

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

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**Remarks by the Bank of Israel Governor at the opening of the conference on the Statistical Bulletin for 2023**

Good morning.

I am pleased to open the Information and Statistics Department conference marking today’s publication of the Statistical Bulletin for 2023.

This survey has become a meaningful tradition at the Bank of Israel, and serves as a foretaste of the Bank of Israel Annual Report that is currently in its final editing stages in the Research Department, and which is partly based on the tremendous knowledge managed by the Information and Statistics Department.

In recent years, the State of Israel has had to deal with events that have had a marked impact on the economy, both in the short term and in the long term. Between 2020 and 2022, we went through the COVID-19 pandemic. In the past five years, there have been no less than five elections for the Knesset. For most of 2023, there was strident discourse surrounding changes in the legal system, and now, Israel is at war following the terrible events of October 7.

In the past few decades, the Israeli economy has shown strength and stability, partly thanks to a number of basic and important policy components that policy makers have strictly implemented. These have contributed to the attractiveness of the Israeli economy for foreign investors, the fact that the country’s risk premium has remained low, high growth over time, and the fact that the labor market has reached a full employment environment. While the events of the past few years have significantly increased uncertainty in the economy, economic policy in Israel is meeting those challenges.

The events we are experiencing now following the October 7 attack on Israel also have many implications for the Israeli economy. One of the more significant challenges has to do with budgetary policy, not just in the current year, but in planning for the coming years. The challenge that now faces policy makers is to make sure that the expected deviation from the downward path of the debt to GDP ratio, in view of the expanding defense needs and the rehabilitation of the confrontation areas, will be temporary. Moreover, it is important that the financial markets, including investors and ratings agencies, will be convinced that this is the case.

This is partly the case since, in contrast with events such as the COVID-19 pandemic, the current situation is a local event rather than a global one, and will have consequences for a considerable number of years moving forward.

As I have said in the past, information is an essential product in the world of economics, and provides the infrastructure for the financial world. Financial intermediation is partly intended to bridge the asymmetry of information between savers and borrowers, and to adjust the investment horizon between the sides. Technological advancement gives us the ability to gather and store information—Big Data—as well as the ability to analyze it with higher quality using sophisticated analysis tools such as AI, ML, and so forth.

It is therefore essential that economic decision makers have relevant data that are up-to-date and details, upon which we can base informed, considered, and correct decisions. Such an infrastructure is required at all times, but it is especially necessary during periods of great uncertainty.

The Information and Statistics Department works hard to create such an infrastructure, and the report that is the subject of this conference is a good example of that. For instance, one of the figures that appears in the report, and which we track in real time, is the rate of exposure of institutional investors’ portfolio to abroad and to foreign exchange. As the Statistical Bulletin shows, the balance of institutional investors’ exposure to foreign assets increased significantly during 2023, in view of the increases in equity prices abroad and in uncertainty in the domestic environment. This has a large effect on the exchange rate, which in turn influences real economic activity and the inflation and monetary policy environment.

In addition, data on debt developments in the economy, which appear in clear detail in the Statistical Bulletin, enable us to better understand the supply of and demand for household and business credit. The Information and Statistics Department creates debt data in a current format in many segmentations: by lending entity—banks, institutional investors, and credit card companies; by borrower identity—households, businesses of different sizes; and by type of credit—loan, bond, etc.

These and other data appear in detail in the report, and we use them a lot in the process of making monetary policy decisions and to understand how the interest rate decisions influence the various participants in the economy.

Another example is the special dashboard that the Bank has established, which deals with the Swords of Iron War. This dashboard presents real time data on consumption using credit cards, developments in the financial markets, and the interest rates on credit and deposits in the banking system. In addition, during the past year, with the increased uncertainty in the domestic market, Information and Statistics Department data have helped us to continuously and closely track various economic variables, such as the volume of deposits by currency and term, and the foreign exchange transactions of various market participants, as presented in detail in the report.

Obviously, if this information remained solely in the possession of economists and statisticians, its ability to influence the economic decisions of households and firms would be limited. Therefore, the Bank of Israel, led by the Information and Statistics Department, has worked in the past year to increase the publication of data that is accessible to the public, mainly through the various dashboards that appear on the Bank’s website, and to present the public with a lot of information in real time. Increased transparency also has great value in increasing competition in the financial system and to increasing the consumer’s power, and we will continue working to enhance transparency in the financial system in a forward-looking manner.

To conclude, the era in which we live—the information era—poses a significant challenge that we will never complete, since the data sources are constantly expanding. One of the major challenges is to rapidly identify what information is relevant, what information is of high quality, and what information provides value for decision makers. This is what the Information and Statistics Department has been working on since the day it was established more than 15 years ago, and now it is holding this important conference and publishing the annual Statistical Bulletin for 2023.

I would again like to congratulate the employees of the Information and Statistics Department on this conference and on the publication of the report, which contributes much to the professional discourse that the Bank conducts with the main financial participants and with the general public. The gathering and analysis of a large quantity of data in a professional and reliable manner, making the information accessible to the various departments at the Bank, and the ability to draw economic insights from it enable us to formulate policy recommendations, advise the government, and make better and more informed monetary policy decisions that impact every household in Israel.

I wish you all a successful conference.

Thank you.