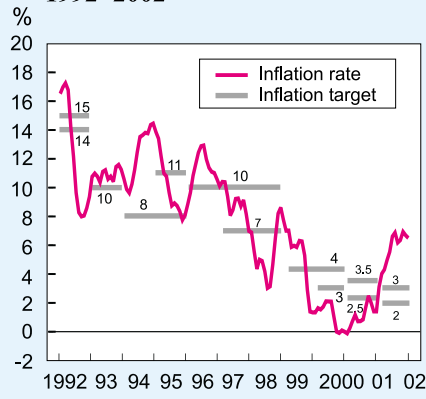


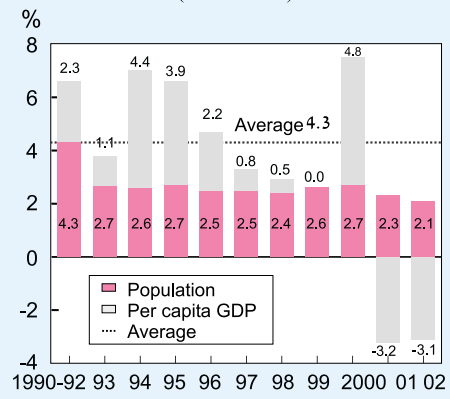
Figure 1: Key Economic Indicators, 1990–2002

Inflation Rate^a and Target, 1992–2002

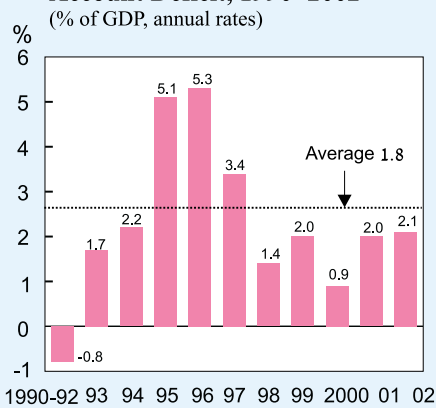


^a Inflation rate calculated during last 12 months..

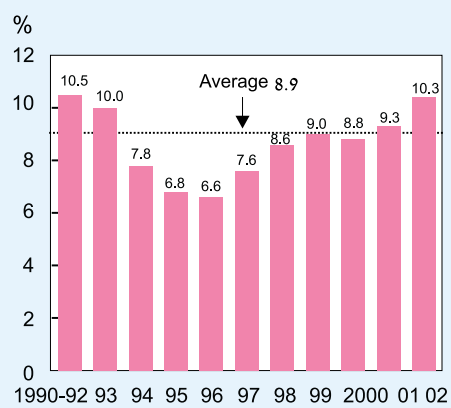
Growth Rate of GDP, 1990–2002 (annual rates)



Balance-of-Payments Current-Account Deficit, 1990–2002

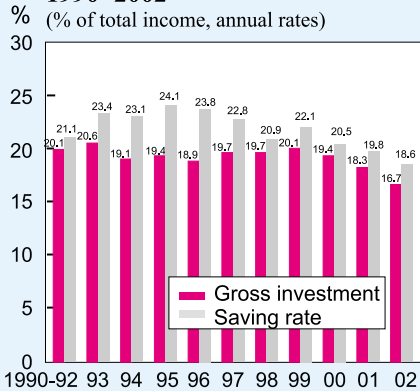


Unemployment Rate^a, 1990–2002 (annual averages)

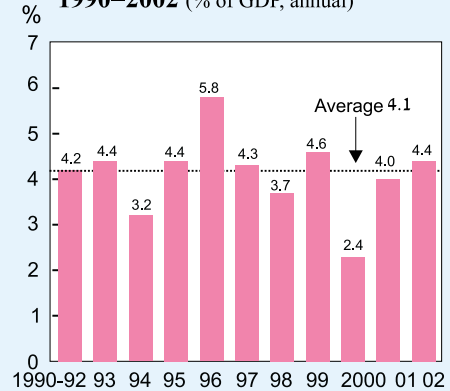


^a The Central Bureau of Statistics definition and sample were changed in 1995.

Gross Saving Rate and Investment, 1990–2002

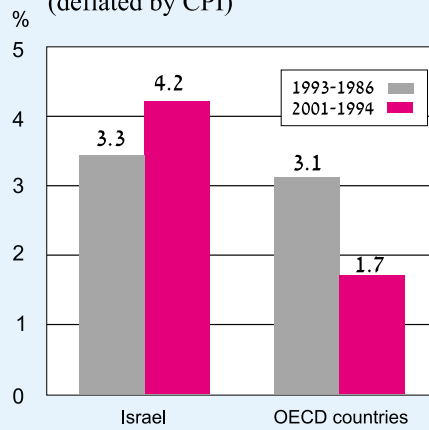


Overall Public-Sector Deficit, 1990–2002 (% of GDP, annual)



SOURCE: Based on Central Bureau of Statistics and Bank of Israel data.

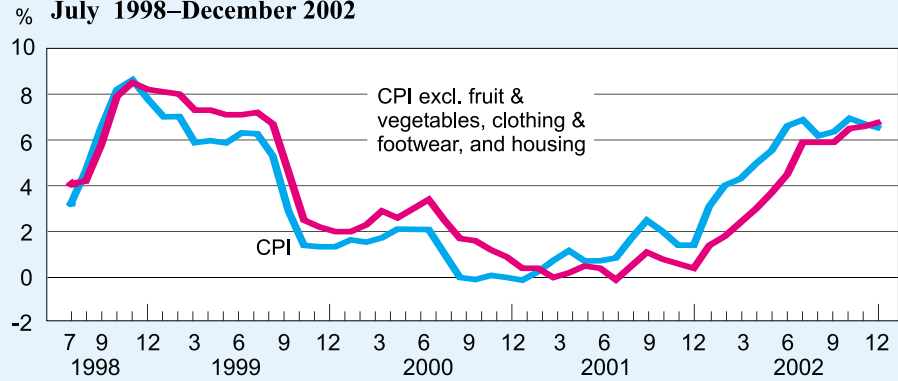
Figure 2
Total Public Expenditure, Real
Rates of Change, Israel vis-à-vis
OECD,^a 1986–2001
(deflated by CPI)



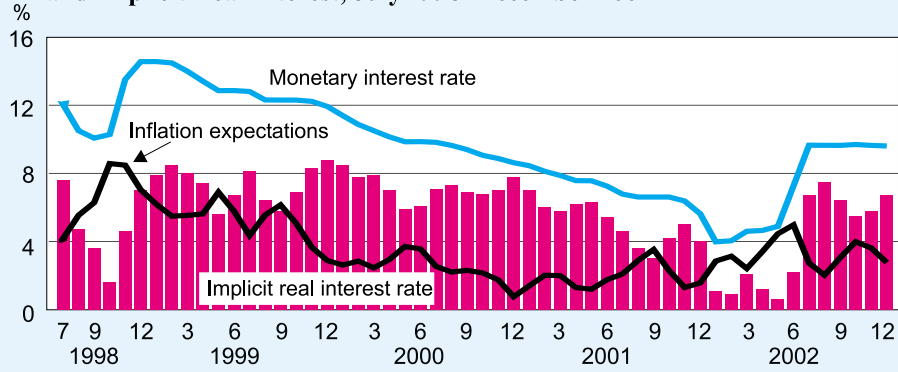
^a OECD countries excluding Czech Republic, Hungary, Korea, Luxembourg, Mexico, Poland, Slovenia, Switzerland, and Turkey.
SOURCE: Israel, Bank of Israel; OECD countries, OECD Economic Outlook.

Figure 3

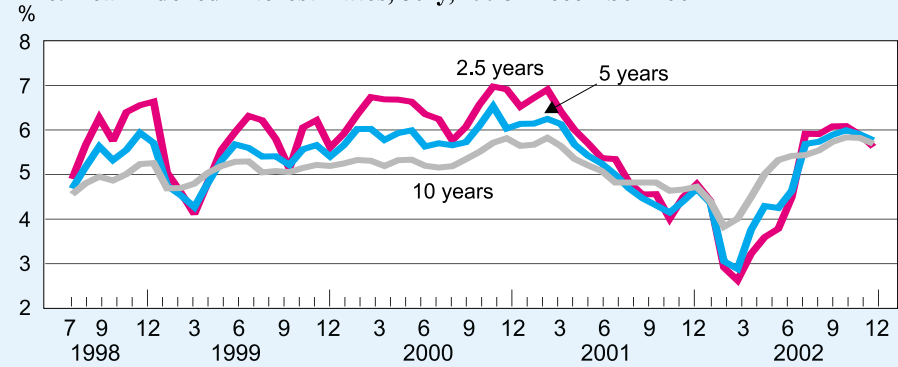
a. Rates of Change of Selected Price Indices in the Last 12 Months, July 1998–December 2002



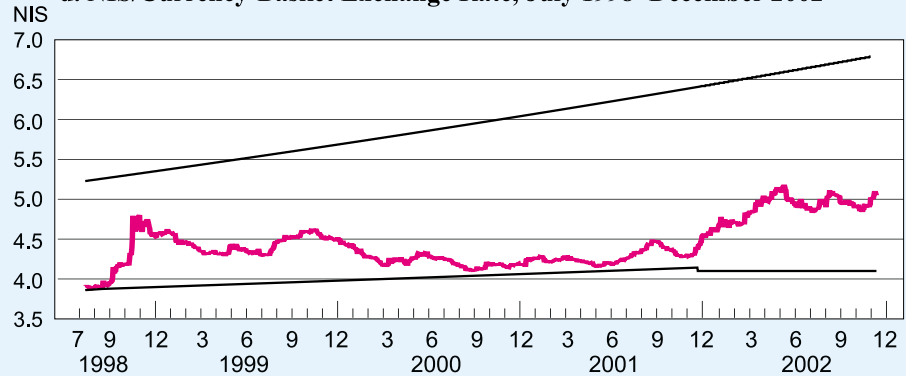
b. The Bank of Israel's Interest Rate, Inflation Expectations, and Implicit Real Interest, July 1998–December 2002



c. Real Indexed Interest Rates, July, 1998–December 2002



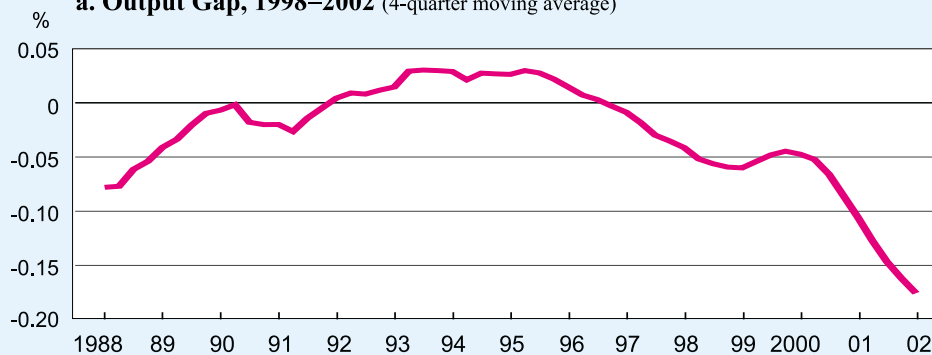
d. NIS/Currency-Basket Exchange Rate, July 1998–December 2002



SOURCE: Bank of Israel.

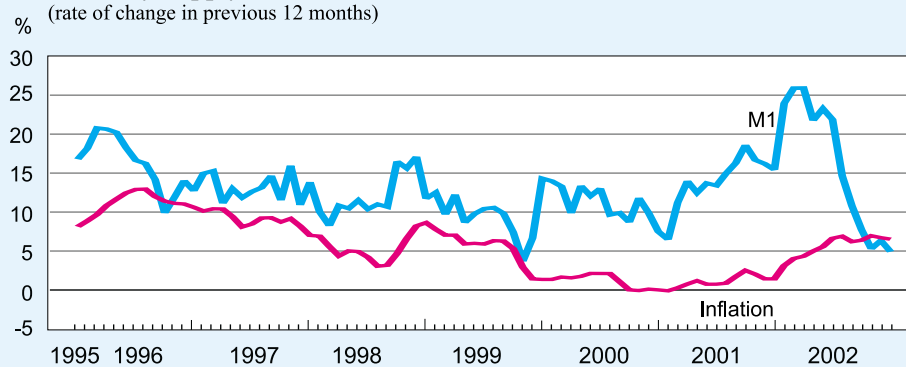
Figure 4

a. Output Gap, 1998–2002 (4-quarter moving average)

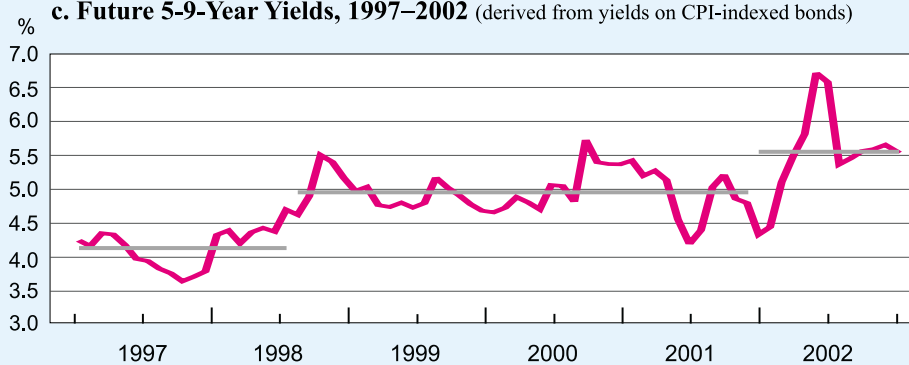


b. Money Supply and Prices, December 1995–December 2002

(rate of change in previous 12 months)

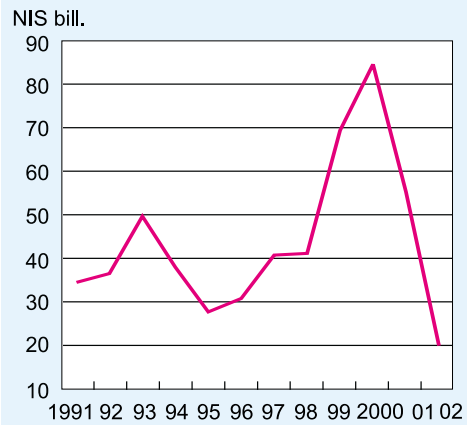


c. Future 5-9-Year Yields, 1997–2002 (derived from yields on CPI-indexed bonds)



SOURCE: Bank of Israel.

Figure 5
Total Capital Raised by Private Sector from all Sources: Banks in Israel,^a Banks Abroad,^b Stock Markets in Israel and Abroad, and Venture Capital Funds, 1991–2002
 (end-2002 prices)



^a Credit from banks in Israel: change in outstanding credit, excluding mortgage credit.

^b Credit from banks abroad: \$ change in outstanding credit in NIS terms.

SOURCE: Bank of Israel and Association of Venture Capital Funds in Israel.