

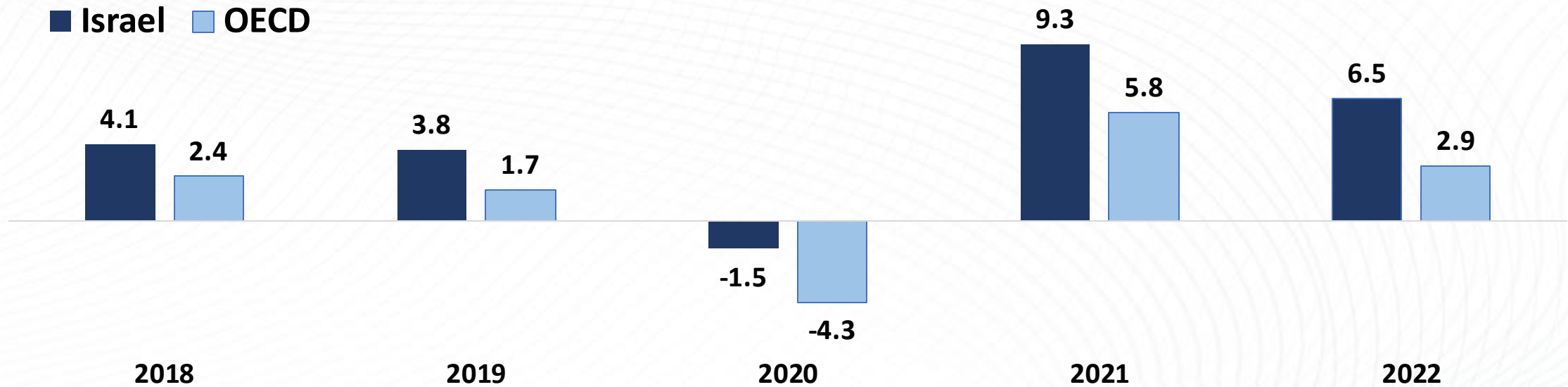


# The state of Israeli industry in the light of the Iron Swords War

**October 2023**  
**[ellag@industry.org.il](mailto:ellag@industry.org.il)**

# GDP Growth Rate

## Annual Change Rates



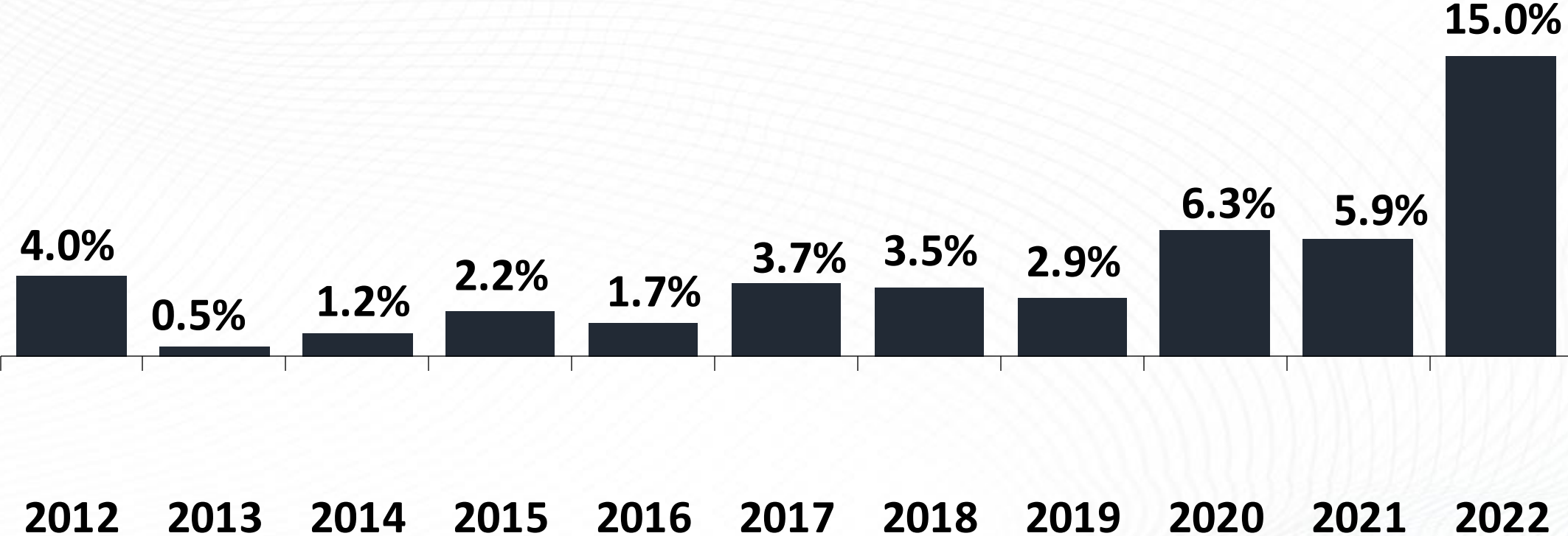
### Israel - First half of 2023:

- **4.2%** Quantitative change compared to the first half of 2022
- **255 B \$** GDP

Source: OECD.stat, GDP, volume – annual growth rates in percentage; World Bank – GDP (current US\$)

# Industrial Output

## Real Annual Changes



**First half of 2023: 2.1%**  
(Compared to the first half of last year)



# Israeli Industrial Export

2022, excl. diamonds, Quantity change on the previous year

2022

86.7 B \$  
Exports in  
services

80 B \$  
Exports in  
goods

74 B \$  
Industrial exports  
(Manufacturing, mining  
& quarrying excl.  
diamonds)

1.2%

1.6%

3.2%

-1.8%

-2.6%

3.4%

2.6%

3.3%

4.0%

7.3%

5.3%

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

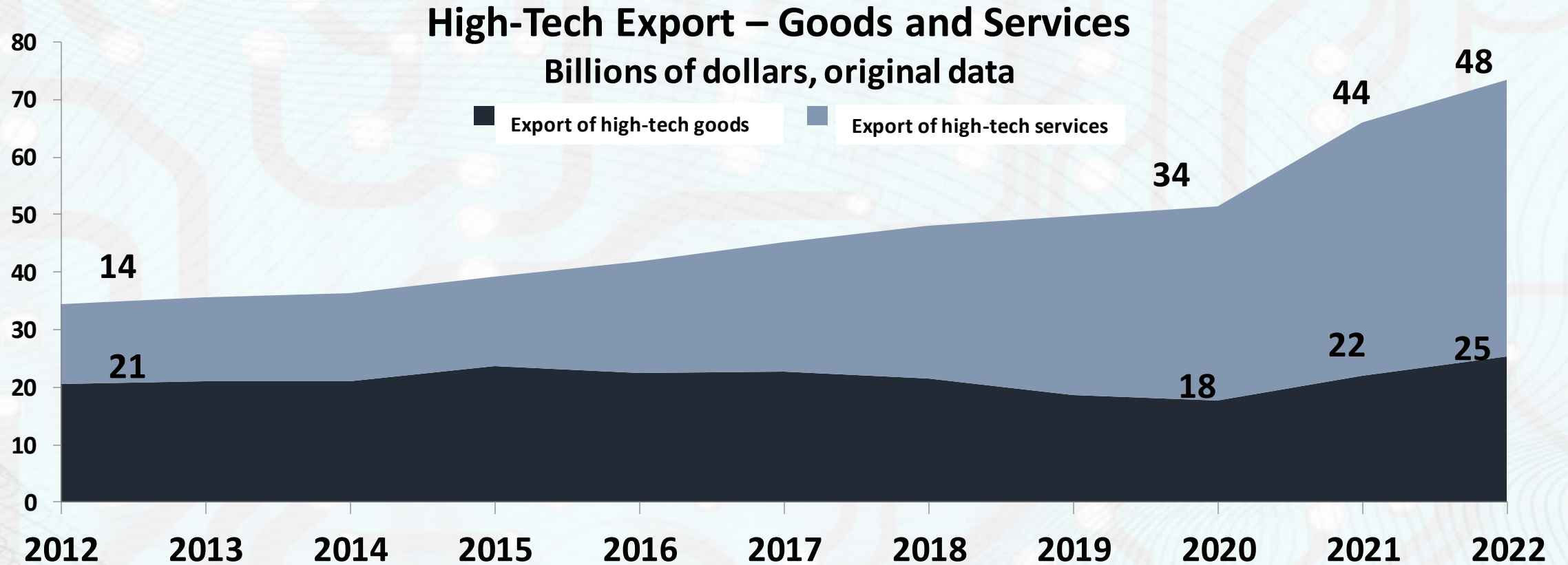
2022

## First half of 2023:

- **-2.3%** Quantity change compared to the first half of 2022
- **35 B \$** Industrial exports

# Israeli High-Tech Export

2022, Billions of dollars



First half of 2023:

- **12 B \$** Export of high-tech goods
- **25 B \$** Export of high-tech services

# Unemployment Rate

As Percent of the Labor Force, Israel

Low unemployment rate in Israel

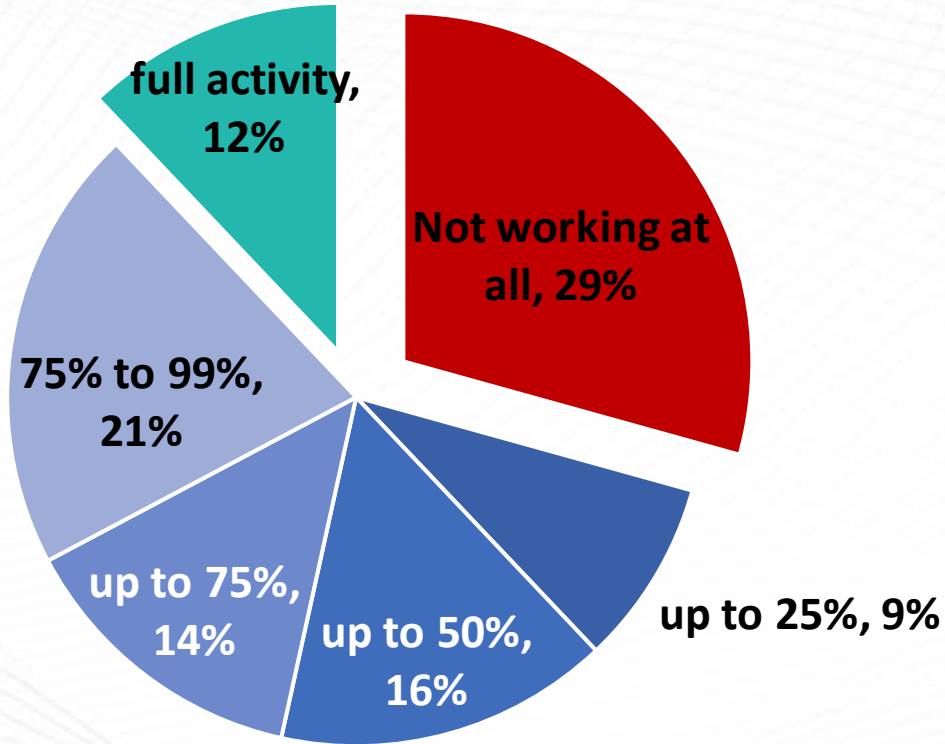




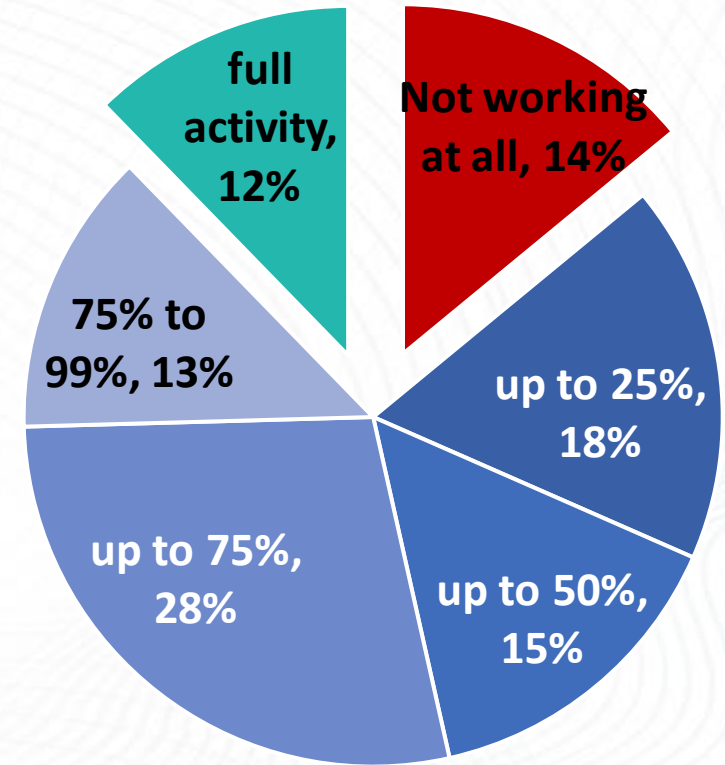
# The number of closed factories has decreased from 29% to 14%

What is the scope of your plant's activity in terms of output?

## First week, 8-12 October



## Second week 15-19 October 2023

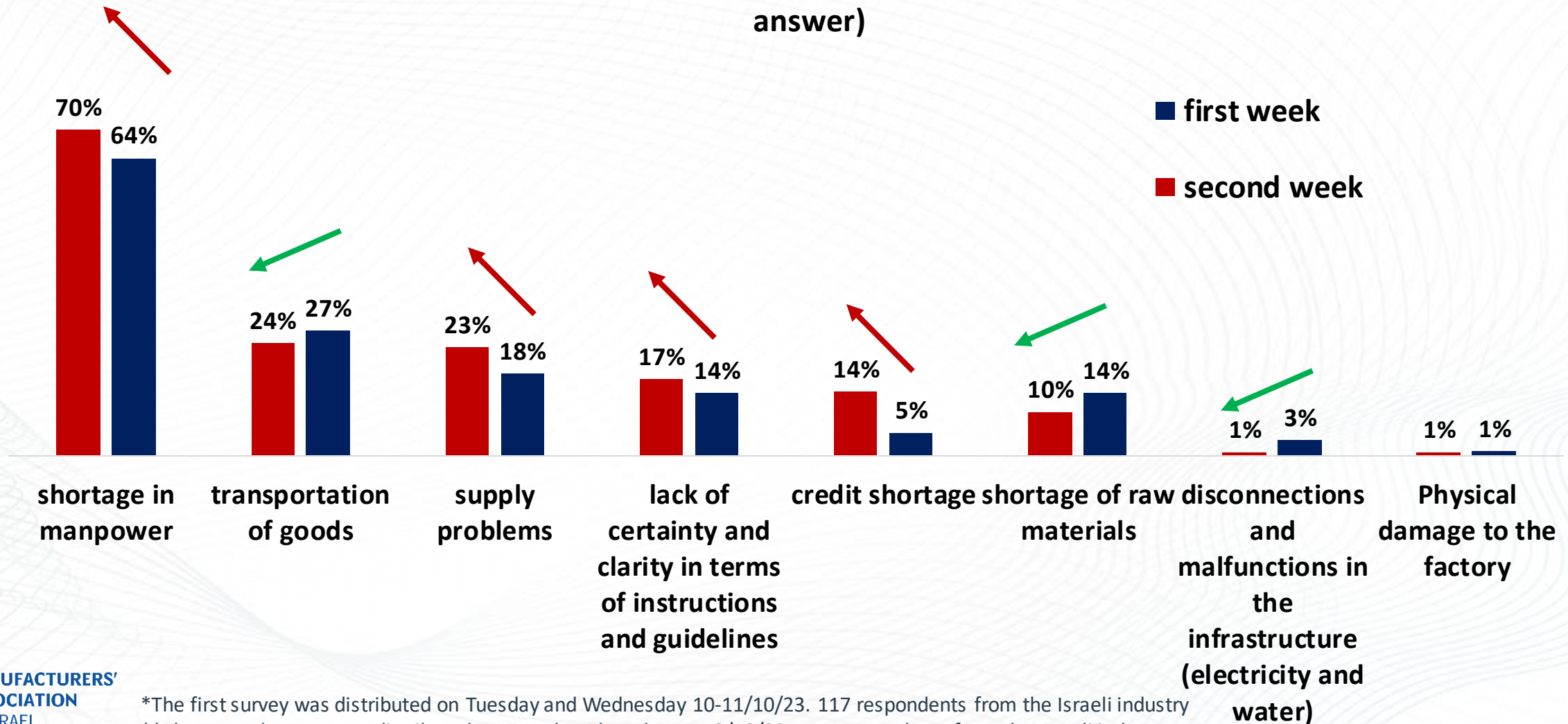


\*The first survey was distributed on Tuesday and Wednesday 10-11/10/23. 117 respondents from the Israeli industry

\*\*The second survey was distributed on Tuesday-Thursday 17-19/10/23. 115 respondents from the Israeli industry

# Shortage in manpower was reported as the most acute problem

What are the most significant problems you face these days? (You can mark more than one answer)



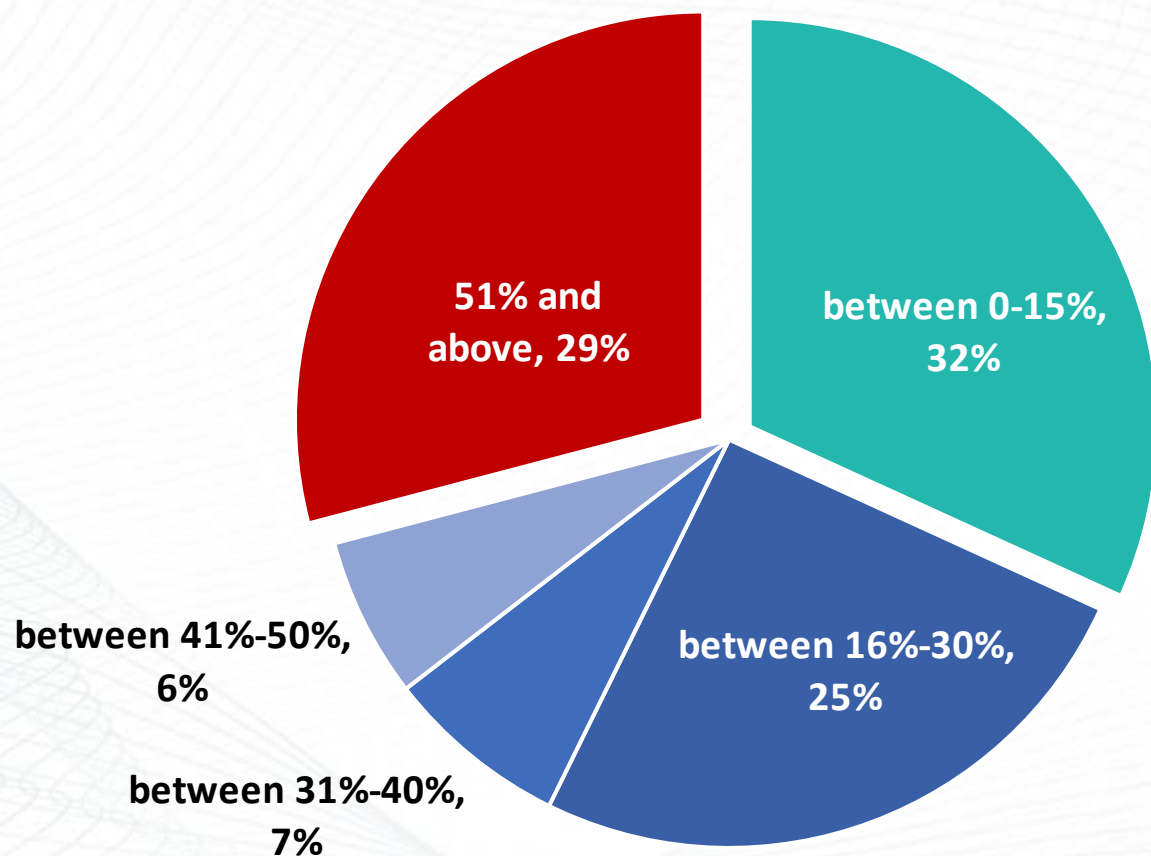
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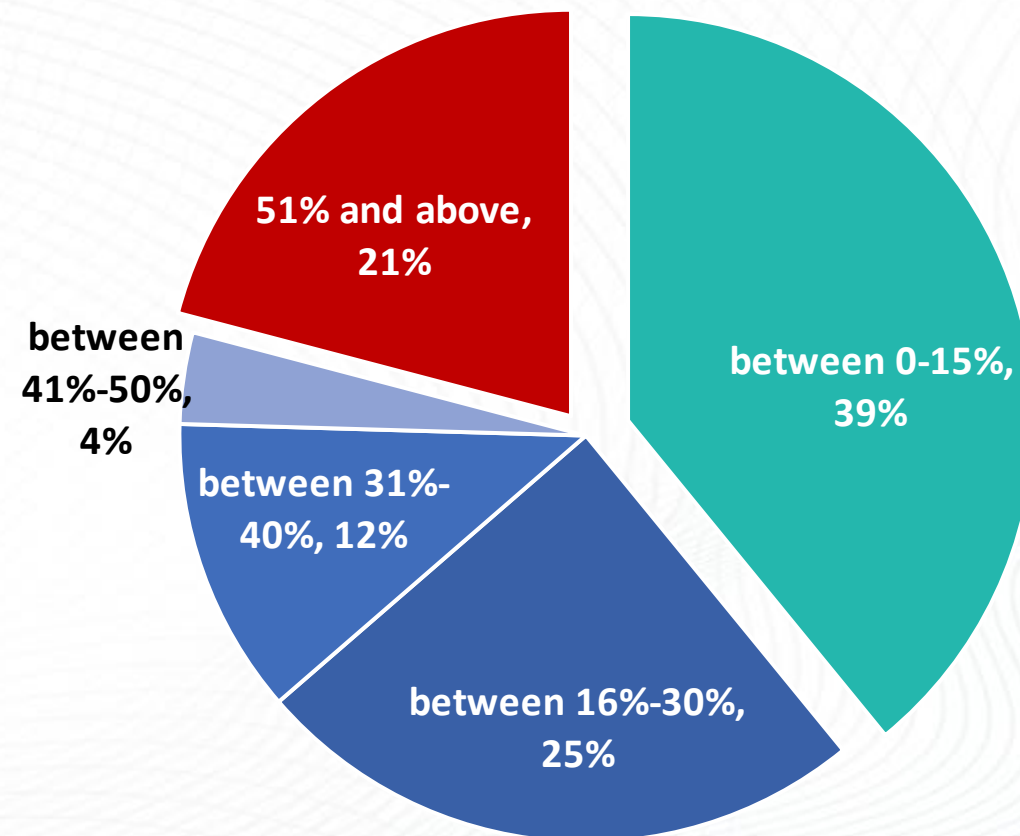


# What is the percentage of workers missing in your factory?

First week, 8-12 October



Second week 15-19 October 2023



## Additional findings

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**On both surveys: About 75% of the respondents reported that workers in their factory were drafted into the reserves, which corresponds to the heavy shortage of workers.**

**First survey: 55% are considered essential enterprises. Second survey: 46% are considered essential enterprises.**

**On both surveys: According to the industrialists' reports, on average, about 67% of their employees who were drafted into the reserves are critical to the work processes in the factory.**

# Where are the closed factories located?

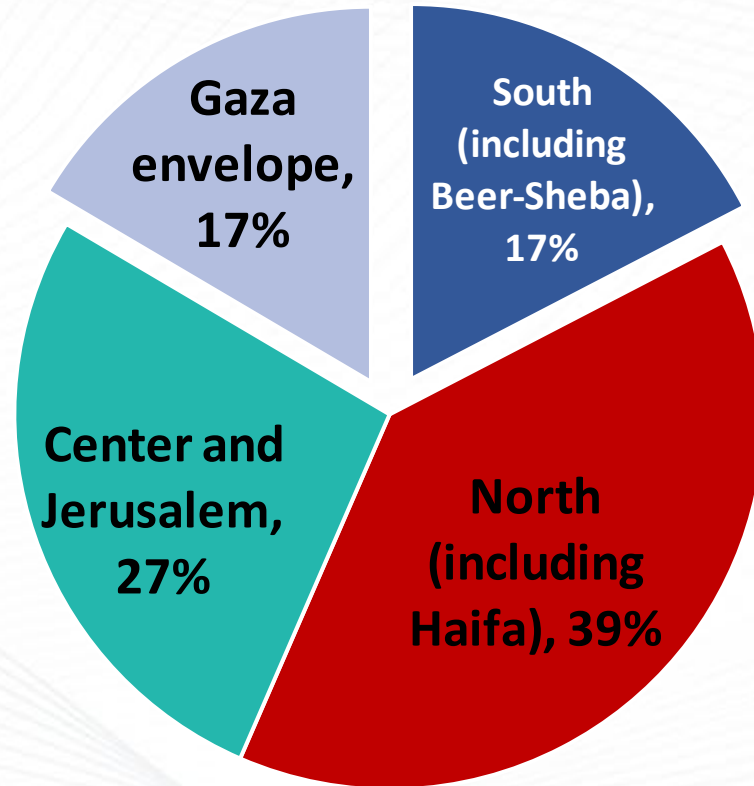
## Amongst the closed factories

Geographical area	First week	Second week
North (including Haifa)	3%	20%
Center and Jerusalem	29%	27%
South	18%	0%
Gaza envelope	50%	53%

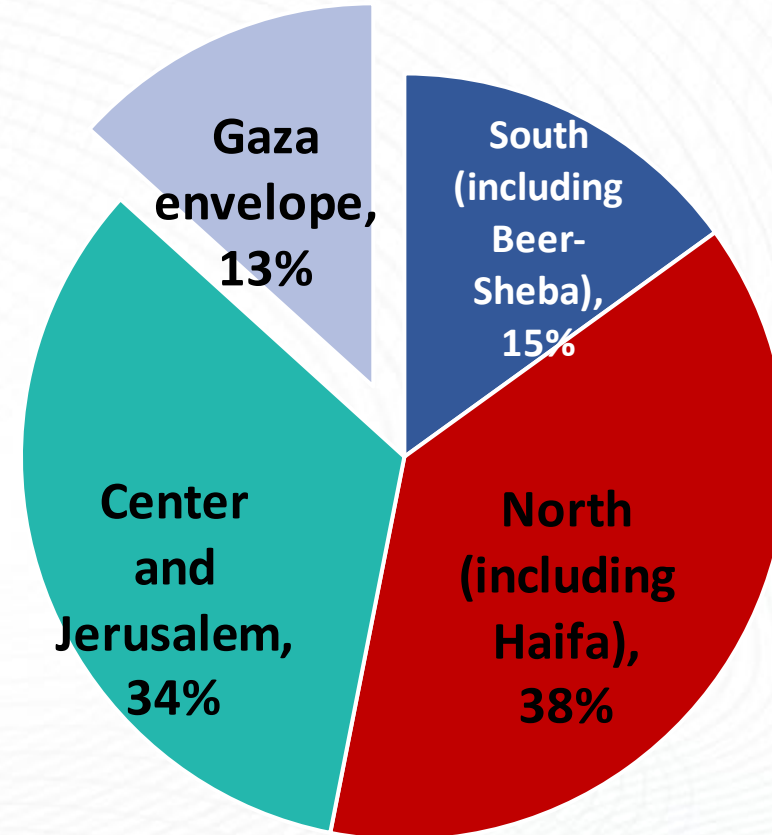


# The distribution of the respondents according to the location of the factory

## First week, 8-12 October



## Second week 15-19 October 2023



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## Small and medium enterprises were more damaged in terms of output

Scope of activity in terms of output	first week		second week	
	Big businesses	small and medium businesses	Big businesses	small and medium businesses
Not working at all	19%	40%	9%	18%
Partial to full activity	81%	60%	91%	82%

# Small and medium enterprises were more damaged in terms of output

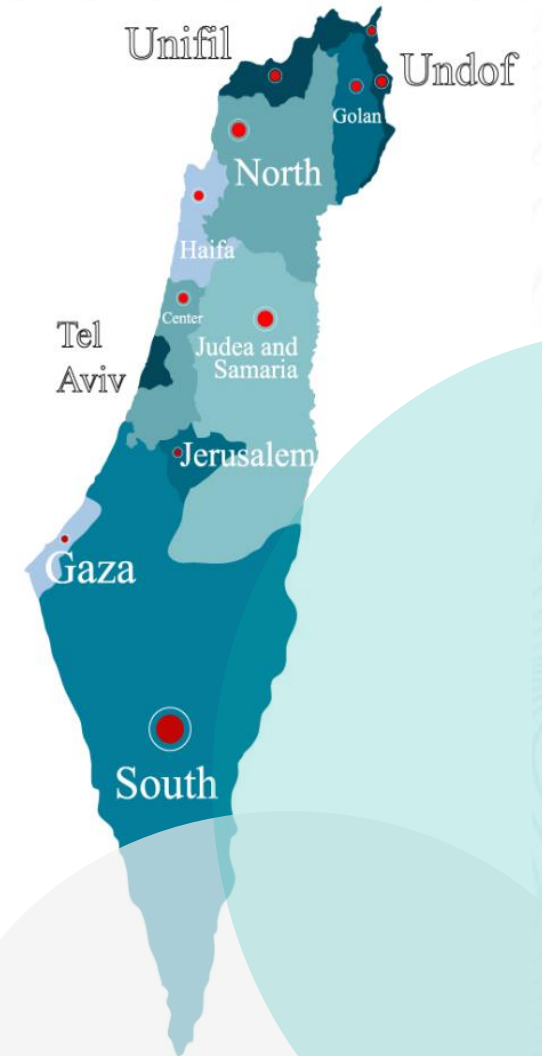
36% located in  
the North and  
Haifa  
~ 131k

8% located in  
Jerusalem and  
west bank  
~ 29k

38% located in  
the Center & Tel-  
Aviv  
~ 140k

17% located in the  
South  
~ 63k

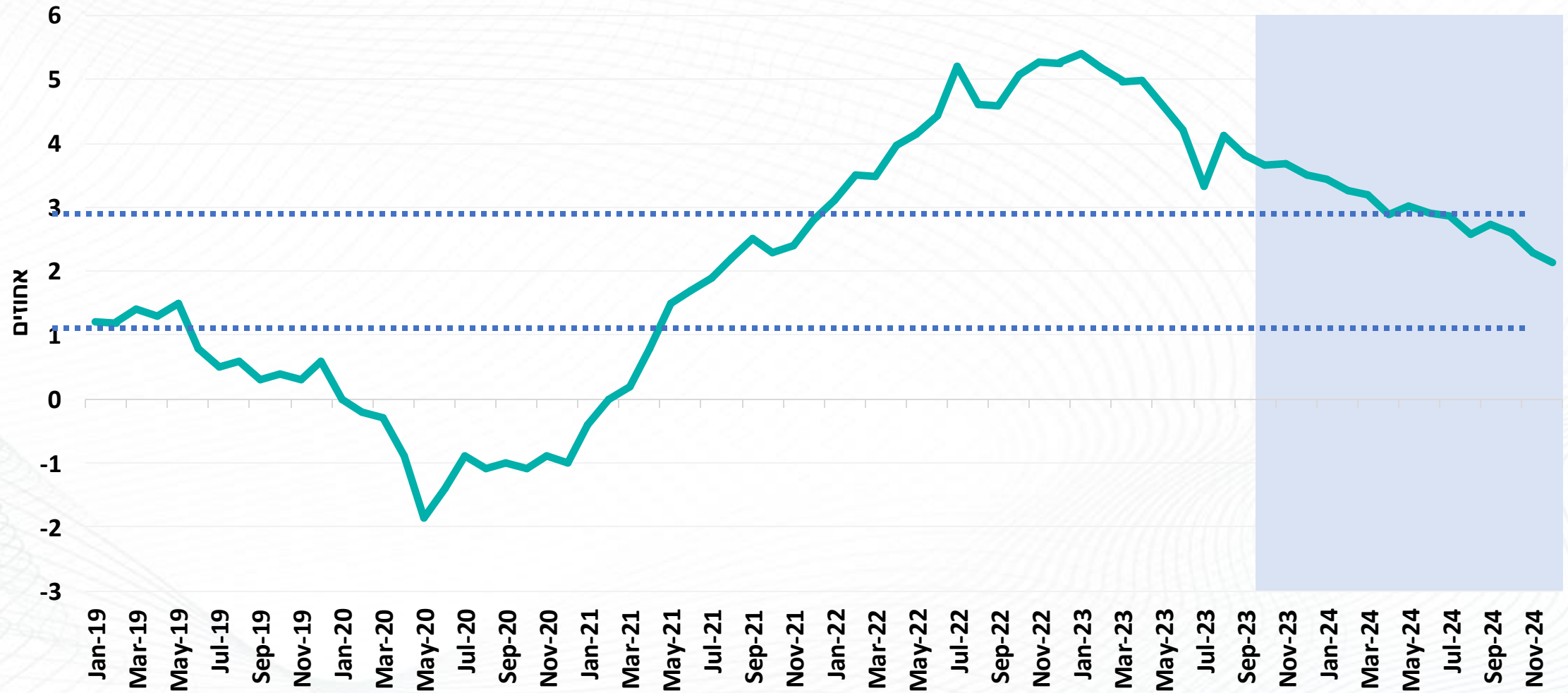
**62%**  
of the industrial  
employees live in the  
peripheral areas.  
~ 225k





# Decrease in inflation in a faster rate

The consumer price index, every month compared to the corresponding period last year

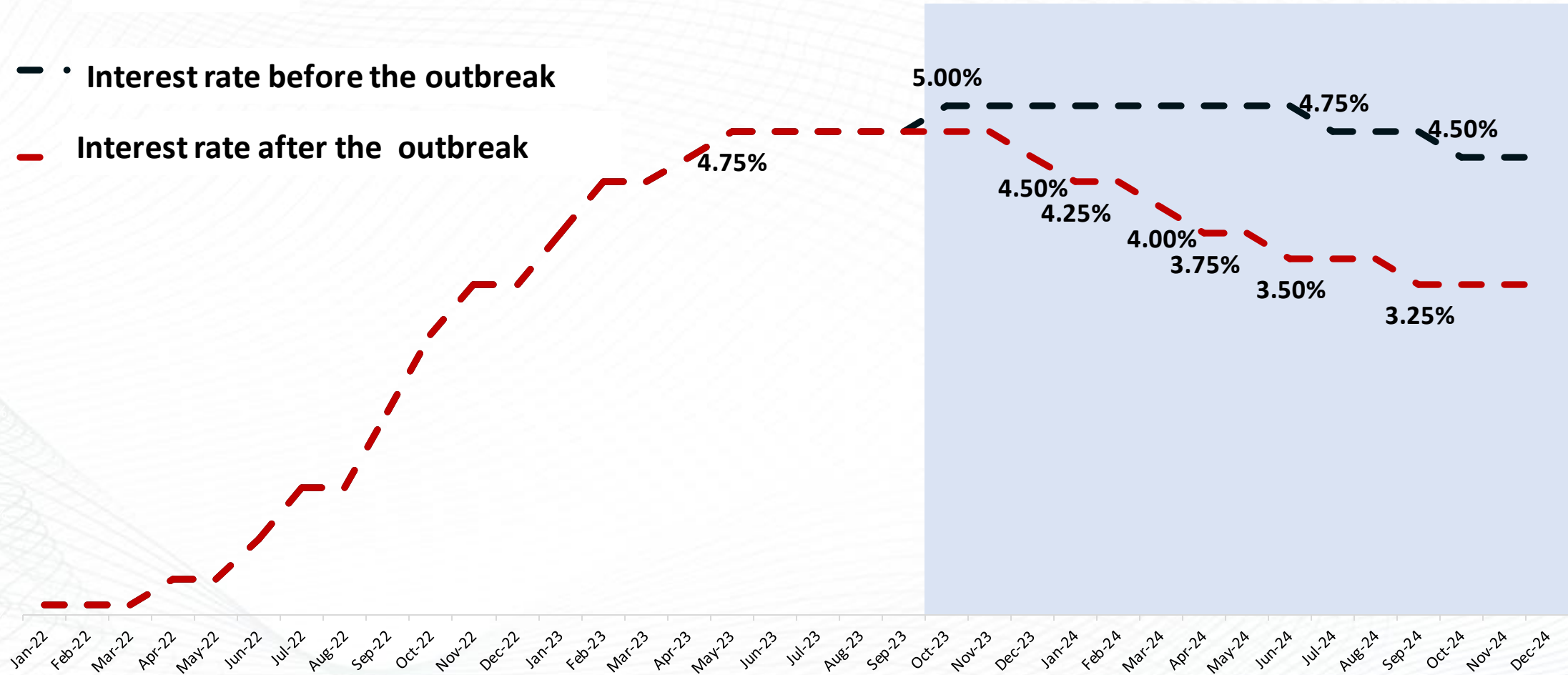


# The interest rate will decrease

—: forecast

— • Interest rate before the outbreak

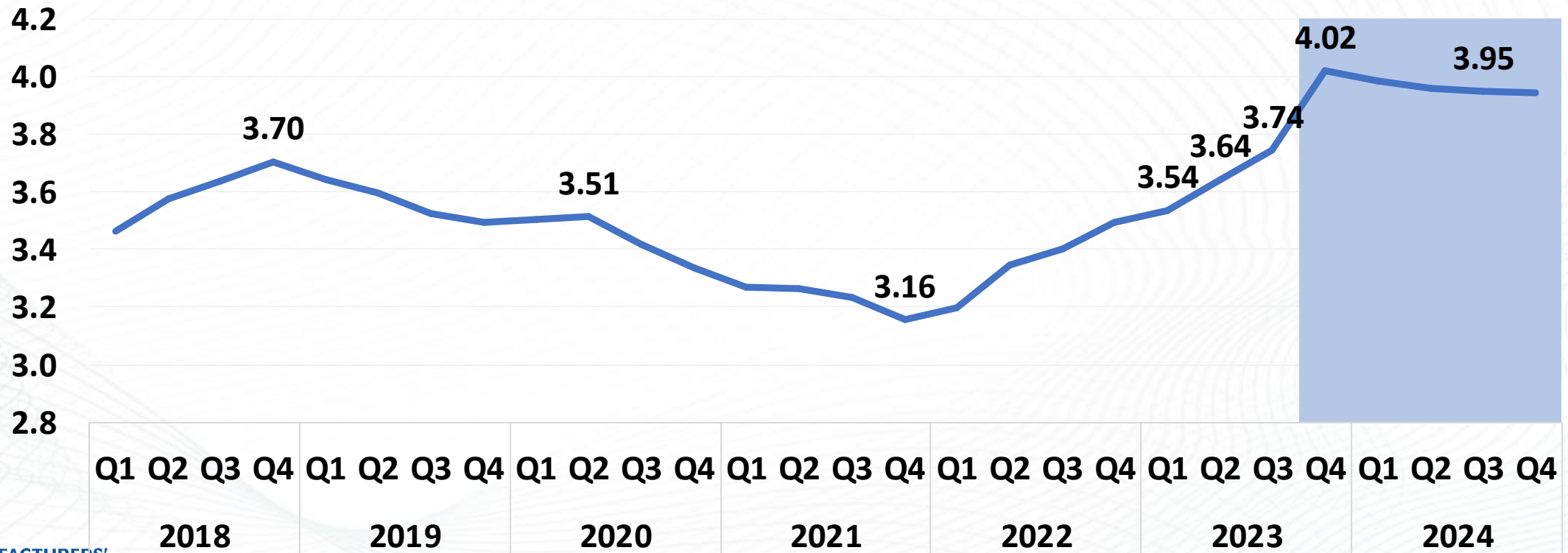
— Interest rate after the outbreak



# After a devaluation with the outbreak of the war, the shekel will remain stable

Two sides to the coin: the devaluation of the shekel makes import prices more expensive, but increases the profitability of exports

## The change in the NIS/dollar exchange rate







**Thank you for listening**

**October 2023**  
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