



**Summary of the Monetary Committee discussions held at the Bank of Israel  
regarding the foreign exchange purchasing plan intended to offset the effect of  
natural gas production on the exchange rate**

---

The discussions were held on October 31 and November 7, 2018

**Background**

In 2013, the Monetary Committee decided, against the background of sharp appreciation, to begin a foreign exchange purchasing plan intended to offset the effect of natural gas production on the exchange rate. At the same time, the Committee noted that the plan would be reconsidered with the establishment of the “sovereign wealth fund” (the “Citizens of Israel Fund”), which was expected then to go into operation during 2018. Each year, the Bank of Israel announced in advance the amount of foreign currency it would purchase under the plan.

**Monetary Committee’s decision**

The “Citizens of Israel Fund” is expected to begin in 2019, and based on updated assessments it is expected to begin investing funds abroad in 2020. As such, the Monetary Committee decided to end the program beginning in 2019, and not to buy foreign currency at a predetermined amount.

The Committee emphasizes that foreign exchange market activities are an important part of the Bank of Israel’s monetary instrument toolbox, and therefore the Bank will continue to act in the FX market in the event of unusual movements in the exchange rate which are inconsistent with underlying economic conditions, or when conditions in the foreign exchange market are disorderly.

**Participants:**

**Members of the Monetary Committee**

- Dr. Karnit Flug, Governor of the Bank of Israel and Chairperson
- Dr. Nadine Baudot-Trajtenberg, Deputy Governor of the Bank of Israel
- Mr. Andrew Abir, Director of the Market Operations Department
- Prof. Reuben Gronau
- Prof. Moshe Hazan
- Prof. Zvi Hercowitz

**Other participants**

- Mr. Tal Biber, Head of Markets Division in Market Operations Department
- Mr. Mickey Blank, Head of Dealing Unit in Market Operations Department
- Mr. Yoav Soffer, Acting Spokesperson of the Bank of Israel
- Prof. Michel Strawczynski, Research Department Director
- Dr. Amit Friedman, Advisor to the Director of the Market Operations Department
- Ms. Esti Schwartz, Secretary of the Monetary Committee and the Supervisory Council