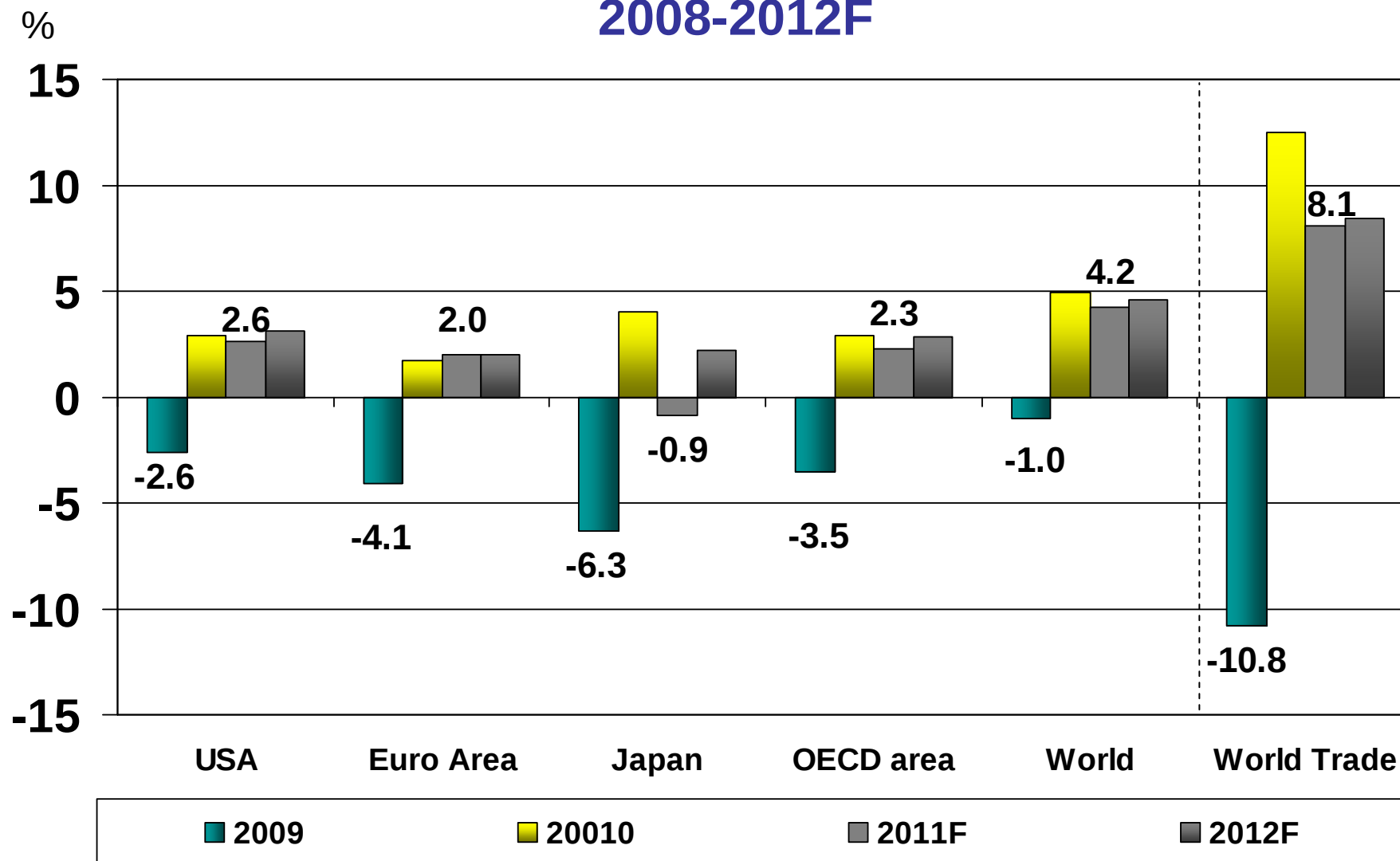




Israel and the World Economy

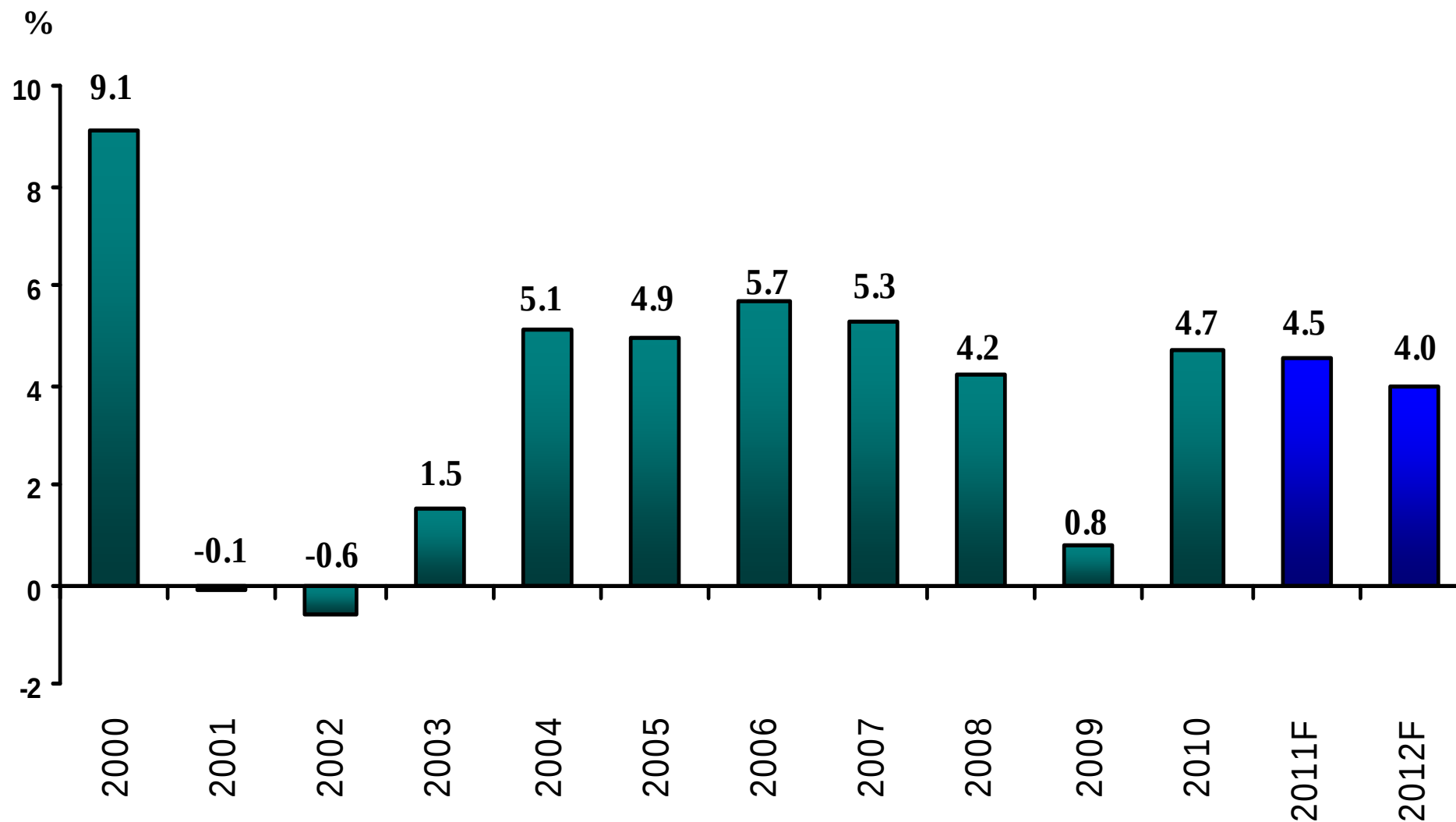
Stanley Fischer, Bank of Israel
May 31, 2011

OECD Forecast of Annual Growth Rates 2008-2012F



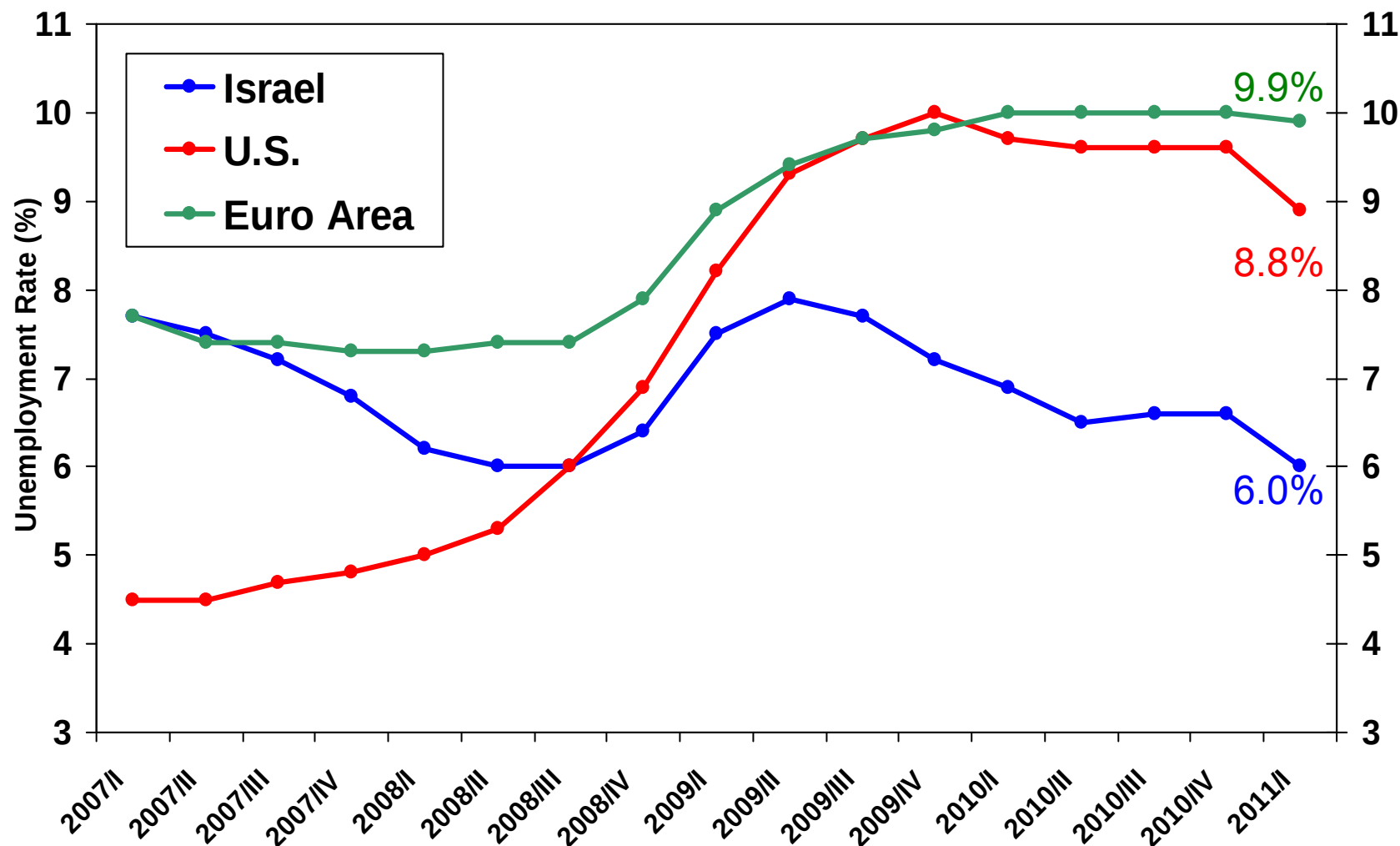
Israel's Annual GDP Growth Rates

2000 – 2012F



Bank of Israel forecasts for 2011 and 2012

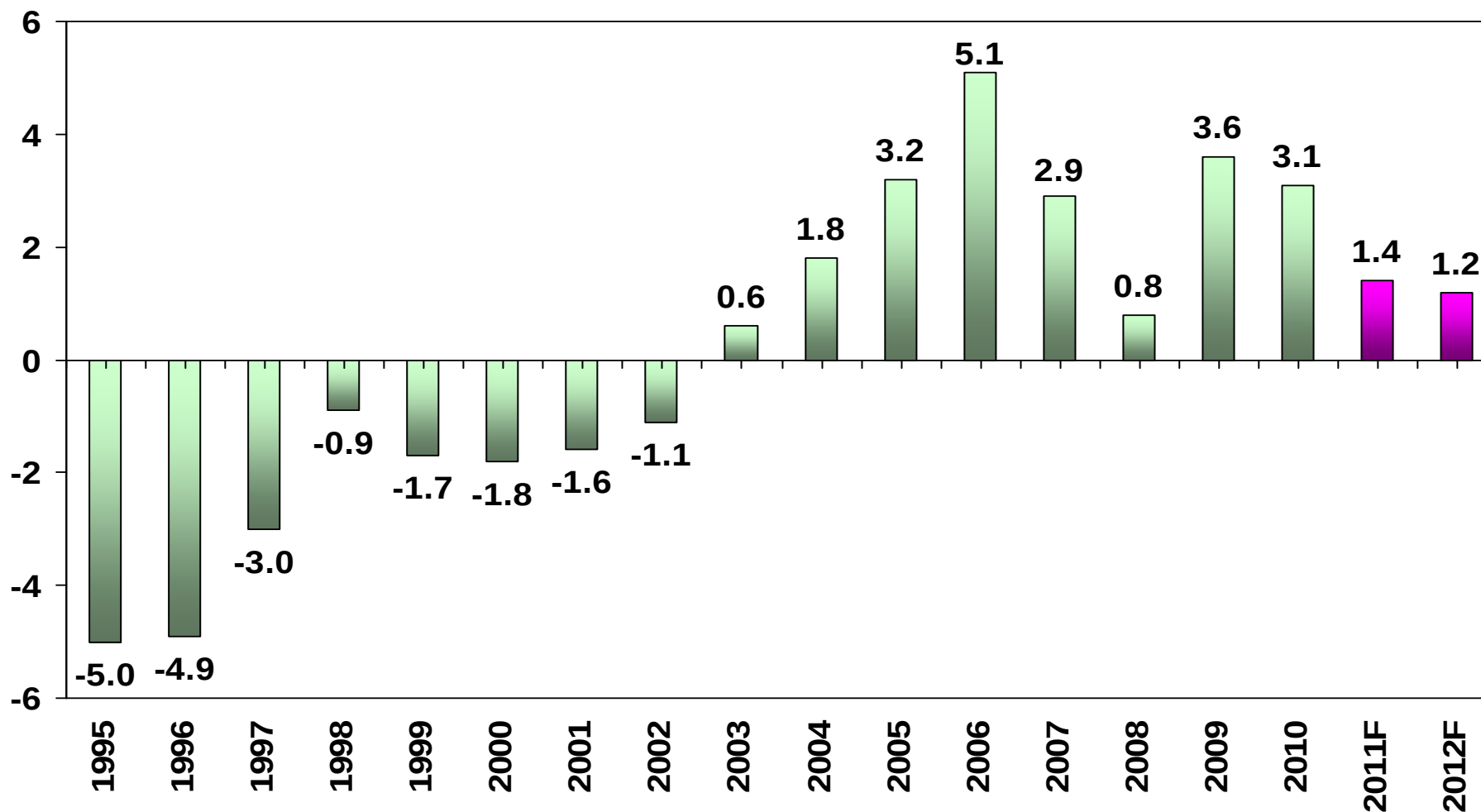
Rate of Unemployment in Israel, the U.S. and the Euro Area (2007-2011*)



* Data for Israel is a Feb. 2011 estimate.

Source: OECD, Eurostat and the CBS

Current Account of Balance of Payments as Percentage of GDP, 1995-2012* (Annual)



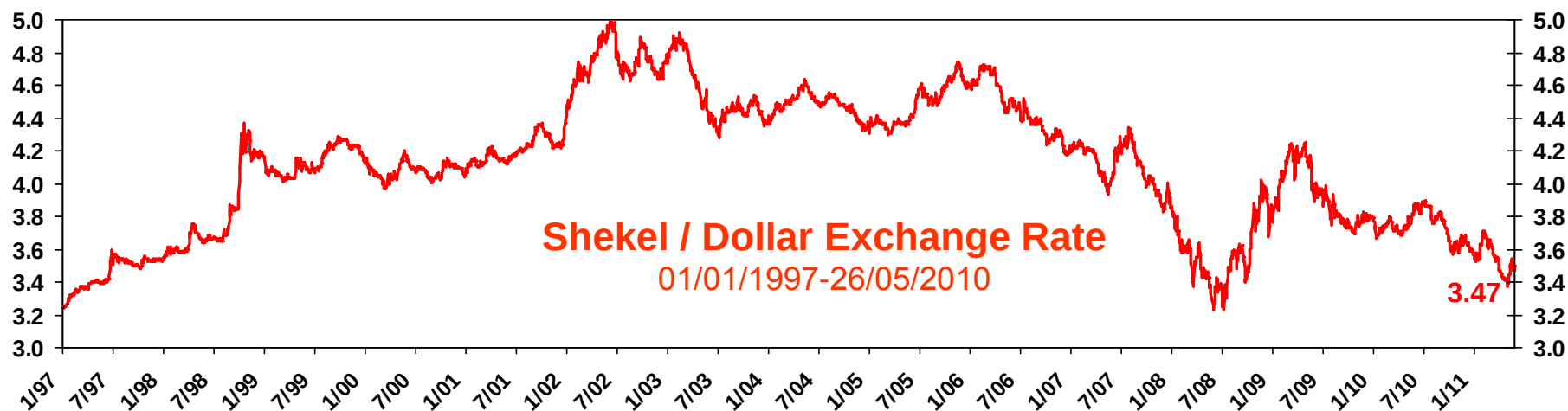
* BOI forecast for 2011 and 2012

SOURCE: Balance of Payments, Central Bureau of Statistics.

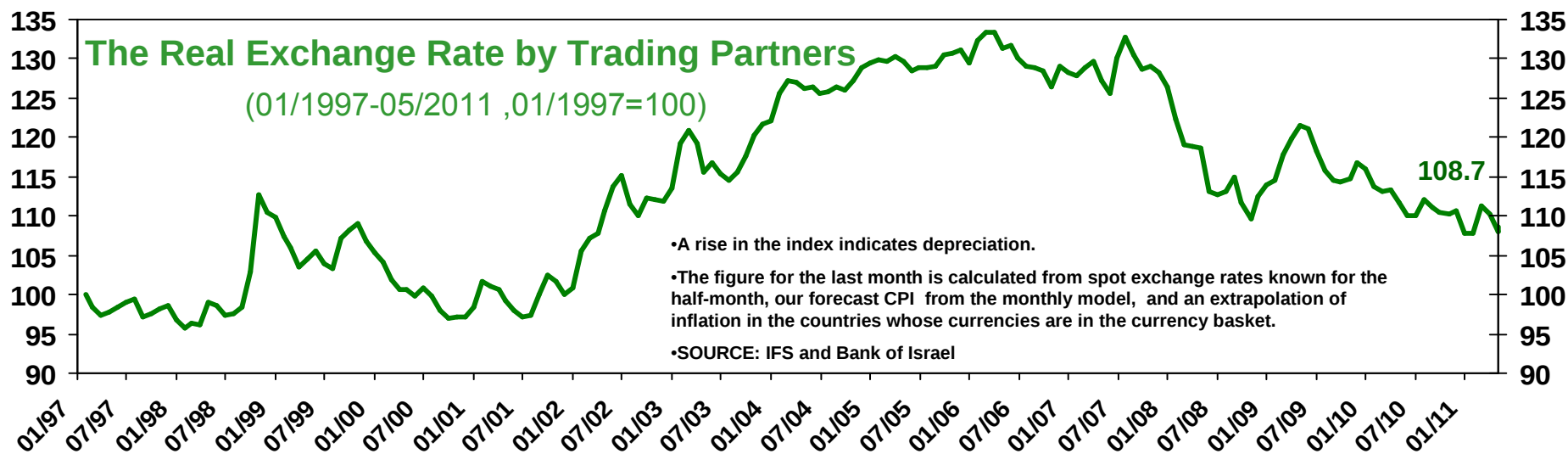
The Nominal and the Real Exchange Rates

01/1997 – 05/2011

NIS



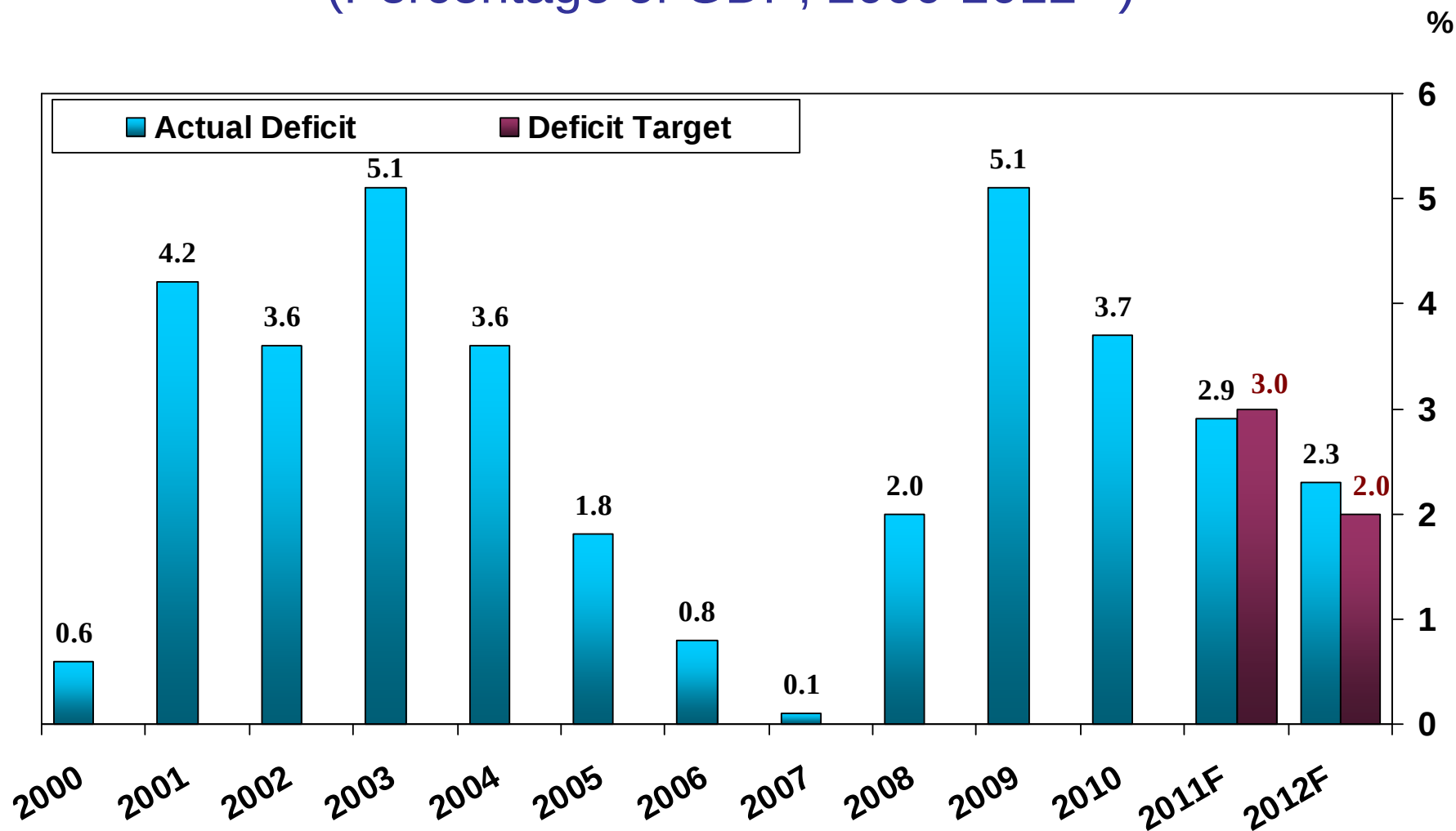
Index



➤ The NIS/\$ chart is on a daily basis, while the real exchange rate chart is on a monthly basis.

Budget Deficit*

(Percentage of GDP, 2000-2012**)

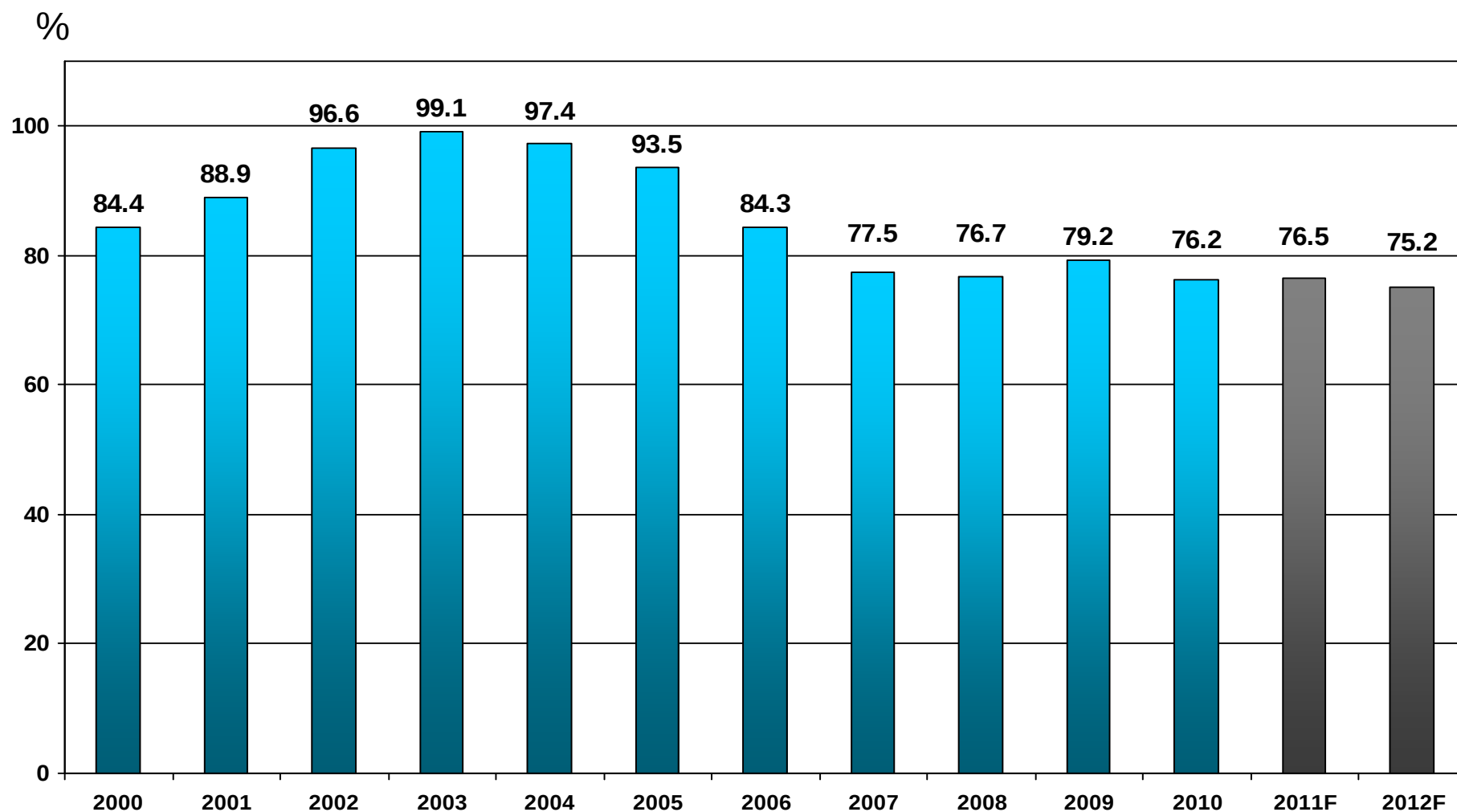


*Percent of GDP; excluding credit extended. The data refers to the deficit excluding the Bank of Israel's profits.

**Bank of Israel forecasts for 2011 and 2012

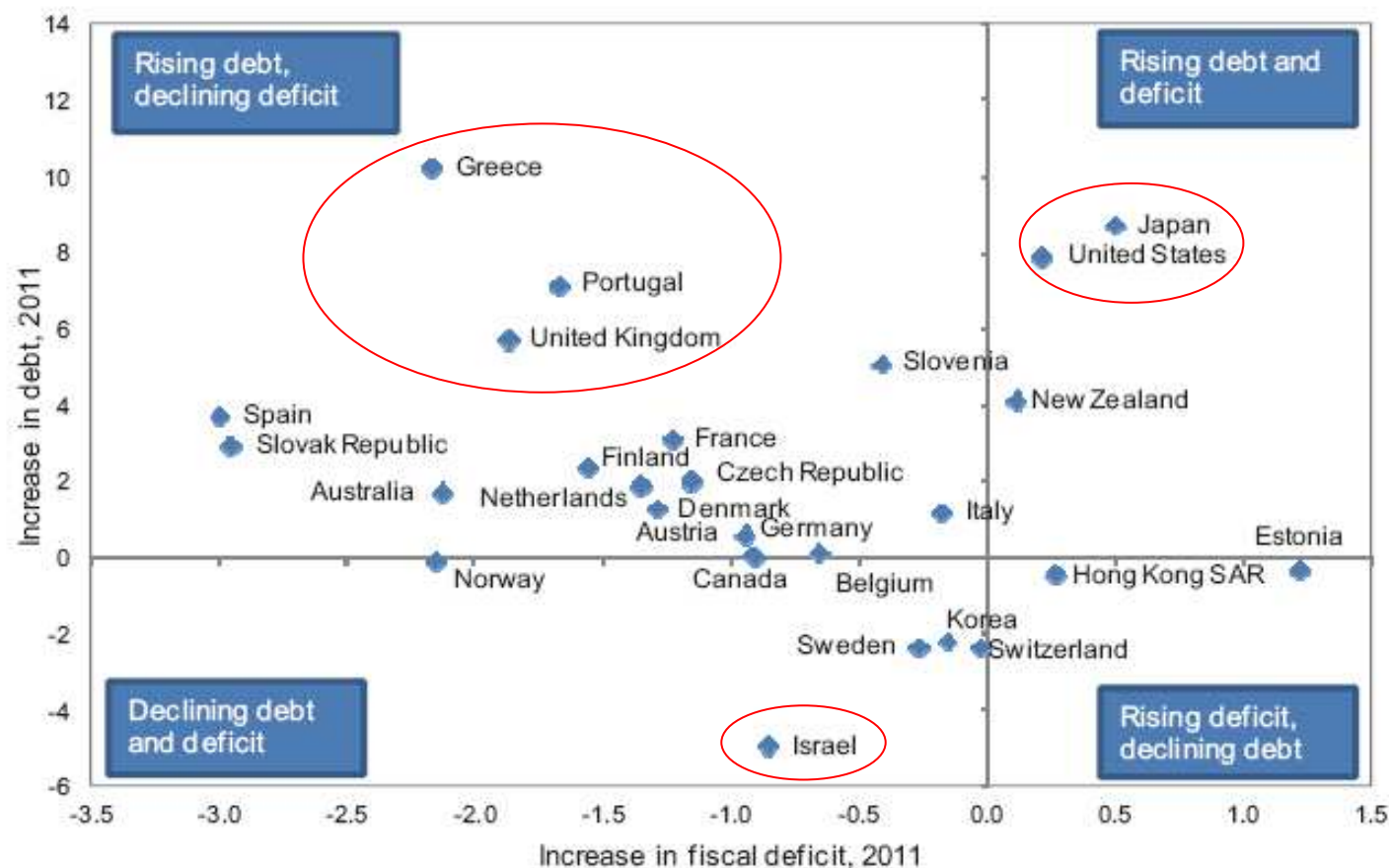
Gross Public Debt

(2000-2012F, % of GDP)



*Bank of Israel forecast

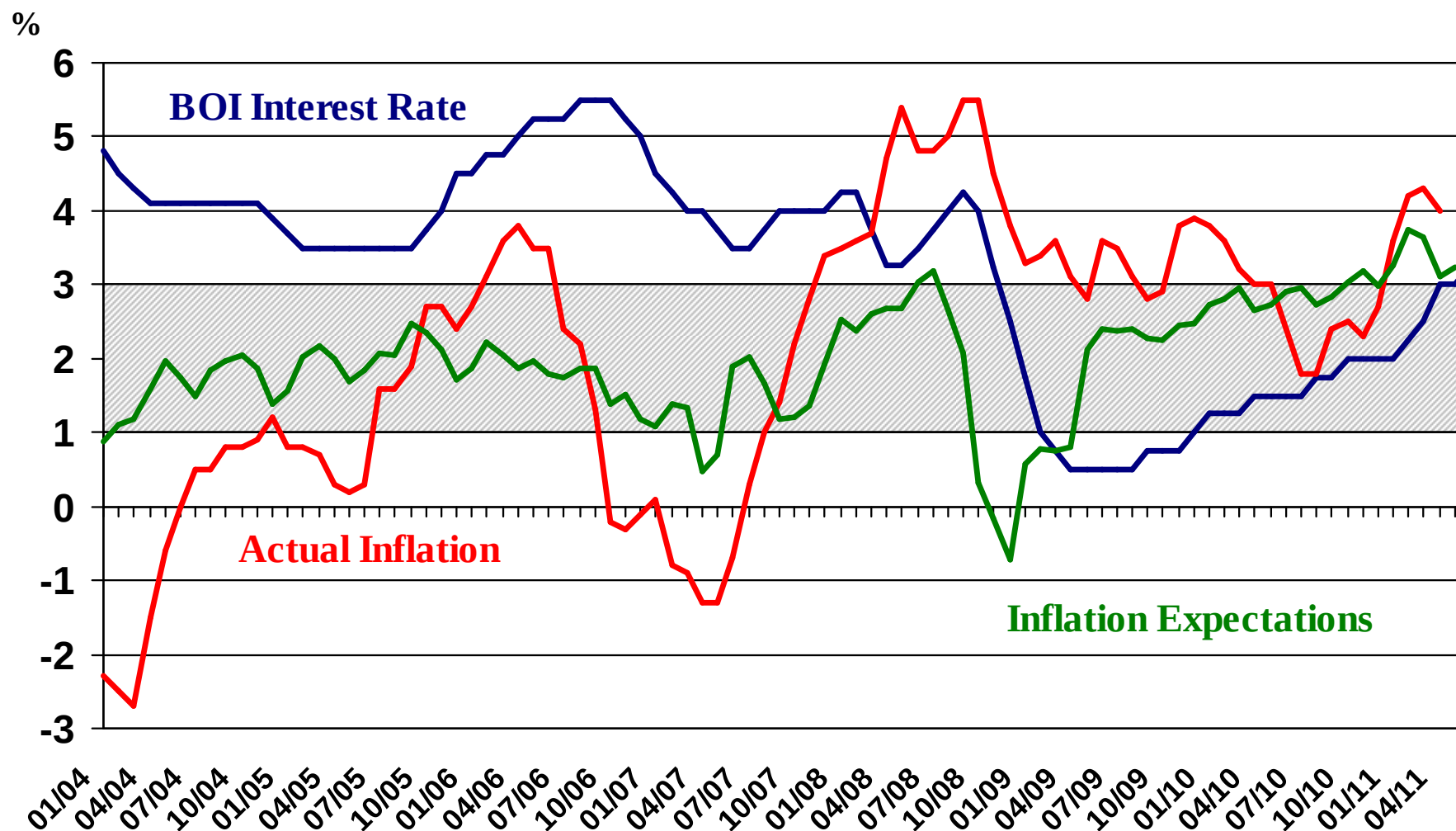
Figure 1.3. Advanced Economies: Change in Overall Deficits and Gross General Government Debt, 2011
(Percent of GDP)



Source: IMF staff projections.

Note: Changes in debt and deficits refer to 2011 vis-à-vis 2010.

Bank of Israel Interest Rate, Rate of Inflation* and Inflation Expectations**, (2004-2011)



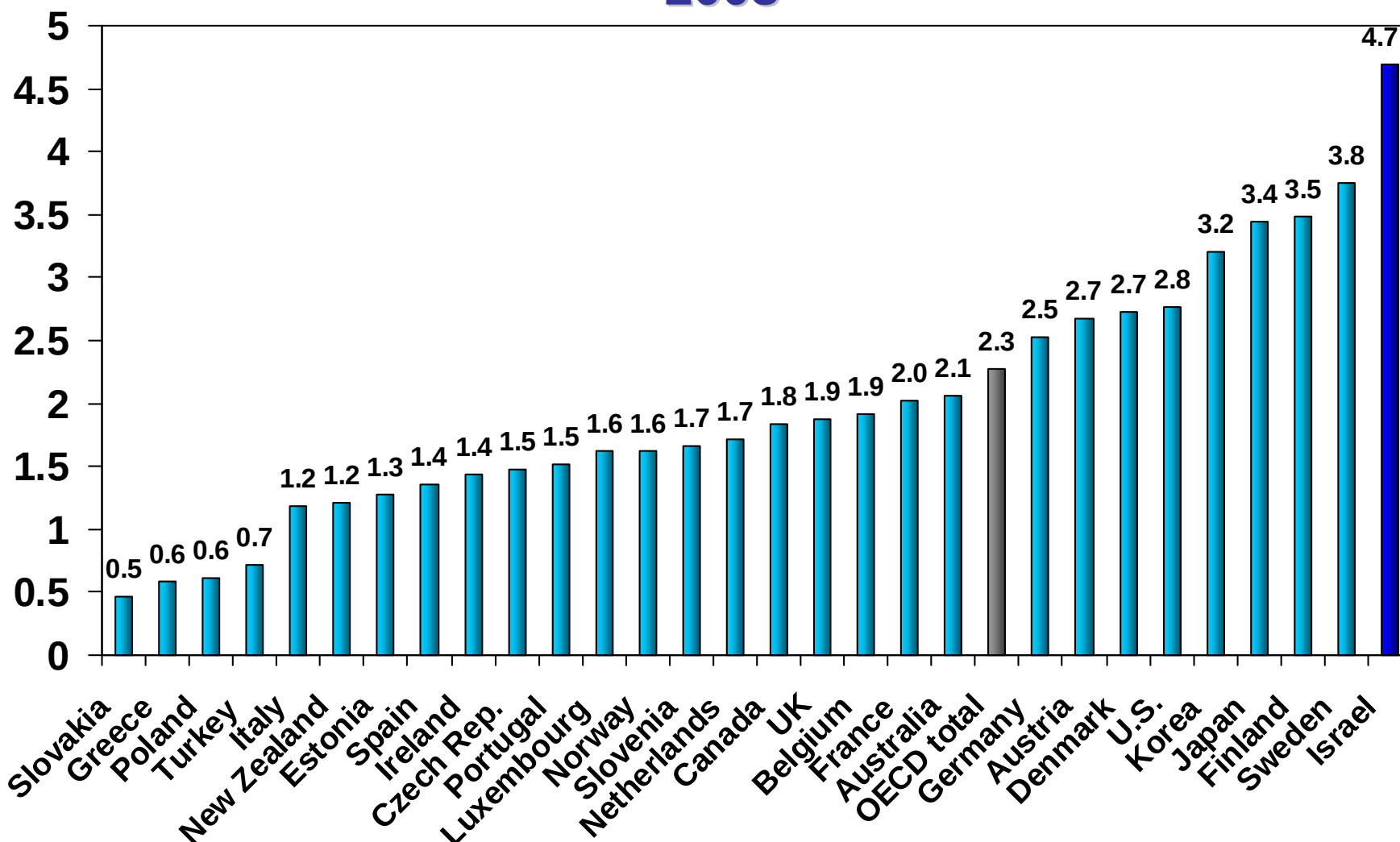
* Over the last 12 months.

** 12 month rate, derived from the capital market.

Source: Research Department, Bank of Israel

Some Data on Hi-Tech and the Business Climate in Israel

National Expenditure on R&D as a percentage of GDP 2008*



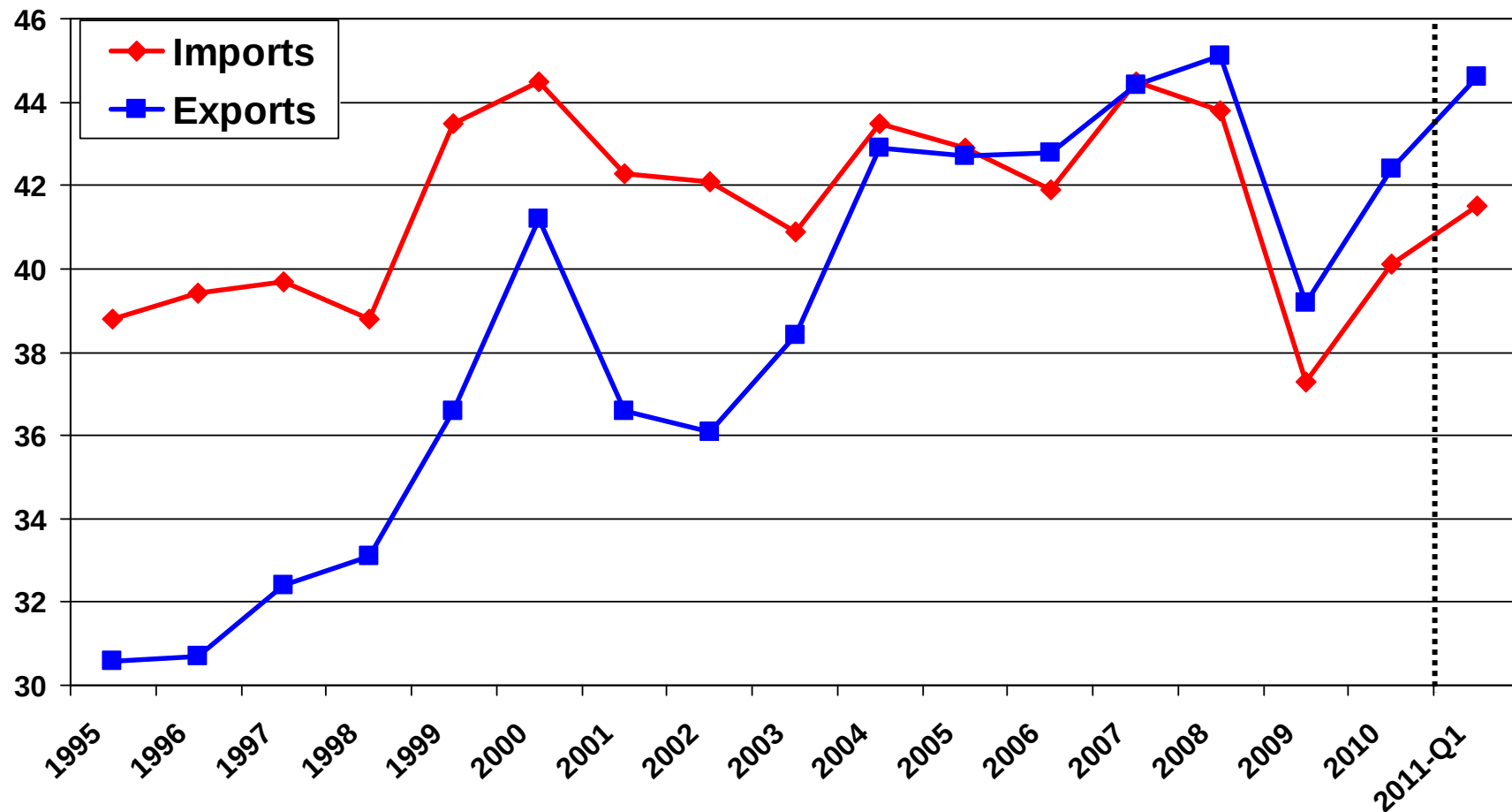
* Data for 2008 or last available year.

Source: OECD Stat

Openness of the Israeli Economy

(percentage of GDP, 1995-2011)

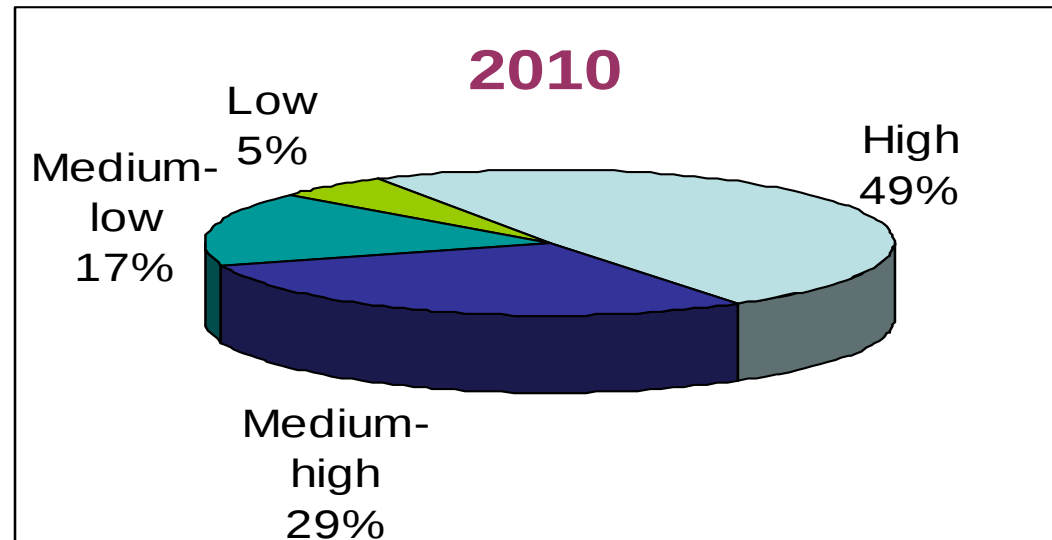
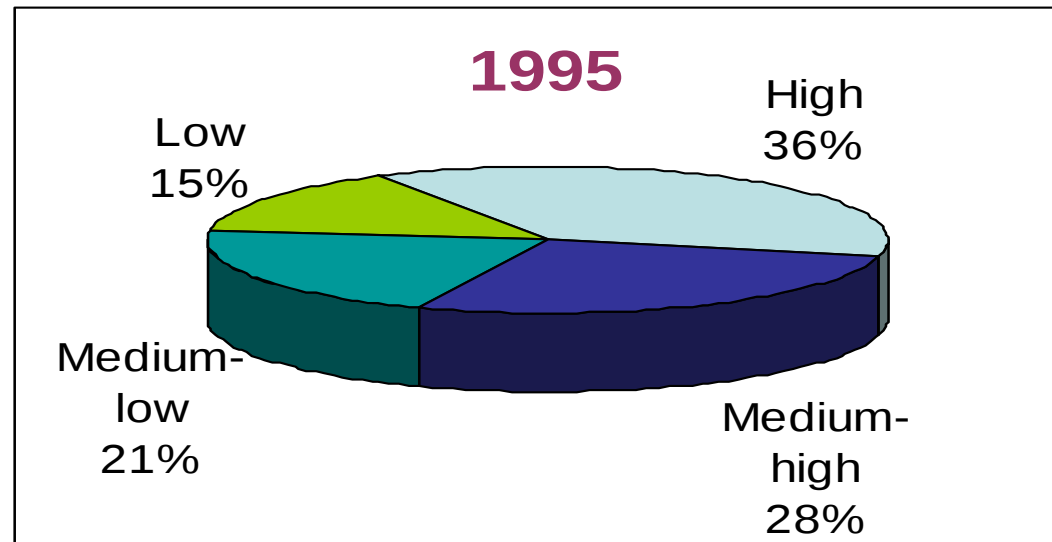
%



• Total goods and services

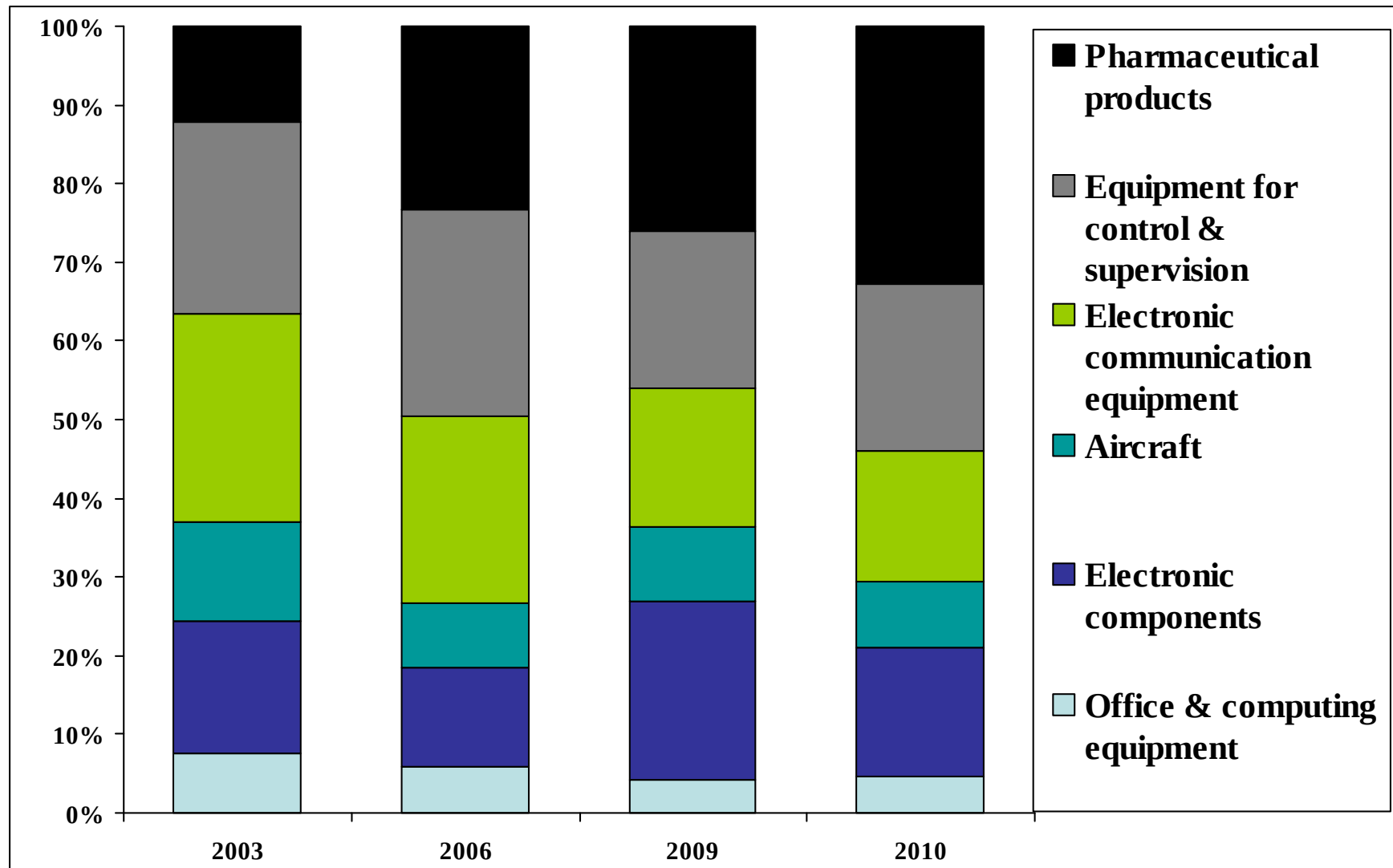
Source: National Accounts, CBS

Manufacturing Exports by Technology Intensity



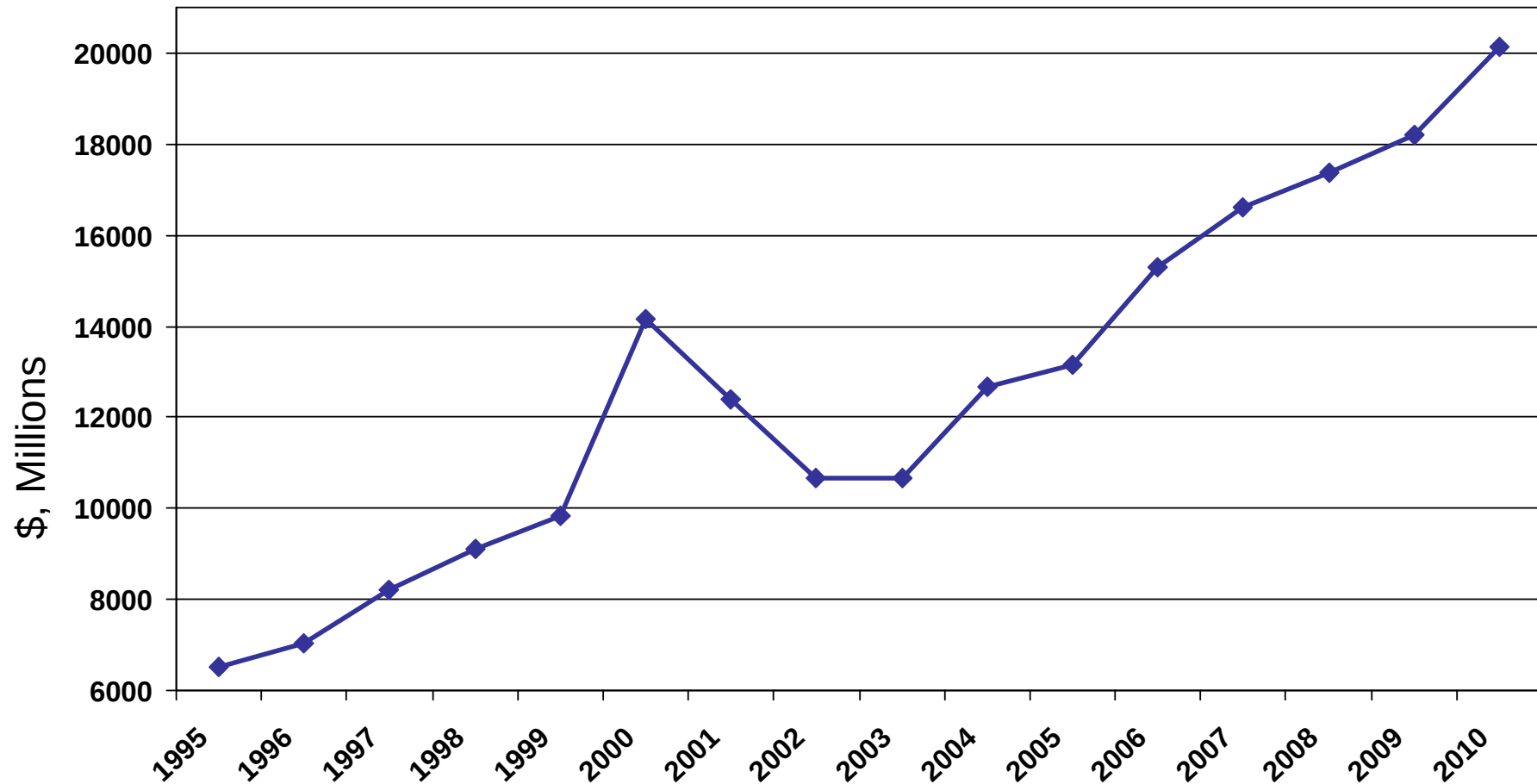
Hi-Tech Exports

Composition of the Hi-Technology Industries' Exports (2003-2010)



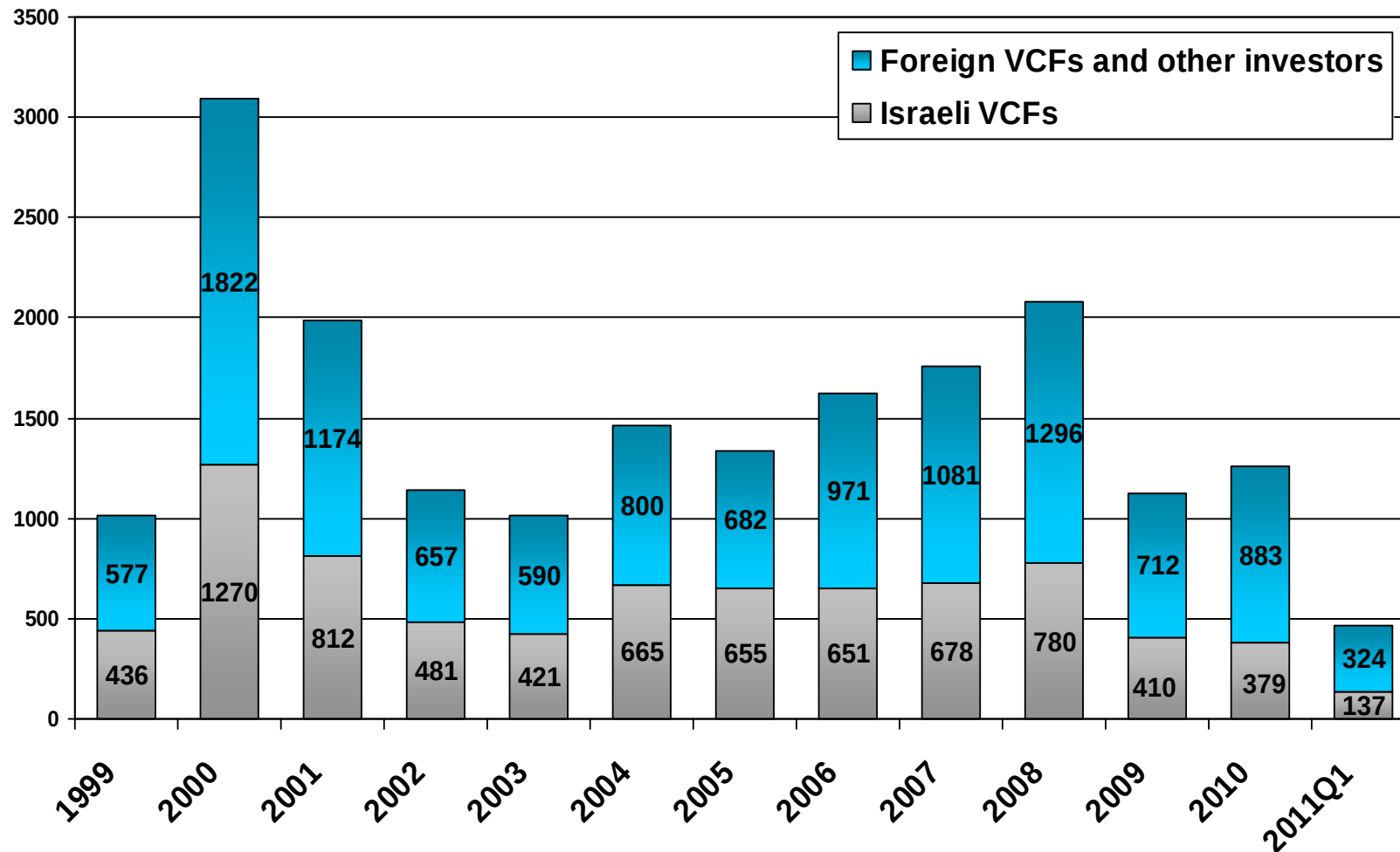
Hi Tech Exports

(1995-2010, Millions of Dollars, 2010 prices*)



Source: CBS. Real prices calculated using the USA CPI.

Capital Raised by Start-Ups from Venture-Capital Funds (VCFs) and Investment Houses (\$ million)



SOURCE: IVC Research Center.

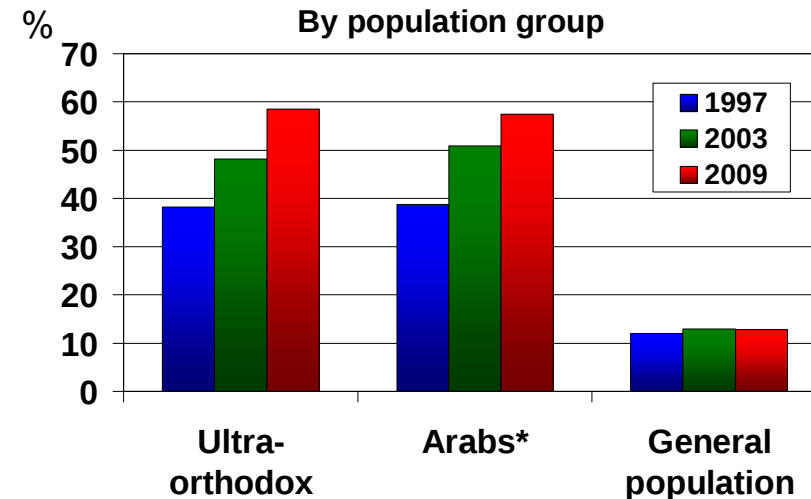
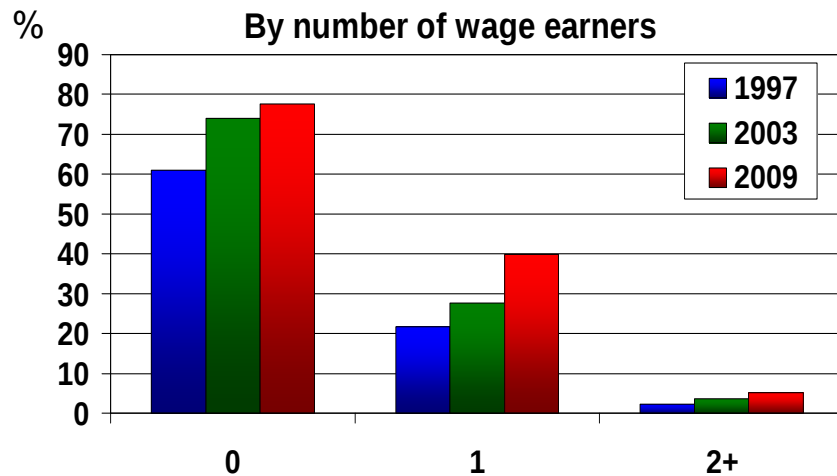
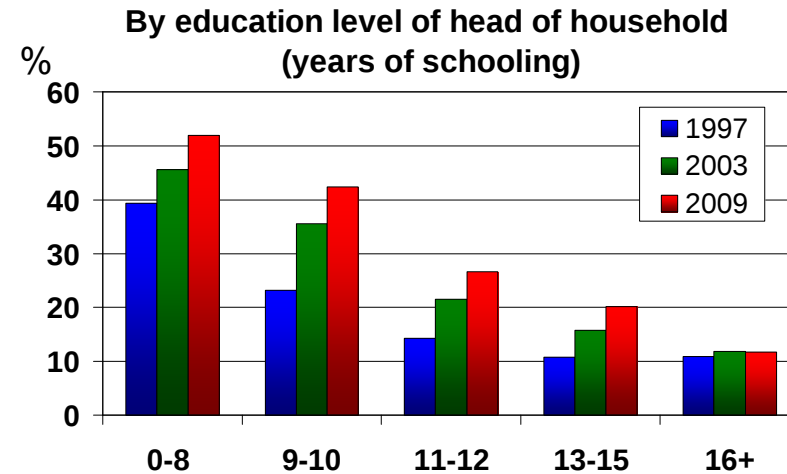
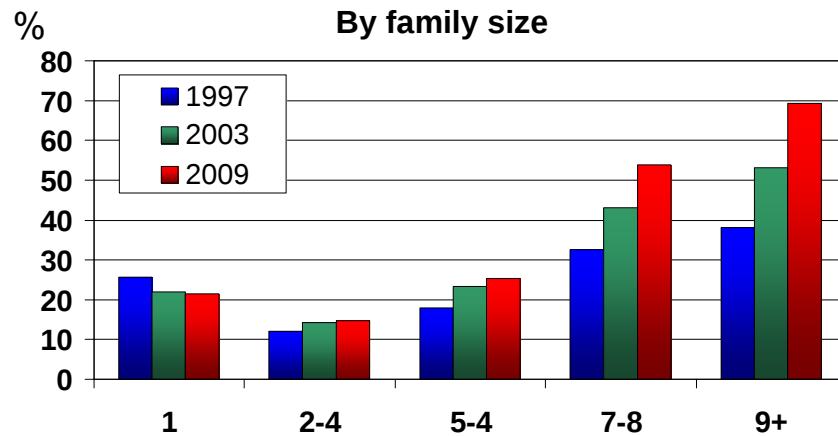
Ease of Doing Business in Israel: "Doing Business 2011"

		Rank (out of 183 economies)
Ease of Doing Business		29
Starting a Business	Time (days) - 34	36
Dealing with Construction Permits	Time (days) - 235	121
Registering Property	Time (days) - 144	147
Getting Credit	Strength of legal rights index (0-10) - 9	6
Protecting Investors	Extent of disclosure index (0-10) - 7	5
Paying Taxes	Time (hours per year) - 235	82
Trading Across Borders	Time to export (days) - 144	10
Enforcing Contracts	Time (days) - 890	96
Closing a Business	Time (years) - 4.0	40

Source: The International Bank for Reconstruction and Development / The World Bank

Rate of Relative Poverty by Group

2009-1 2003 ,1997



* Not including the Arab population of East Jerusalem.

Source: Based on data from Central Bureau of Statistics and Income Surveys

The background of the slide features a large, light blue watermark of the Bank of Israel logo. The logo consists of a central menorah (candelabrum) with seven branches, set within a circular frame. The words "BANK OF ISRAEL" are written in English around the bottom half of the circle, and the Hebrew text "בנק ישראל" is written along the top half. The entire watermark is semi-transparent.

Thank you