

JEDG

November

Prof. Amir Yaron, Governor of the
Bank of Israel

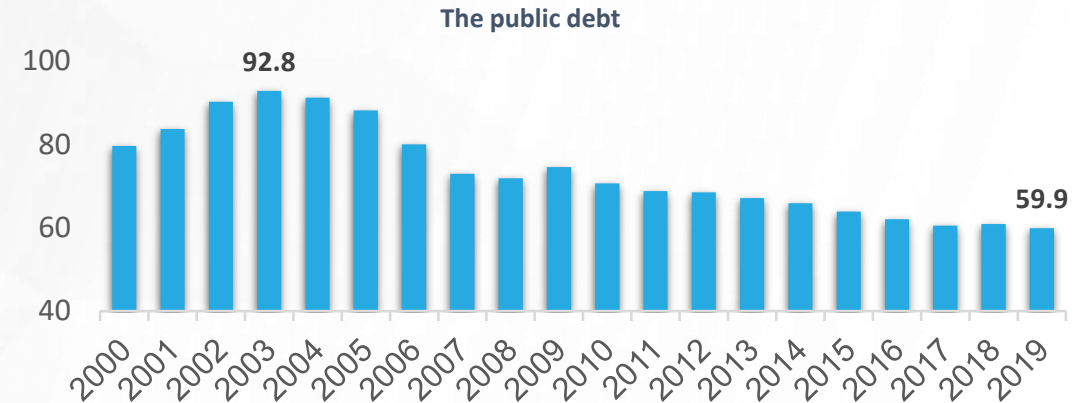
Israel's Economy Entered the Crisis in a Relatively Good State



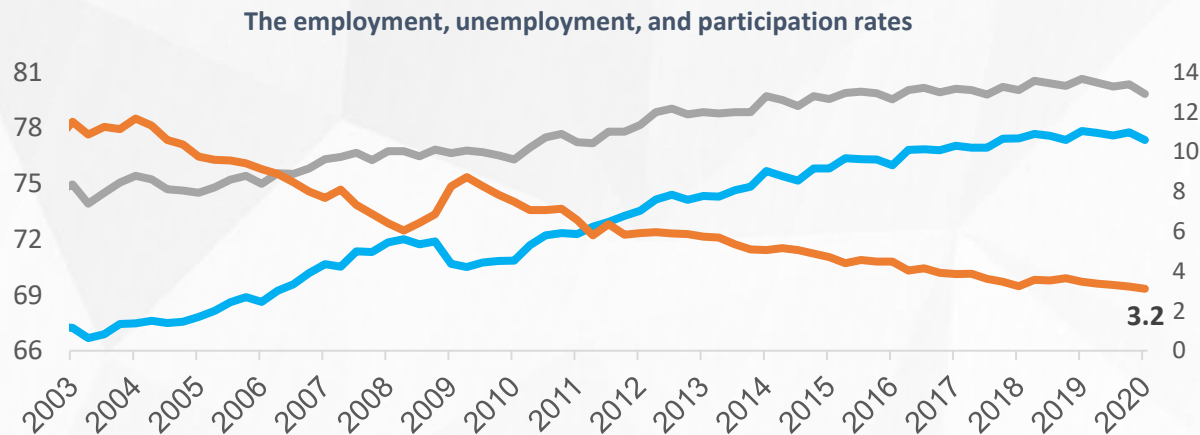
GDP grew by its potential rate in recent years



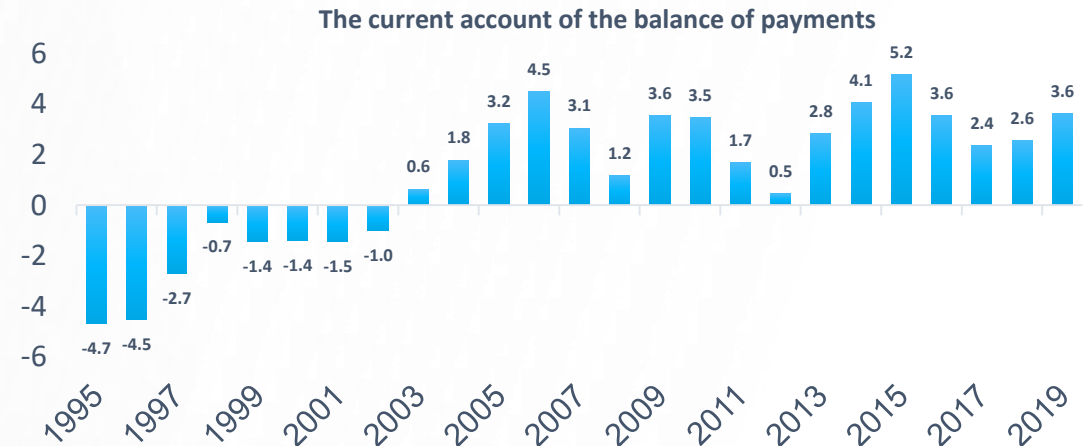
The debt to GDP ratio declined consistently



The labor market was tight



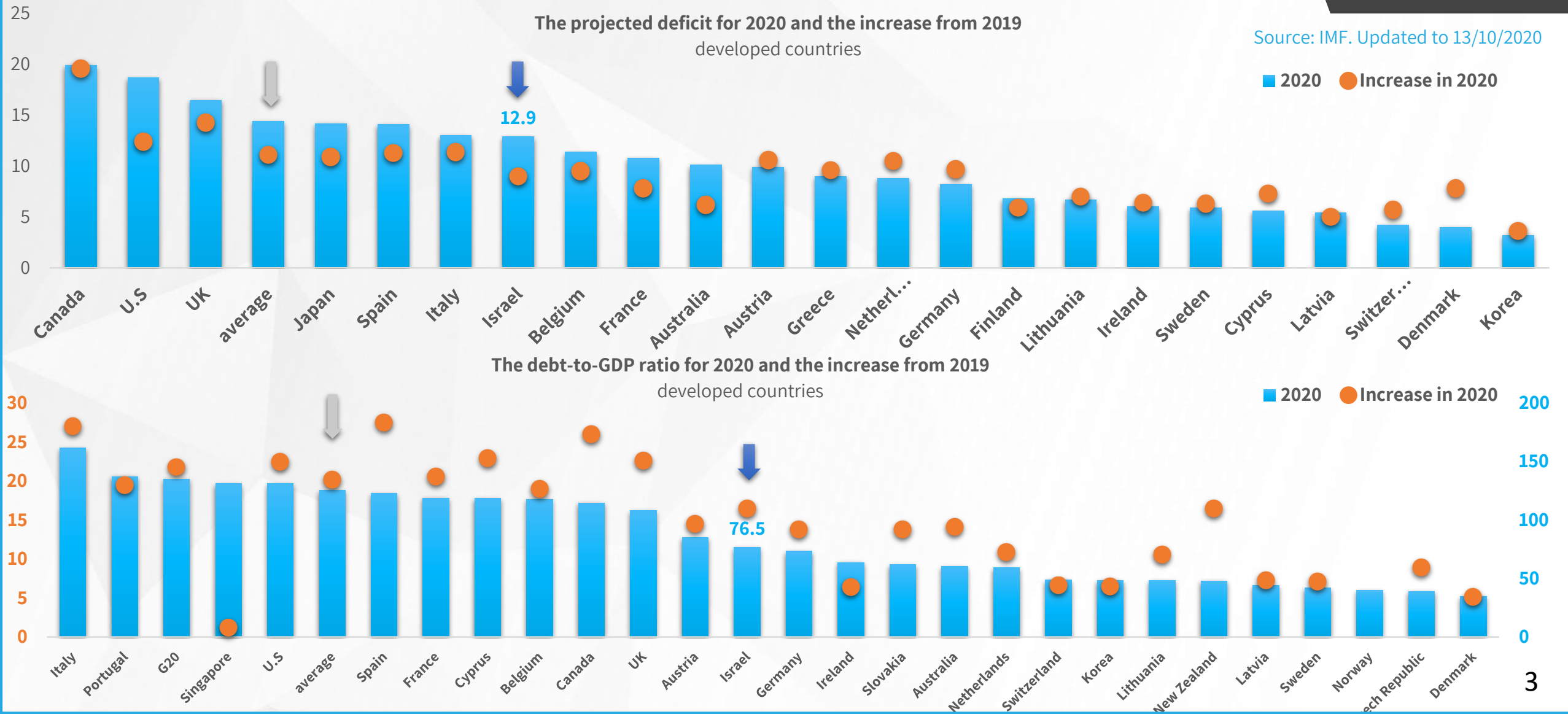
There is a surplus in the current account



The Expected Deficit and Debt to Israel are Lower than the Developed Countries Average



Source: IMF. Updated to 13/10/2020



Covid-19 Crisis: Steps Taken By the BOI



Monetary policy and financial stability

- ✓ Liquidity of up to **\$15** billion in the FX market
- ✓ Purchase **50₪** billion of Gov't bonds. **Expanding the program by NIS 35 billion**
- ✓ Supply Shekel liquidity to institutions
- ✓ Reduce BOI's interest rate to 0.1%
- ✓ Acquisition of corporate bonds up to **15₪** billion
- ✓ Extend **14₪** billion of loans to banks contingent on providing credit to SMEs
- ✓ Supply loans to banks at a **-0.1%** rate contingent on providing credit to SMEs at a limited rate

Banking, credit and Payments

- ✓ Reduce capital requirements and halt dividends
- ✓ Regulatory easings that facilitate credit expansion and deferrals
- ✓ Defer loans of about **10₪** billion
- ✓ Suspending restrictions due to bouncing checks
- ✓ Increase digitalization and remote banking services
- ✓ Reduction of the leverage ratio requirements

Economic advice to government

- ✓ Assist in advancing fiscal and economic plans to aid in the pandemic crisis
- ✓ Policy steps to minimize the adverse economic impact
- ✓ Provide economic analysis of economic and industry activities
- ✓ Increased frequency of publication of macroeconomic forecasts for economic activity

Macroeconomic Assessment for the Years 2020-2021 in an Optimistic Scenario ("control") and in a Pessimistic Scenario ("low control")

	Control scenario		Low control scenario	
	2020	2021	2020	2021
GDP growth	-5.0%	6.5%	-6.5%	1.0%
The broad unemployment rate	16.7%	7.8%	20.2%	13.9%
The deficit	13%	8%	13%	11%
Debt to GDP ratio	73%	76%	75%	83%



Thank you