

the probability of the actualization of the risks to financial and economic stability embodied in the expansion of credit, particularly housing credit and credit to the real estate industry.¹⁰ The main challenge facing fiscal policy makers is the need to increase investment in growth drivers in order to help the economy transition from growth that relies on countercyclical policy to growth based on increased productivity and that contributes to reducing inequality. The low level of the public debt and the structural surplus in the current account create optimal conditions to promote such policy.

Table 1.1
Main developments, 2011–16

	2011	2012	2013	2014	2015	2016
Mean population (million)	7.8	7.9	8.1	8.2	8.4	8.5
Nominal GDP (NIS billion, current prices)	935.2	993.4	1059.1	1104.7	1163.8	1222.0
Per capita GDP (NIS thousand, current prices)	120.5	125.6	131.5	134.5	138.9	143.3
Goods and services exports (\$ billion, current prices) ^a	83.5	84.8	88.8	90.1	84.8	87.0
Goods and services imports (\$ billion, current prices) ^a	82.8	85.0	83.1	85.3	76.7	84.0
Current account of the balance of payments (surplus, \$ billion)	6.7	1.6	9.8	11.9	13.7	12.4
Overall government deficit (as a percentage of GDP)	1.8	3.4	3.0	2.3	1.6	1.9
Public debt (as a percentage of GDP)	68.8	68.3	67.0	66.0	64.1	62.2
Employed persons in Israel (thousands)	3251.5	3359.0	3449.5	3555.8	3643.8	3736.8
Real wage per employee post (yearly average, percent change)	0.4	0.5	0.9	1.1	2.8	2.9
Nominal yield on 10-year government bonds	5.1	4.6	4.0	3.1	2.2	2.0
Real yield on 10-year government bonds	2.5	2.1	1.6	1.0	0.5	0.4
GDP	5.1	2.4	4.4	3.2	2.5	4.0
Private consumption	3.6	2.9	3.8	4.3	4.3	6.3
Unemployment rate	7.1	6.9	6.2	5.9	5.3	4.8
Exports (excluding diamonds)	8.6	1.8	3.1	2.5	-2.6	3.8
Inflation	2.2	1.6	1.8	-0.2	-1.0	-0.2
Bank of Israel interest rate	2.9	2.3	1.4	0.6	0.1	0.1
Real one-year interest rate	0.6	0.2	-0.3	-0.7	-0.5	-0.1
Real effective exchange rate	-1.1	5.3	-5.7	-1.3	-0.1	-1.9
NIS/\$ exchange rate (yearly average)	3.6	3.9	3.6	3.6	3.9	3.8
Tel Aviv 125 Index ^b	-20.1	7.2	15.1	6.7	2.0	-2.5
World trade (rate of change, percent)	7.0	2.8	3.5	3.8	2.7	1.9

^a Excluding diamonds.

^b Nominal rate of change - the last day of December compared to the last day of the previous December.

SOURCE: Based on Central Bureau of Statistics and International Monetary Fund.

¹⁰ Section 4c below further discusses this challenge while mapping the risks to price stability, growth and economic stability.