



Report of the monetary discussions held at the Bank of Israel regarding management of the foreign exchange reserves Update of the Asset Allocation in the Monetary Committee Benchmark for 2023

The discussion was held on March 9, 2023.

Background:

In view of the increased risk of change in the Bank of Japan's monetary policy and given the relatively low duration premium, the Department recommended shortening the benchmark for Japanese government bonds, from a 0–5 year benchmark to a 0–3 year benchmark. The outcome of the switch would be to shorten the duration of government bonds in Japan from 2.2 years to 1.3 years.

Discussion

The Committee heard the Markets Department's recommendation and the reasons behind it.

Decision of the Monetary Committee:

The Committee approved the Markets Department's recommendation to shorten the benchmark of government bonds in Japan from a 0–5 year benchmark to a 0–3 year benchmark, which would mean shortening the duration of government bonds in Japan from 2.2 years to 1.3 years.

The decision was reached unanimously.

Participants in the discussion:

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

Dr. Adi Brender, Director of the Research Department

Prof. Naomi Feldman

Prof. Zvi Hercowitz

Other participants in the discussion:

Mr. Nadav Eshel, Governor's office

Dr. Golan Benita, Director of the Markets Department

Mr. Uri Barazani, Bank Spokesperson

Dr. Oded Cohen, Chief of Staff to the Governor

Mr. Arad May, Secretariat of the Monetary Committee and Supervisory Council