BANK OF ISRAEL
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The monthly Index of Economic Activity increased in September by 1.8 percent

The monthly Index of Economic Activity[1] increased in September by 1.8 percent (Figure 1). The regular index reflects the average monthly growth estimate from July to September, including the July recovery from the temporary reduction in economic activity during Israel's military operation against Iran. However, **a broader look at average growth over a four-month period, which neutralizes the effect of the volatility resulting from the military operation against Iran, shows that the Index grew by only 0.2 percent in September,** which is below the long-term trend (about 0.3 percent). The regular Index was positively influenced by increases in credit card purchase data and in data on goods imports and exports in July and September, trade revenue and industrial production data for July, and labor market data for July–September. In contrast, the purchasing managers index in the US for July and August and gasoline consumption data had a negative effect on the Index (Tables 1 and 2).

The Index for recent months was revised upward in view of the excessive volatility of its reference period and the completion of data that were previously missing.

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.

[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).

FIGURE 1: The Monthly Index of Economic Activity

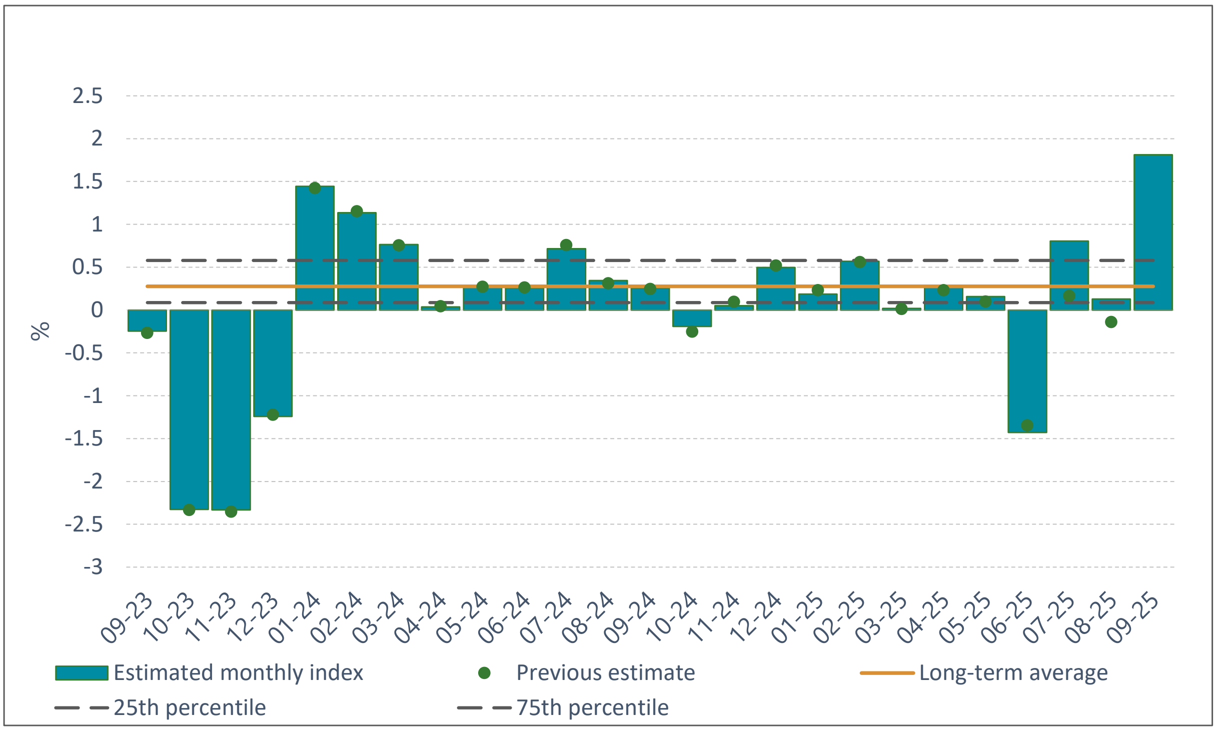

Table 1 | Contribution of the Index Components to the Total Estimate in Recent Months, by Group

(percentage points, unless otherwise specified)

Group	April	May	June	July	August	September
Credit card purchases	0.052	0.069	-0.121	0.128	0.010	0.173
Industry indices	0.386	0.207	-0.593	0.339	-0.086	0.761
Export indices	0.035	0.061	-0.096	0.168	0.046	0.147
Import indices	0.081	0.066	-0.148	0.105	0.032	0.192
Labor market	0.068	0.087	-0.155	0.012	-0.043	0.192
Tax data	-0.036	0.029	0.007	-0.010	-0.003	0.011
Financial indices	-0.085	-0.009	0.094	0.172	0.102	0.058
Purchasing managers indices	0.001	0.000	-0.001	-0.006	-0.008	-0.009
Gasoline consumption	0.023	0.058	-0.081	-0.087	-0.115	-0.008
Actual GDP data	-0.554	-0.709	-0.629	-0.315	-0.105	0.000
Long-term trend	0.297	0.297	0.297	0.297	0.297	0.297
Total estimate	**0.266**	**0.158**	**-1.427**	**0.804**	**0.127**	**1.813**
Previous estimate	0.233	0.099	-1.346	0.166	-0.139	

* The table presents the contribution of each group of components in the monthly index, such that the monthly estimate constitutes the sum of the contributions of each of the components detailed in the table. Some of the raw data influence the monthly estimate with a lag or influence the estimates of several months.

Table 2 | Changes in the Index Components in Recent Months

(monthly rates of change, percent, seasonally adjusted)

Group	Series	April	May	June	July	August	September
Credit card purchases	Index of credit card purchases by private consumers	-0.5	0.5	-10.8	17.8	-5.4	0.4
Industry indices	Index of revenue in the services industries	-3.6	-0.6	-3.8	5.5		
	Index of revenue in the trade industries	-0.2	2.2	-14.2	17.5		
	Index of retail trade - total, except fuel, fertilizers, and natural gas	2.1	0.0	-7.9	11.3	-1.9	
	Residential building starts - total	-18.1	16.7	-23.2			
	Index of employees' actual work hours - manufacturing, mining and quarrying	0.3	-1.3	-5.2	6.5		
	Index of number of employees - manufacturing (excl. diamonds)	-0.2	-0.2	-0.4	0.0		
	Industrial production index - construction inputs	0.7	-0.4	-16.6	22.5		
	Industrial production index - total (excl. mining and quarrying)	0.7	6.7	-13.1	9.7		
	Industrial production index - mixed-high technology	-3.4	-1.4	-1.0	4.3		
Export indices	Receipts in respect of total goods exports	-13.3	11.6	-10.3	3.4	6.2	
	Net goods exports - total (excl. ships, aircraft, and diamonds)	-14.6	6.8	-12.0	22.3	-7.4	5.2
	Goods exports - total manufacturing (excl. diamonds)	-14.4	5.5	-11.3	21.5	-8.0	5.9
	Goods exports - manufacturing - mixed-high technology	-0.3	-3.5	-1.9	4.6	-6.1	-3.4
	Receipts in respect of exports of other services (excl. tourism, transportation, and insurance)	8.5	16.0	-9.2	-6.6	5.6	
	Exports of other services (excl. startups) and tourism services	0.9	-8.4	5.7	4.9		
	Exports of other services	-3.5	-4.6	3.2	5.3		
Import indices	Goods imports - consumption goods	1.5	-3.0	-14.4	30.8	-11.2	4.9
	Goods imports - durable consumption goods	0.6	3.0	-17.3	34.8	-17.1	11.7
	Goods imports - investment assets other than ships and aircraft	1.4	8.6	-17.8	23.8	-13.4	
	Goods imports - production inputs	3.0	-7.4	-5.8	20.7	-8.0	-0.2
Labor market	Employees minus absentees	-0.1	2.1	-10.1	8.6	-0.2	
	Employee posts - total - Israelis	0.6	-0.3	-1.2	0.9	0.2	
	Job vacancies	-3.0	1.7	-2.8	4.7	0.9	1.0
	Total wage payments (real)	0.3	-0.2	-2.2	2.7		
Tax data	VAT - gross	3.9	0.9	-6.1	4.9	0.2	2.5
	VAT - net, excl. VAT on defense imports - minus legislative changes	0.7	4.5	-0.9	-6.6	11.1	-9.5
	Income tax - net	-0.4	-1.1	-4.4	13.4	1.4	
	Indirect taxes - as defined by the Tax Authority - minus legislative changes	0.6	6.4	-4.3	-4.1	9.1	-4.1
Financial indices	NASDAQ 100 index	-6.7	11.1	5.4	5.5	2.8	3.7
	Price of a barrel of oil on the London Exchange	-7.3	-3.8	8.7	-0.4	-3.4	0.5
	General equities and convertibles index	-0.9	6.3	5.4	8.9	-1.3	1.7
Purchasing managers index	Purchasing managers index - US	48.7	48.5	49.0	48.0	48.7	49.1
Gasoline consumption	Gasoline consumption	-2.4	2.9	-18.1			