

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

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**The Bank of Israel publishes the Statistical Bulletin for 2023**

**The Statistical Bulletin contains the first publication of main financial aggregates and data on the Israeli economy for 2023: the public’s financial asset portfolio, nonfinancial private sector debt, economic activity vis-à-vis abroad, and foreign exchange activity of the main sectors**

The first part of the Statistical Bulletin for 2023 contains a visual presentation of the main financial aggregates and data on financial activity in Israel, plus information and explanations of the data, definitions, and calculations. The second part presents articles regarding the statistical methodology implemented at the Bank of Israel.

The first part of the report deals with four main areas of financial statistics in Israel.

1. **The public’s financial asset portfolio**
* Despite the domestic shocks and the sharp increase in uncertainty in the capital markets, the public’s financial asset portfolio increased by about 7.3 percent in 2023.
* The increase in the balance of financial assets abroad—in view of price increases in the global capital markets—and in the *Makam* component, in view of the increase in domestic interest rates, were prominent.
* The equities in Israel component was volatile in view of the domestic uncertainty.
* The institutional investors increased their exposure to foreign assets, and there was positive net new investment in the mutual funds, mainly in money market funds.
1. **Nonfinancial private sector debt**
* The balance of nonfinancial private sector debt continued to increase in 2023, but at a lower rate than in previous years (4 percent).
* The slowdown in the growth rate of this balance, which encompassed both borrower segments, began in the third quarter of the year and intensified in the fourth quarter in view of the Swords of Iron War.
* In order to minimize the economic impact of the war on the two borrower segments, the government and the Bank of Israel took various measures to encourage the provision of credit and easing of the terms of existing credit.
1. **Economic activity vis-à-vis abroad**
* There was a significant decline in the volume of nonresidents’ net investments in Israel in 2023.
* The balance of the economy’s liabilities to abroad (nonresidents’ investments in Israel) increased by about $25 billion (5 percent). However, the net volume of nonresidents’ investments in Israel was markedly lower (by 35 percent) than the annual average of the past ten years.
* The volume of Israelis’ investments abroad was also significantly lower (by about 45 percent) this year than the annual average of the previous three years ($62 billion), but similar to the annual average in the past 10 years ($36 billion).
* The balance of Israelis’ assets abroad increased by about $73 billion (12 percent).
1. **Foreign exchange activity of the main sectors**
* The shekel weakened against by about 3 percent against the US dollar in 2023, further to its 13 percent drop in the previous year. There was a high level of volatility this year, as well as an increase in the country’s risk premium in view of the unusual domestic events.
* Institutional investors increased their rate of exposure to foreign exchange in 2023, purchasing a significant volume of foreign exchange, partly in view of the increases in global equity prices.
* In contrast, nonresidents continued to sell large volumes of foreign exchange, and increased their exposure to the shekel.
* With the outbreak of the war, the Bank of Israel announced a program to sell up to $30 billion in foreign exchange, and for the first time, it sold $8.5 billion in foreign exchange as part of the program.

The second part of the Statistical Bulletin for 2023 contains two articles in the field of statistical methodology:

1. **Seasonal adjustment of economic series at weekly frequency**

In recent decades, there has been a significant increase in the number of economic indicators that are available at a high frequency. These indicators should reduce uncertainty, and thereby help in the decision-making process for policy makers, particularly during periods of rapid changes that require decision-making under conditions of increased uncertainty. In order to derive conclusions regarding the nature of the change in these data, we must first make adjustments for seasonality. Seasonal adjustment of high-frequency data is more challenging, due to the unique characteristics that do not enable the implementation of standard methods that are common in many statistics agencies, such as X-13 ARIMA. This article presents a study conducted at the Bank of Israel on the development of a methodology and statistical tools to seasonally adjust data at a weekly frequency. This development is sampled on indicators of real economic activity and the labor market in Israel.

1. **Data on securities holdings**

One of the main lessons of the Global Financial Crisis in 2008 is the importance of making decision on the basis of analyzing itemized data regarding the financial system, and not to rely on the analysis of aggregated information.

As a result, central banks, including the Bank of Israel, established itemized financial databases, including a database on securities holdings.

This article outlines the data on securities holdings that the Bank of Israel uses for analysis and policy decision purposes. The database include monthly data on Israeli and nonresident holdings of securities held through banks and domestic investment houses.

The data enable us to analyze financial activity by segments and by main instruments, and to make a variety of other in-depth segmentations.

The full Statistical Bulletin (in [Hebrew](https://www.boi.org.il/publications/regularpublications/statistic_bulletin/bulletin2022/)) can be viewed on the Bank of Israel’s website. For readers’ convenience, the website also contains the main data on each topic, in separate files, as well as references to regularly updated figures on the Bank’s website.