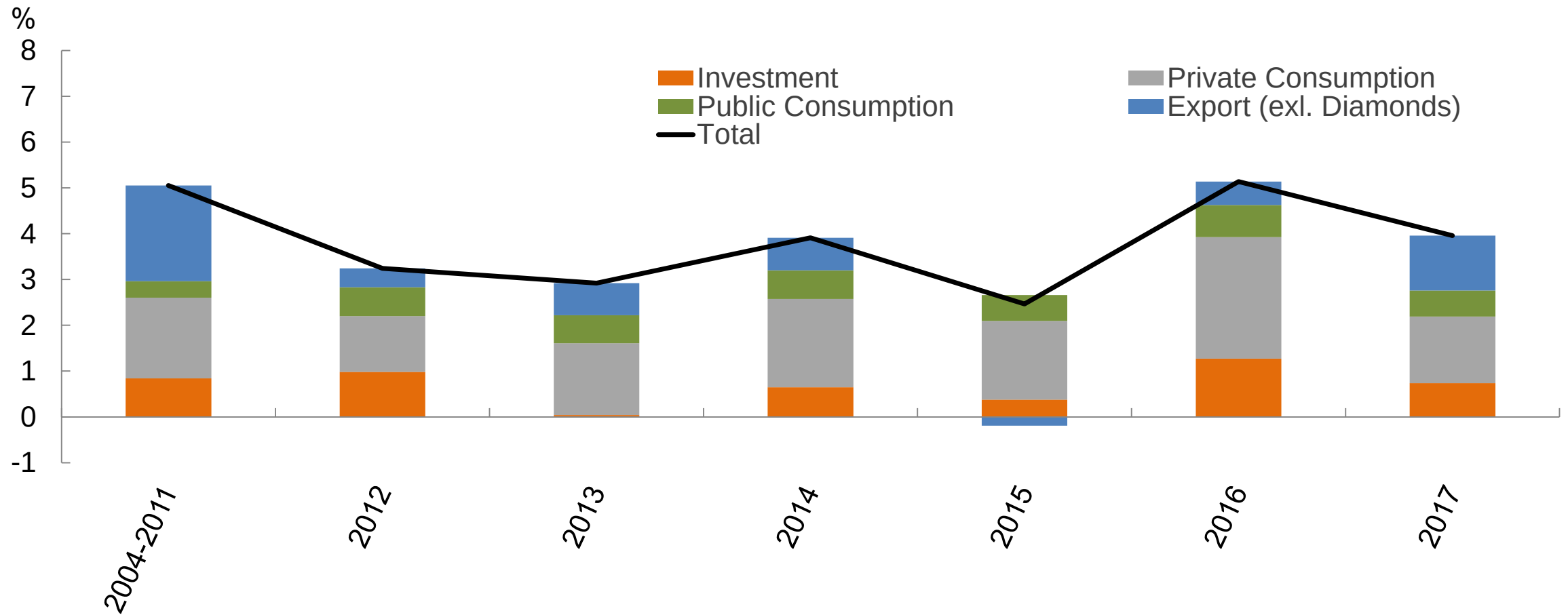
GDP per capita Growth Rates



*Simple average for 21 rich OECD countries and emerging markets according to IMF definition

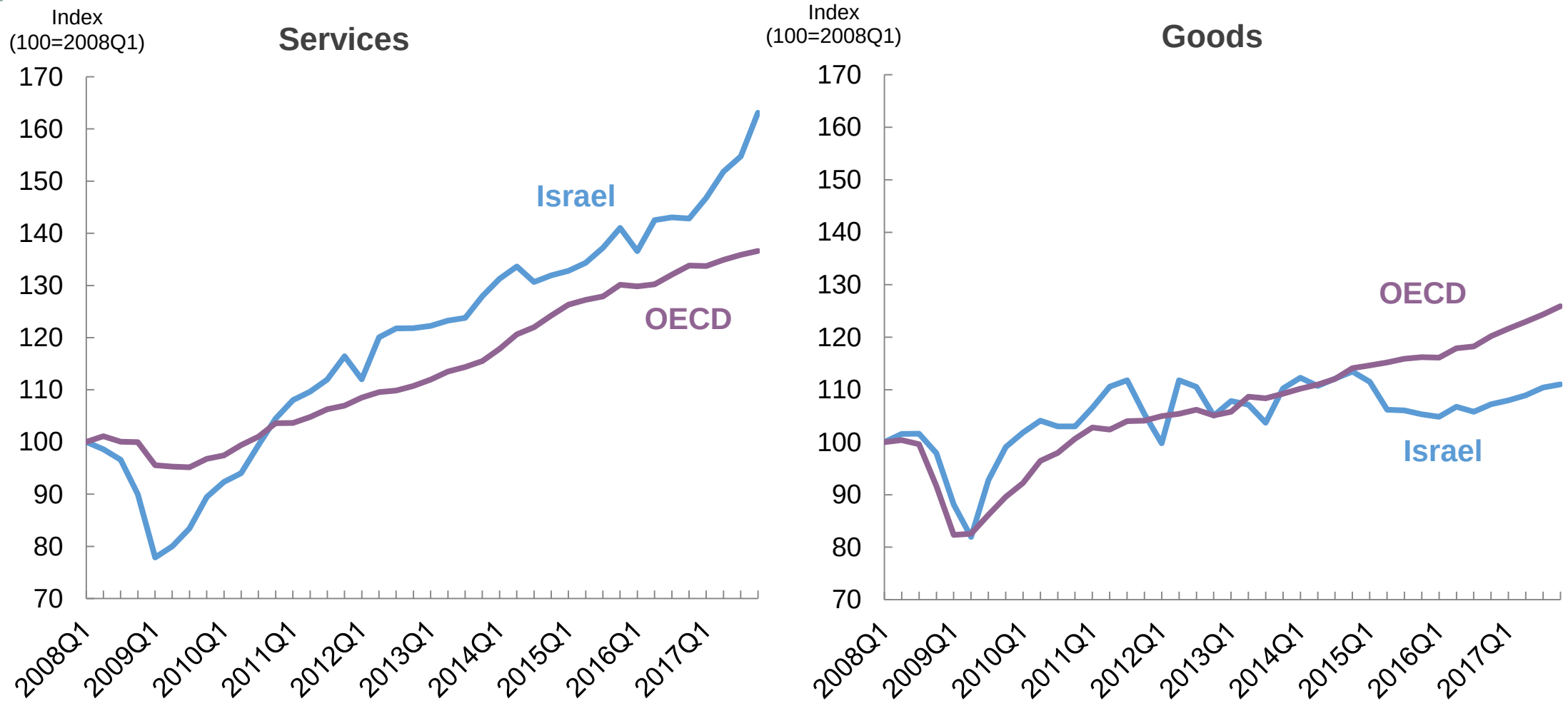
Source: IMF & CBS

The increase in uses: The total increase and the contribution of uses 2004-2017





Israel's Goods and Services Exports and World Trade, 1995-2017

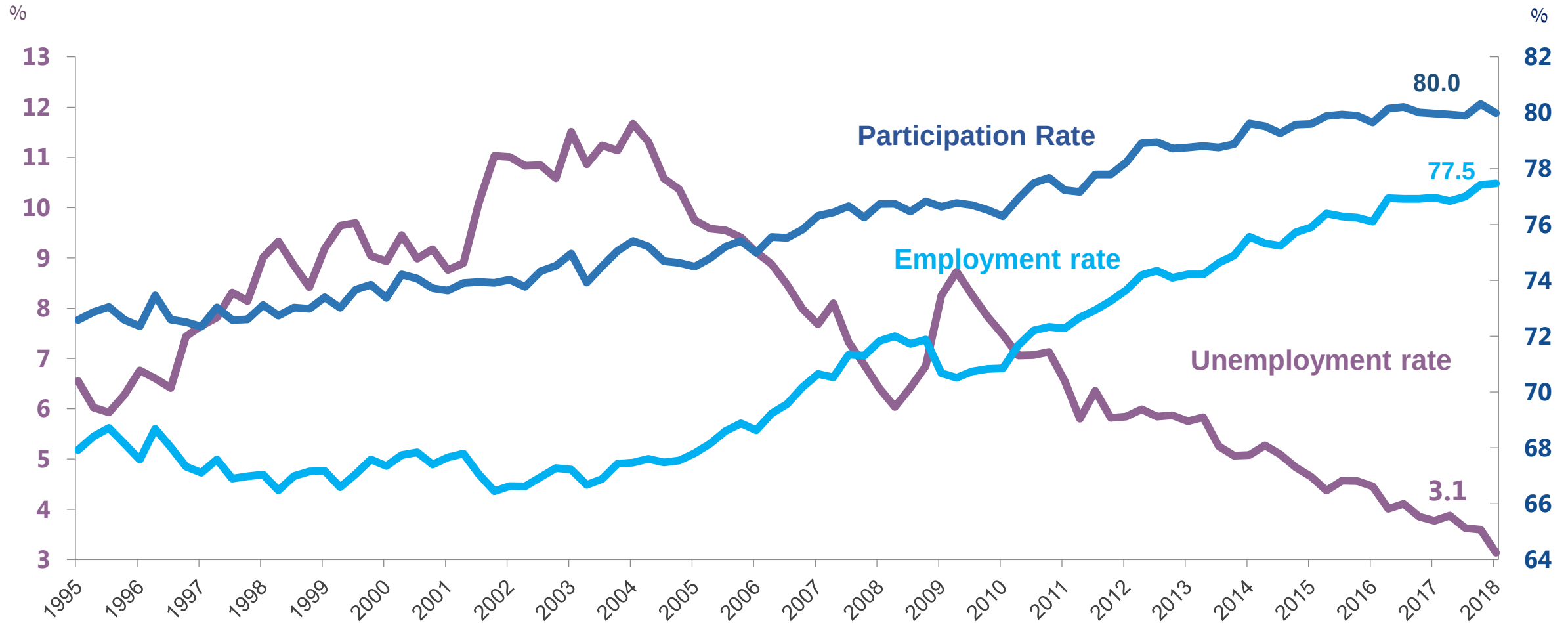


*Excluding diamonds and startups

Source: BOI



Labor Market, Quarterly, 1995-2017, 25-64



*Data for 2018-Q1 is average of data for January and February

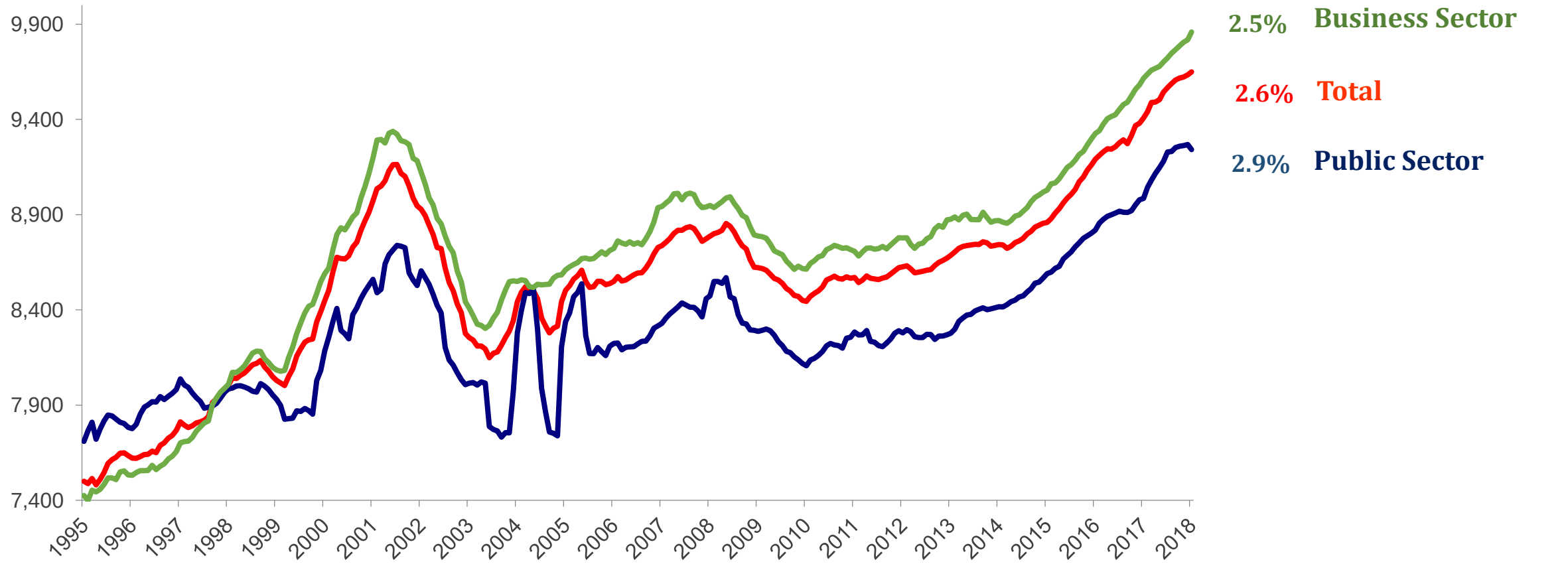
Source: CBS



Real Wage per Employee Post*

1995-2017

NIS



*Seasonally adjusted, 6 months moving average, 2011 prices

Source: CBS

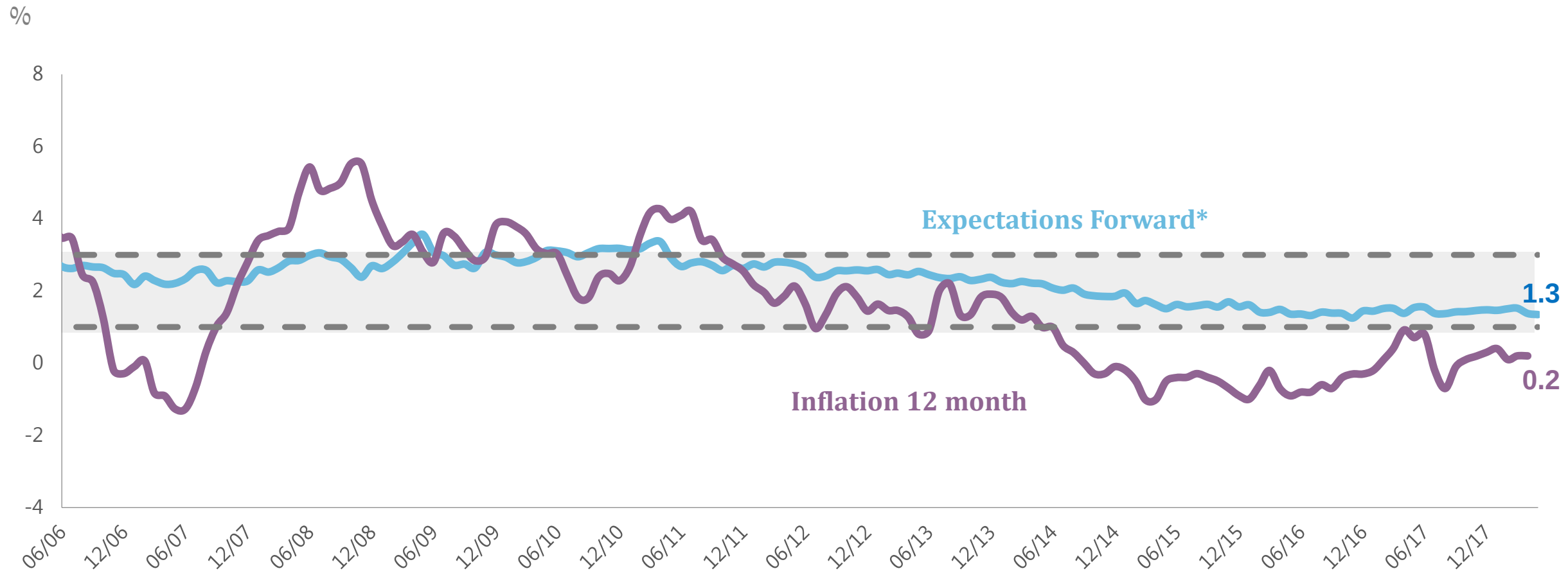


Bank of Israel Policy



Actual Inflation and Inflation Expectations

2006-2018

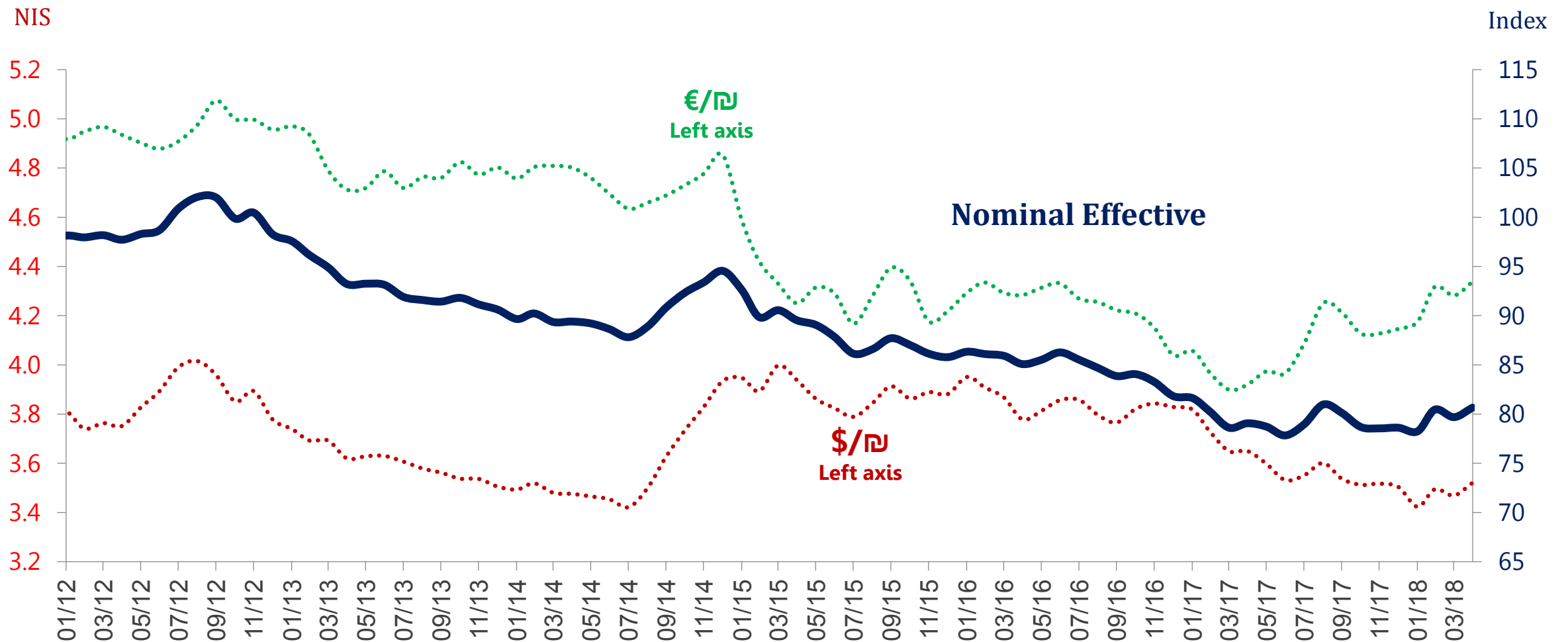


* Forward inflation expectations 3-5 years



Exchange Rates

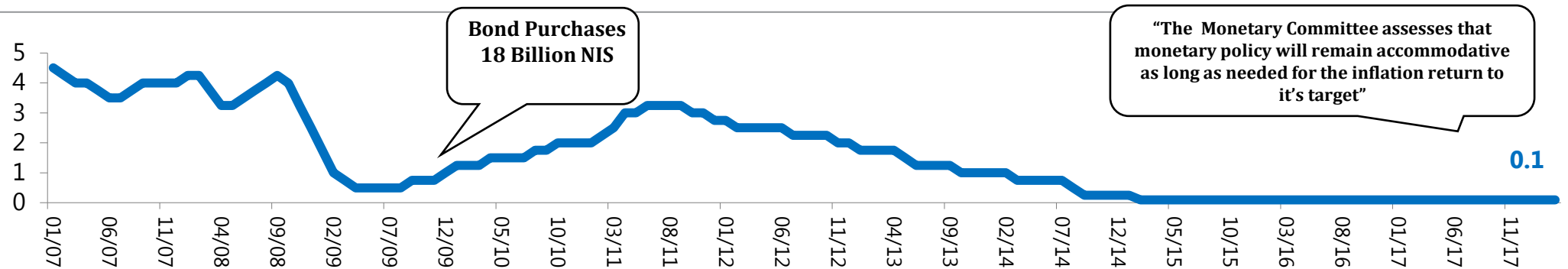
2012-2018



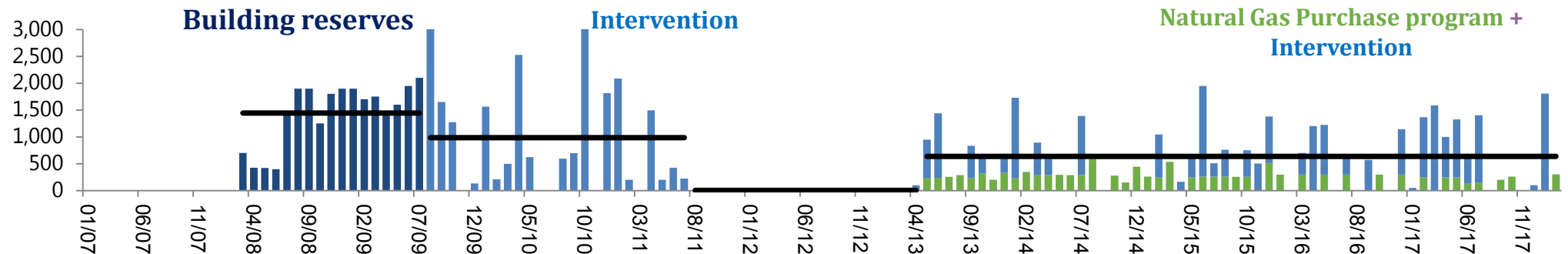


Bank of Israel Policy Tools 2007-2018

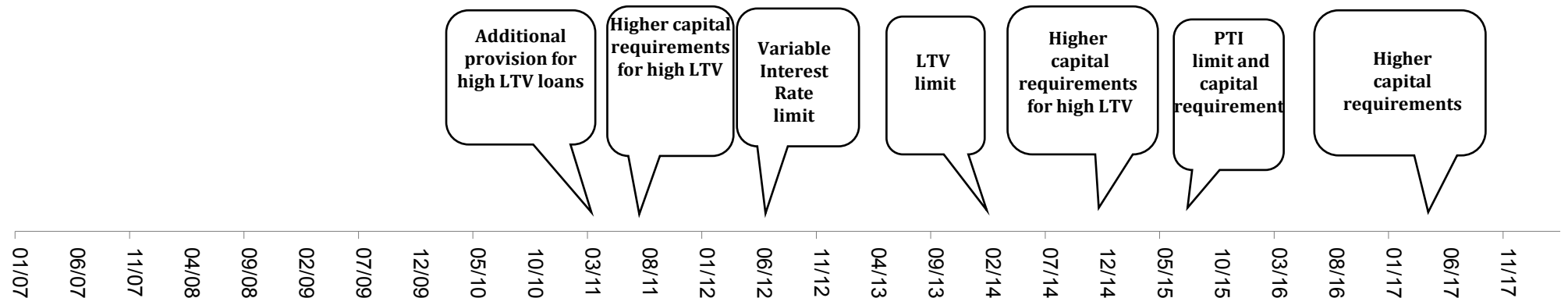
Interest
Rate
(%)



FX
Intervention
(US\$)



Macroprudential
Measures

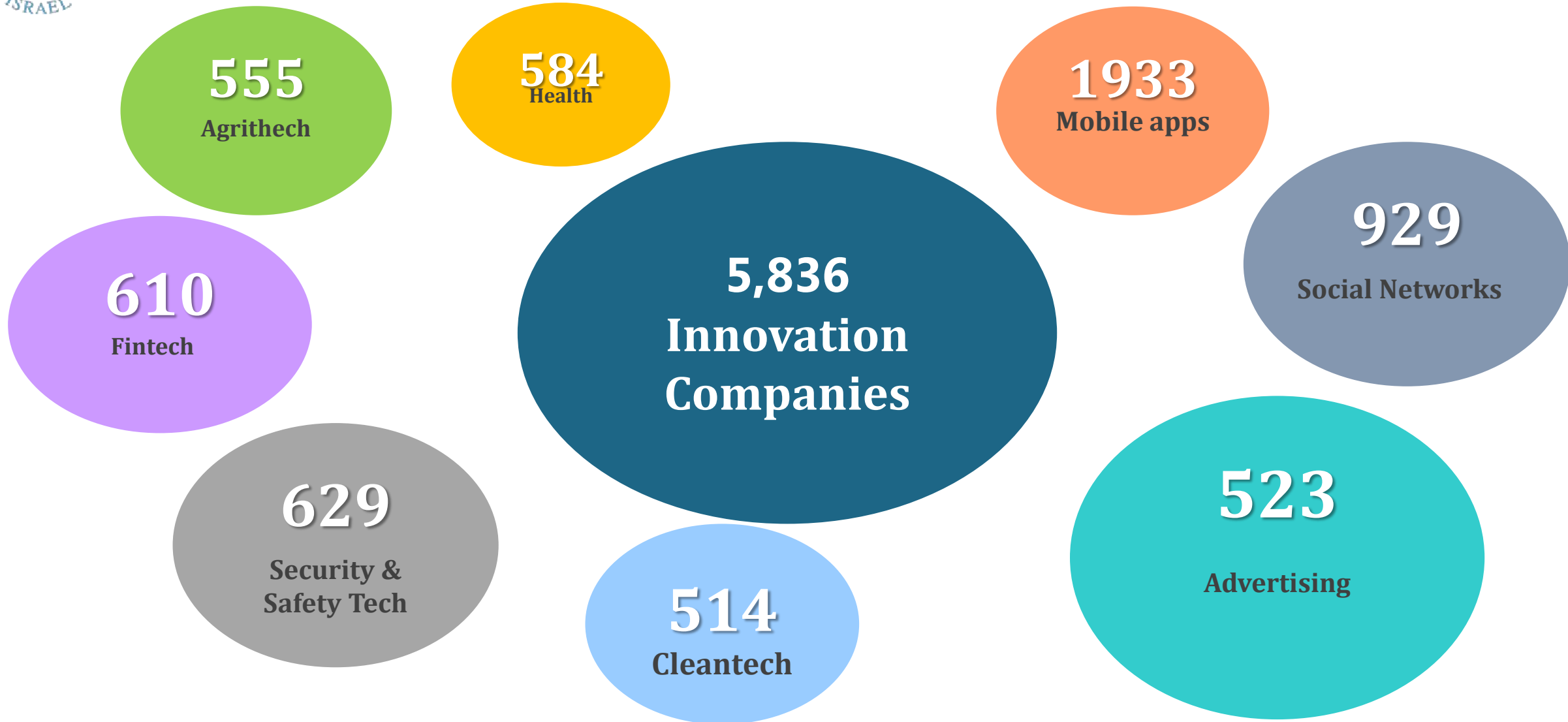




The Factors Behind Israel's Strength in High Tech



Israel's Innovation Map



Israel is Leading in International Innovation Rankings

Index	Bloomberg	WORLD ECONOMIC FORUM
Ranking	10	3

Factors in Israel that encourage innovation

- ✓ Quality universities that provide the economy with **human capital**, scientific aptitude, and technological abilities
- ✓ **Collaboration** between the **universities and industry**
- ✓ Government support for commercial R&D
- ✓ Developed **venture capital** industry



“Necessity is the mother of invention” – example

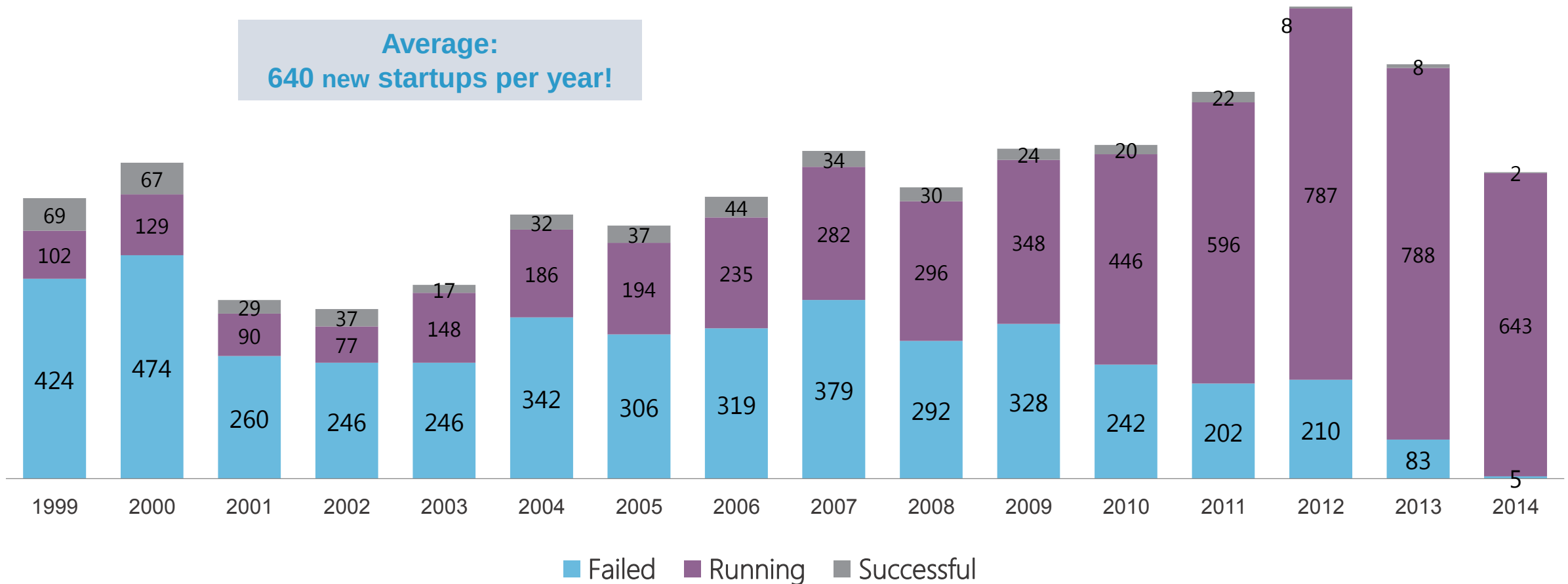
- **World leader in desalination**; With a network of five coastal desalination plants, which together produce **75%** of all water supply to households.
- Leading in **Waste-Water Recycling** with a rate of **80%**.
- Israel developed and patented the “**Drip Irrigation**”, that has not only produced huge reduction in agricultural water use, but has also vastly increased yields, and it is used worldwide.



Flurry of High Tech Entrepreneurship: Taste for Risk

Number of New Start-Ups by Year 1999-2014

Israeli Startup Companies: Number of Companies by Year Established, by Success
Index
1999-2014



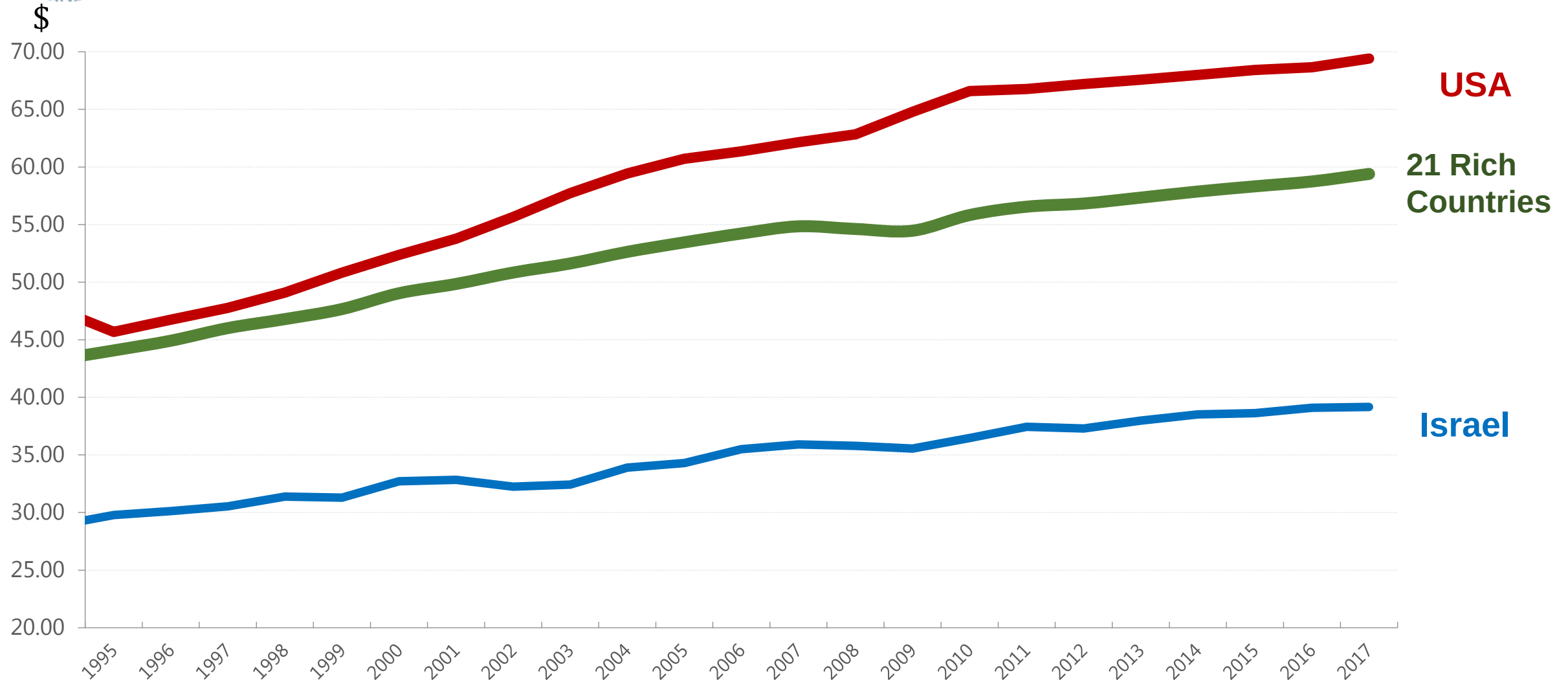


Yet, There are
Challenges Ahead



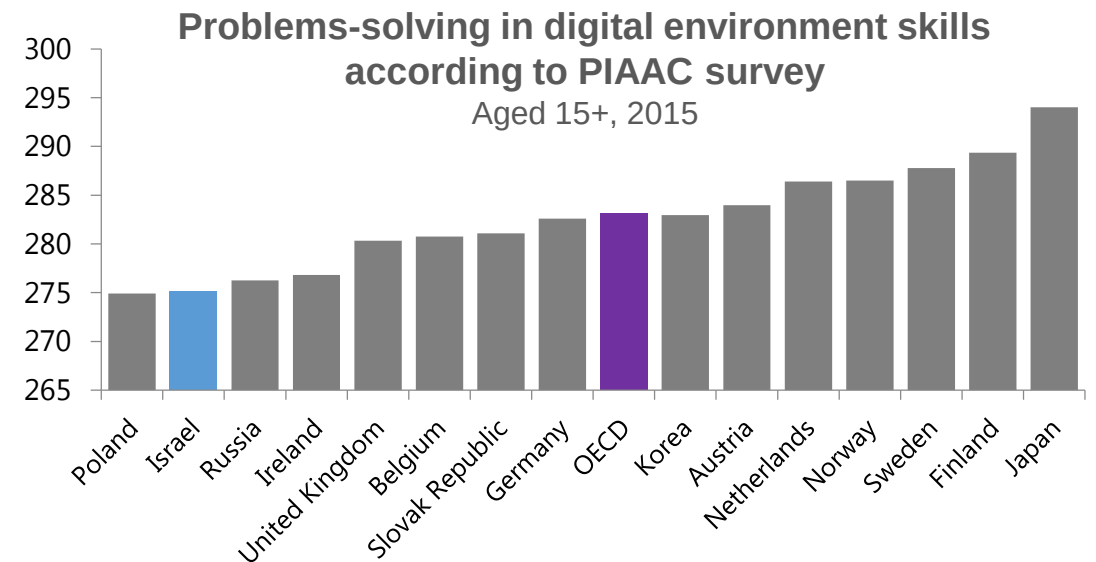
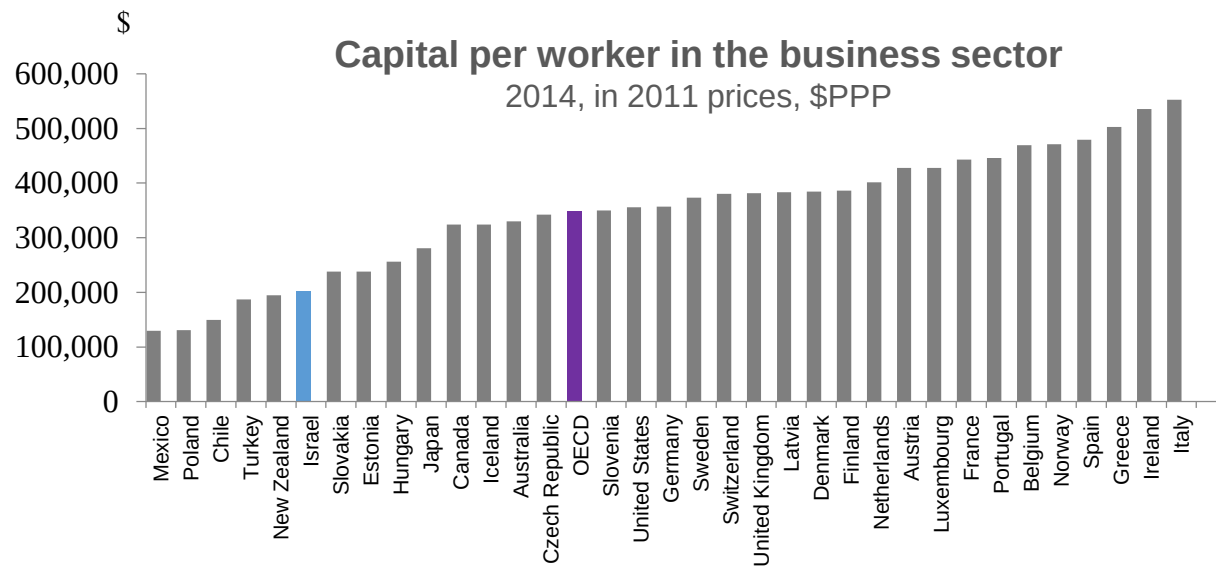
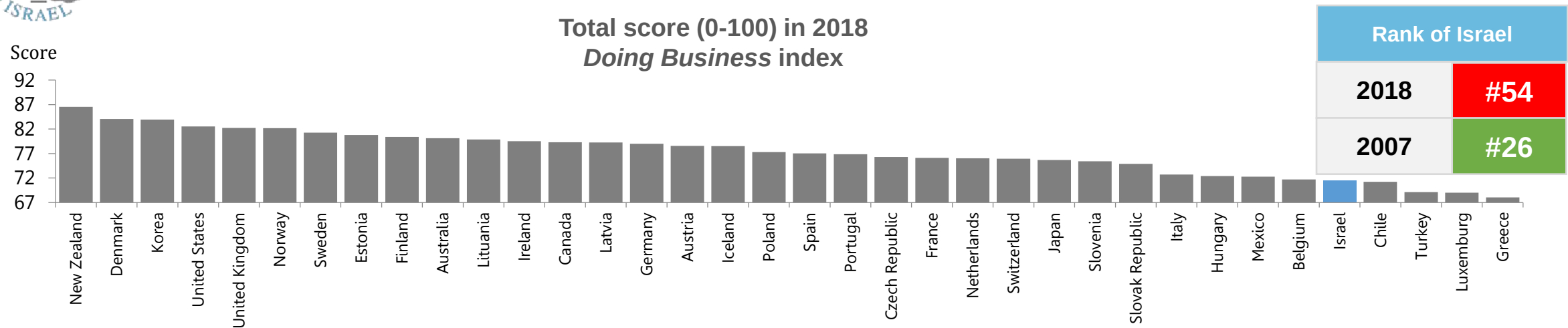
Output Per Hour Worked

1995-2017, \$ PPP, 2016 Constant Prices



Source : The Conference Board Total Economy Database 2017

The Productivity Gap Occurs due to Several Reasons

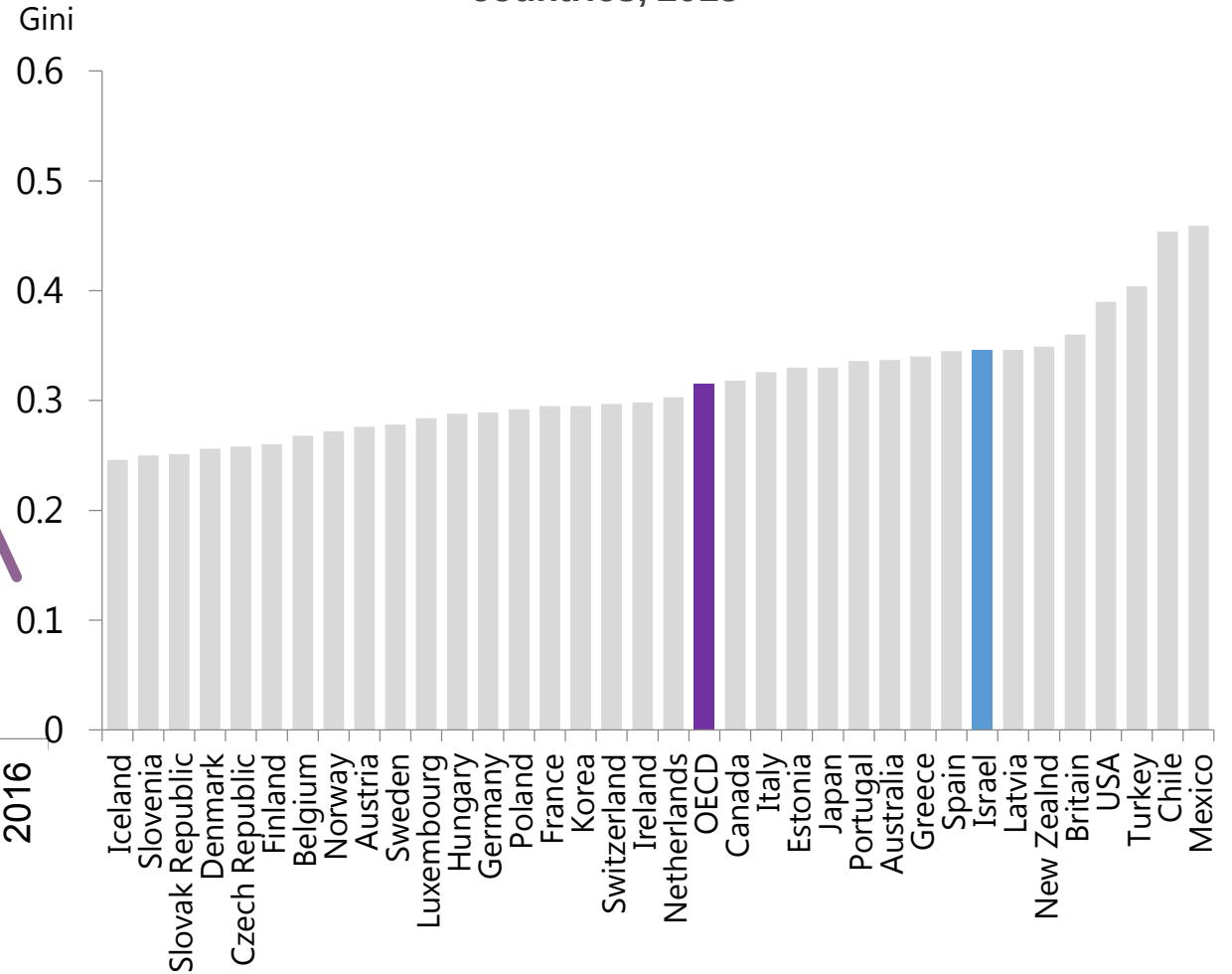


Inequality is Decreasing But it is Still Relatively High

Gini Index, at disposable market income, 2001-2016



Gini index, at disposable income, selected countries, 2015



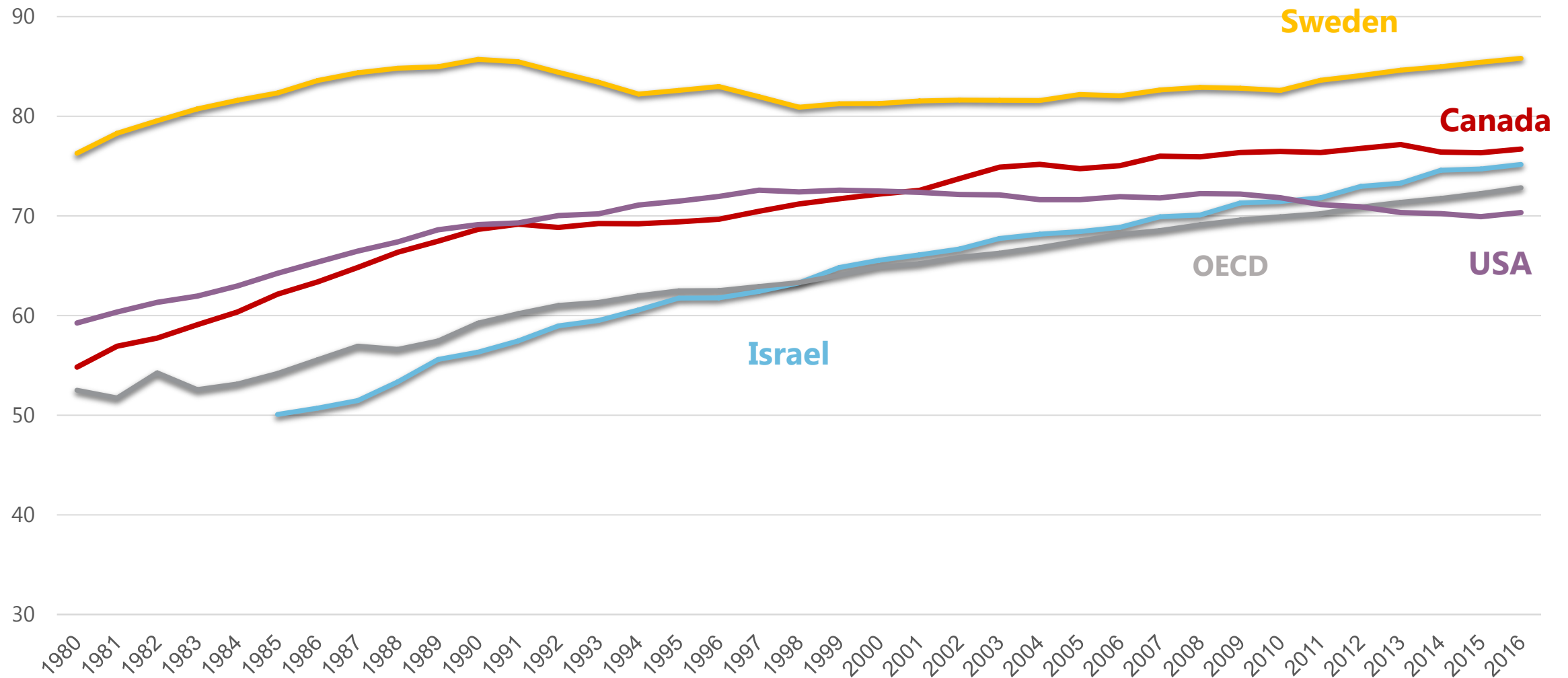


Women in the Labor Market



Women Labor Participation Rate

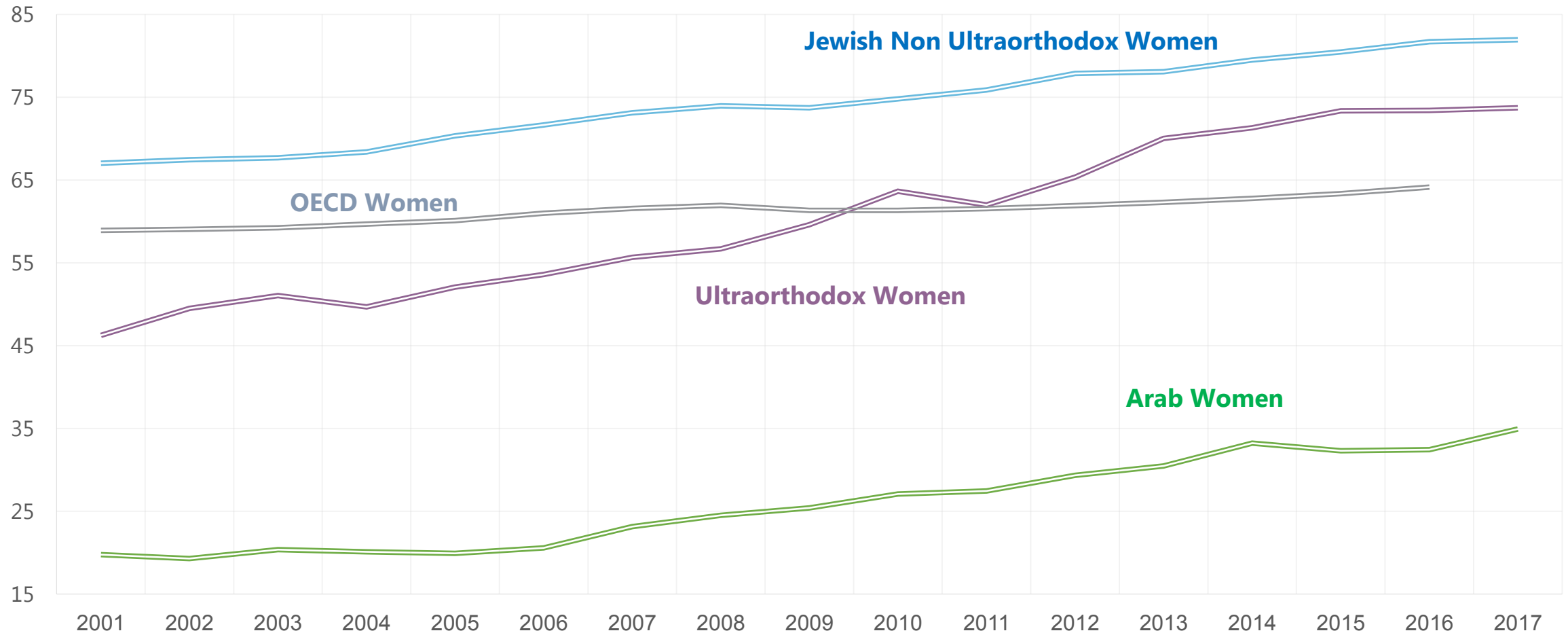
1980-2016



Employment Rate by Population Groups

%

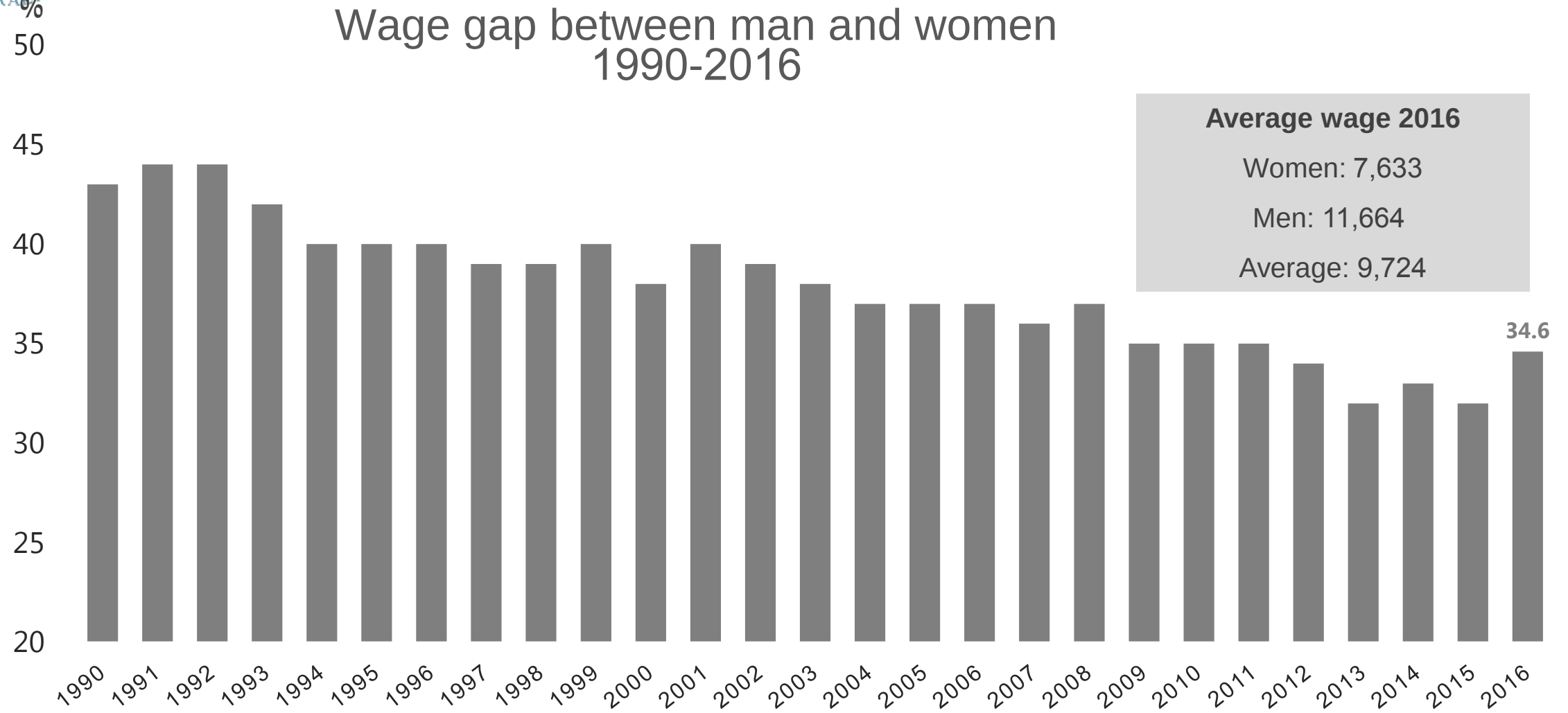
Israel Women Employment Rate, 25-64



SOURCE: Based on Central Bureau of Statistics Data, Israel



The wage gap has declined, but still substantial: part of it stems from part time jobs that is common among women

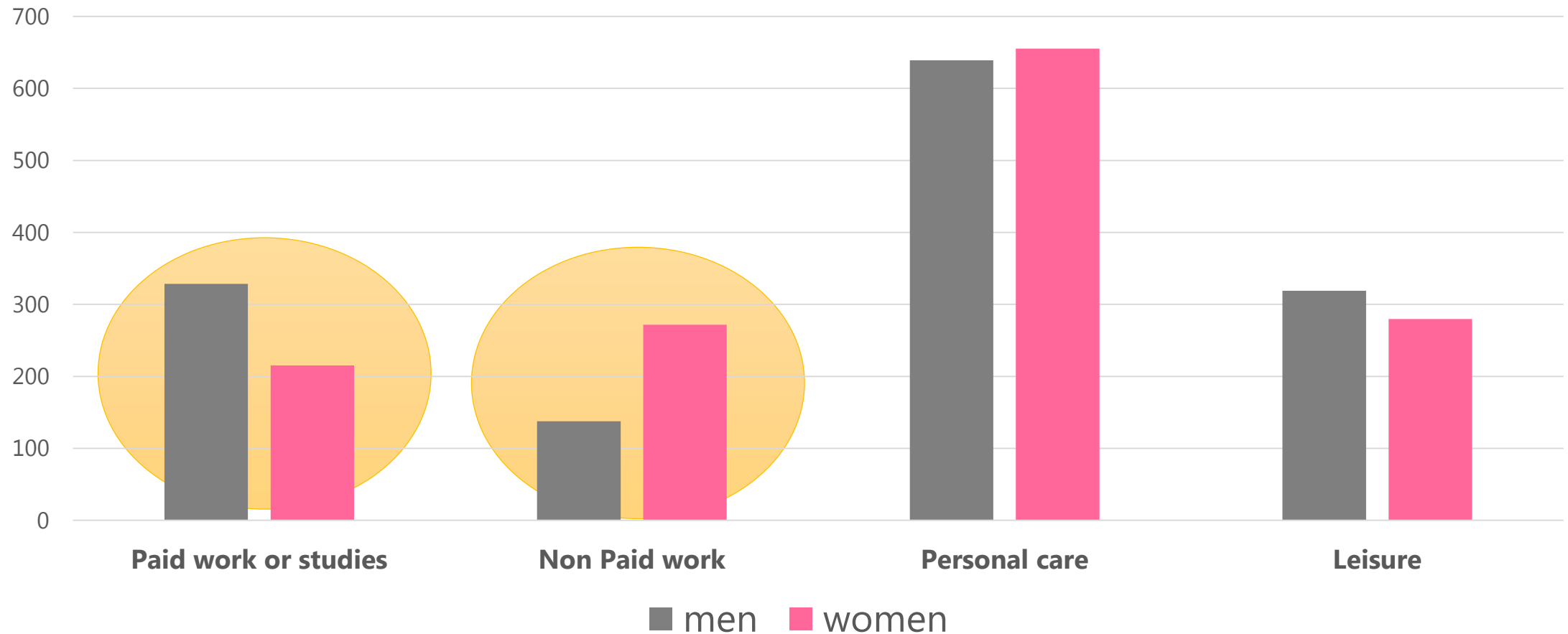




The Big Dilemma: Work and Housework

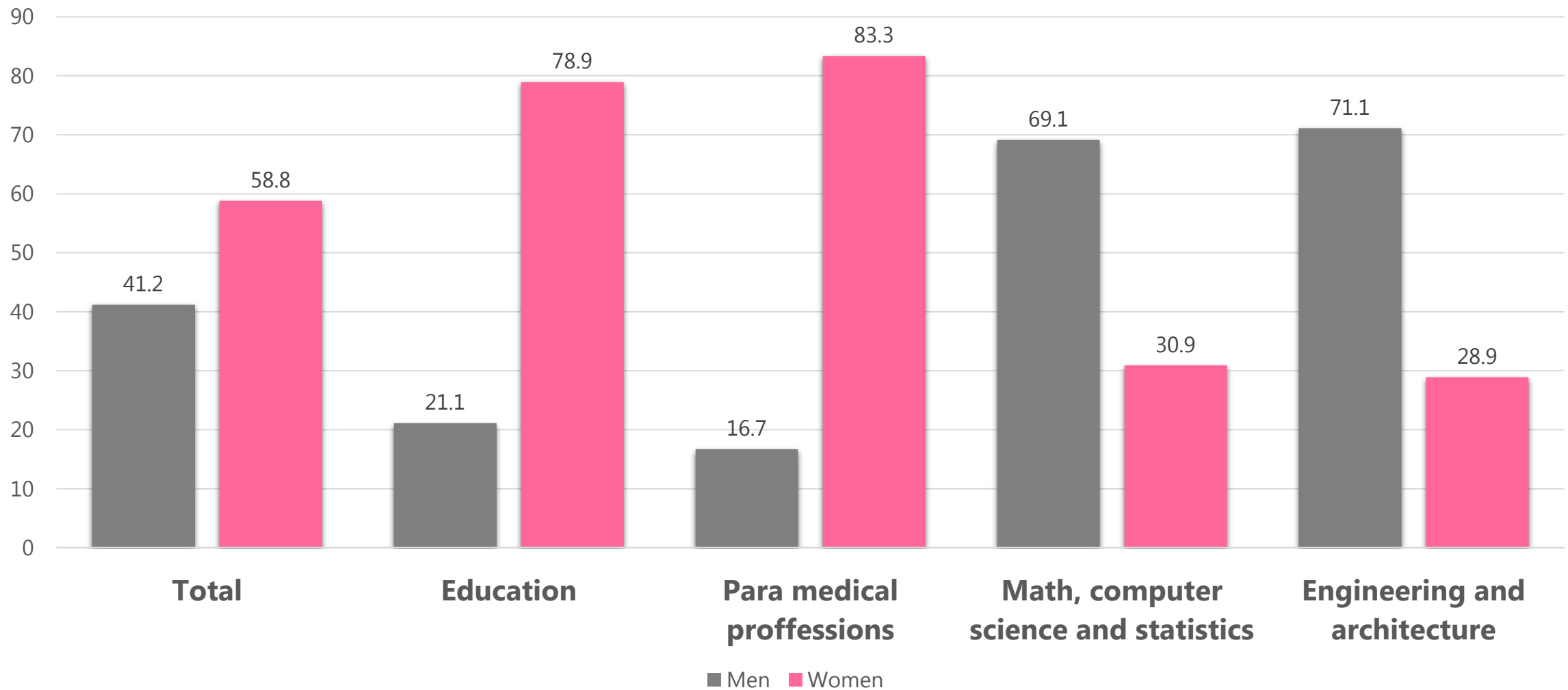
minutes a day spent on daily activities-men and women

Minutes per day spent on
various activities, OECD average





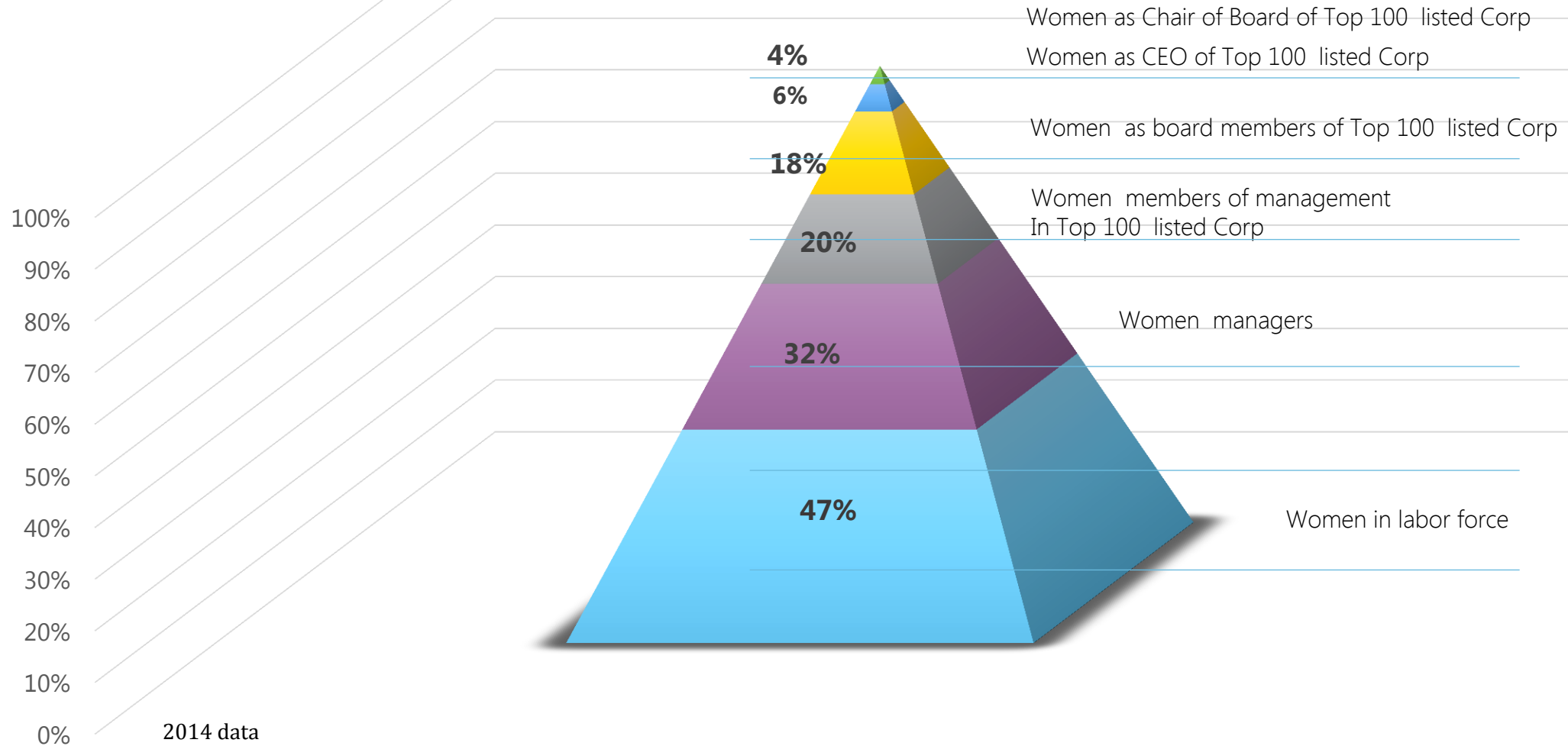
The Percentage of Women among B.A students in selected fields



SOURCE: CBS



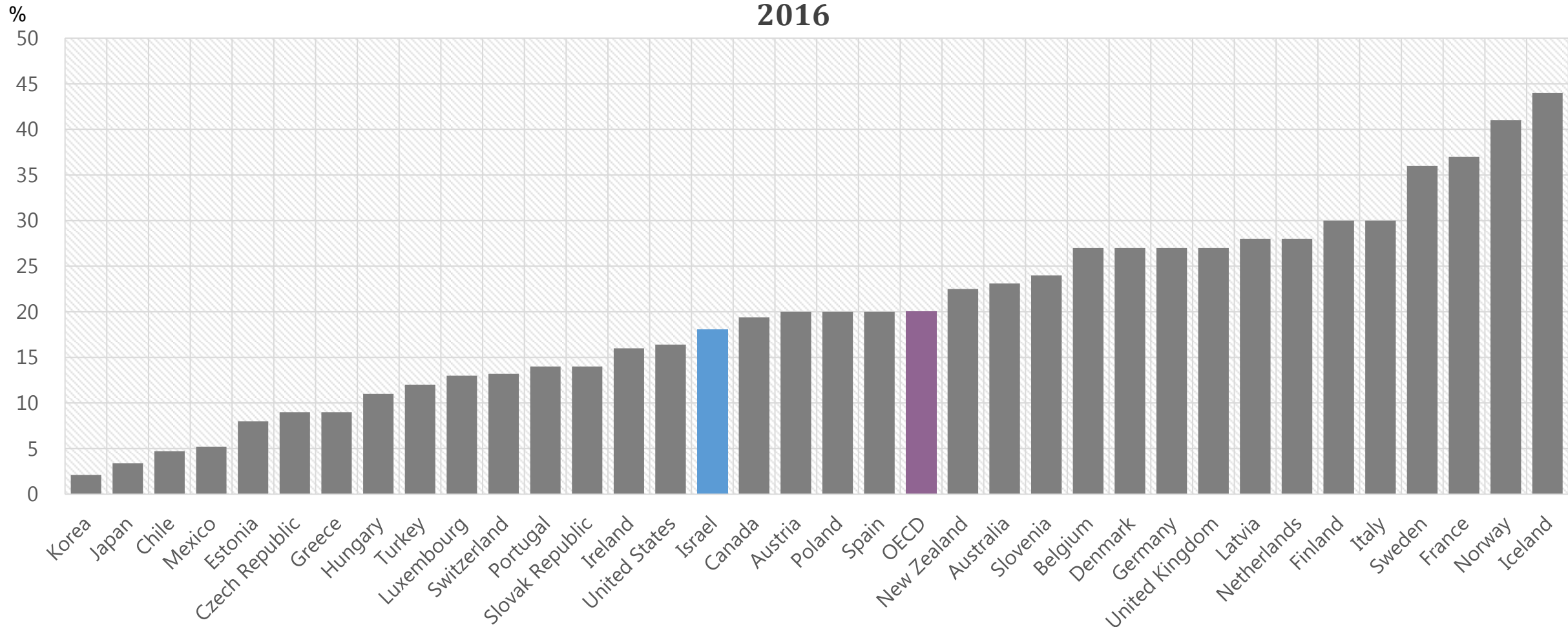
Leadership is still too rare





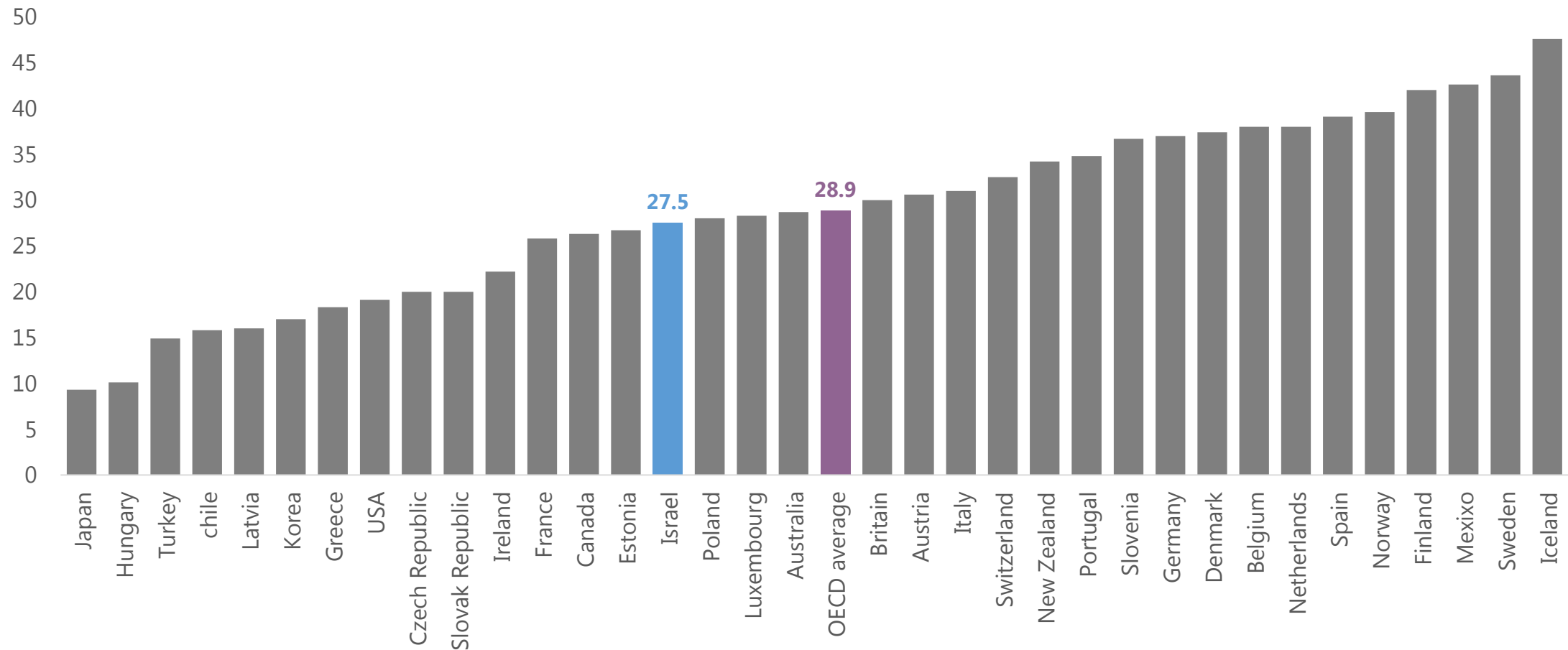
Percentage of Women as Board Members of Largest Companies is Still Low in Most OECD Countries

**% of Women on Board of Largest Companies,
2016**



More Women in Leadership Needed

WOMEN IN PARLIAMENT





Israel's Top Financial Regulators Are Women

**Ms. Dorit
Salinger**

**Director of Capital
Market, Insurance
and Savings
Department,
Ministry of Finance**

Dr. Karnit Flug

**Governor of
the Bank of
Israel**

**Dr. Nadine
Baudot-
Trajtenberg**

**Deputy
Governor of
the Bank of
Israel**

Dr. Hedva Ber

**Supervisor of
Banks, Bank of
Israel**

**Lawyer Michal
Halperin**

**Head of the
Antitrust
Authority**

**Ms. Anat
Guetta**

**Chairman of
the Israeli
Securities
Authority**

A Recent Development

2013

2013

2014

2015

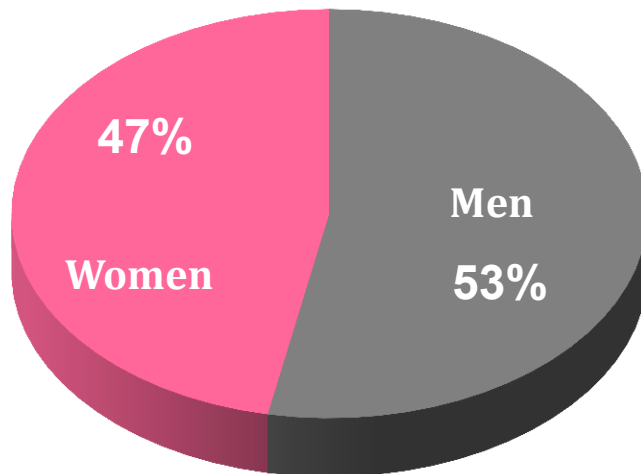
2016

2018

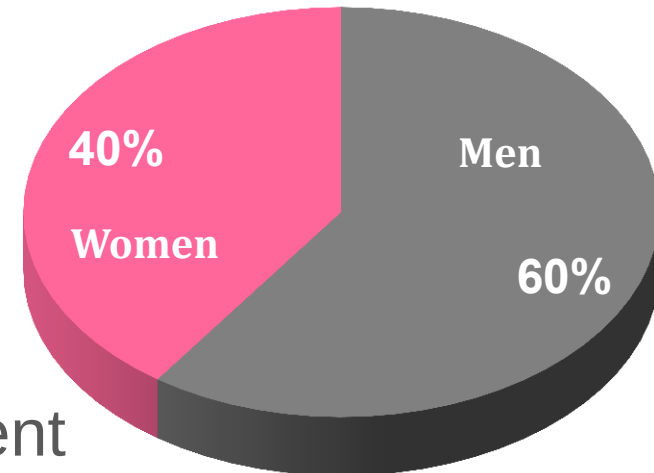


Gender Distribution among employees of the Bank of Israel

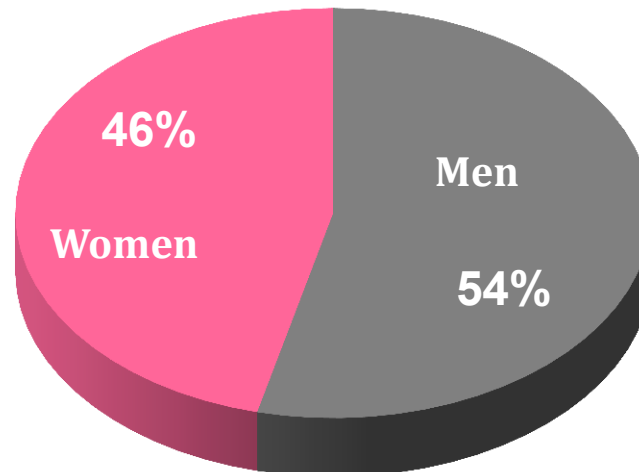
Total employees



Managers



Senior Management



Thank
You