



Report of the monetary discussion held at the Bank of Israel regarding management of the foreign exchange reserves Degrees of freedom for deviation from the strategic allocation

The discussions were held on March 4, 2020 and on March 12, 2020.

Background:

The Markets Department implements the investment policy within the framework of the degrees of freedom determined by the Monetary Committee. In the beginning of March, the Markets Department held an internal consultation in view of the sharp declines in equity markets and the increase in volatility in all the financial markets in reaction to the uncertainty in the markets against the background of the spread of the coronavirus. In order to manage and to adjust the portfolio in accordance with market developments, the Markets Department recommended to the Monetary Committee to temporarily increase the flexibility of the Department's degrees of freedom relative to the deviation from the strategic allocation. The Committee will decide by the next quarterly report, in accordance with developments, whether to keep the increased flexibility of the degrees of freedom.

Monetary Committee decision:

The Monetary Committee accepted the recommendation and, for two months, increased the flexibility of the Department's degrees of freedom relative to the deviation from the strategic allocation.

Participants:

Members of the Monetary Committee

Prof. Amir Yaron, Governor of the Bank of Israel and Monetary Committee Chairperson

Mr. Andrew Abir, Deputy Governor of the Bank of Israel

Prof. Reuben Gronau

Prof. Moshe Hazan

Prof. Zvi Hercowitz (at the March 4th discussion)

Prof. Michel Strawczynski, Director of the Research Department

Other participants

Mr. Eddie Azoulay, Chief of Staff for the Governor (at the March 12th discussion)

Mr. Tal Biber, Head of Markets Division in Markets Department (at the March 4th discussion)

Dr. Golan Benita, Markets Department (at the March 4th discussion)

Ms. Françoise Ben-Zur, Head of the Financial Division in Markets Department

Ms. Guenia de Mayo, Markets Department

Mr. Arad May, Secretariat of the Monetary Committee and the Supervisory Council (at the March 4th discussion)

Ms. Michal Sinai Livyatan, Legal Department

Mr. Arie Knopf, Secretariat of the Monetary Committee and the Supervisory Council

Ms. Esti Schwartz, Secretary of the Monetary Committee and the Supervisory Council (at the March 12th discussion)

Ms. Jeanina Tirosh, Markets Department (at the March 4th discussion)