



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 discussion was held on July 29, 2020.

Background:

The Markets Department implements the investment policy within the framework of the degrees of freedom determined by the Monetary Committee. In a meeting held on March 12, 2020, the Monetary Committee authorized an increase in flexibility, for two months, of the Department's degrees of freedom with regard to deviation from the strategic allocation, in view of the sharp declines in equity markets and the increase in volatility in all the financial markets.

At its meeting on May 13, 2020, the Committee accepted the Markets Department's recommendation and authorized an increase in the flexibility of the Department's degrees of freedom with regard to deviation from the strategic allocation, until the end of July, due to the continuation of the lack of certainty regarding the ramifications of the coronavirus crisis on the economies and markets, which was reflected in high volatility in all financial markets.

The Markets Department requested the Monetary Committee's authorization to continue and temporarily increase the flexibility of the Department's degrees of freedom relative to a deviation from the strategic allocation for an additional two weeks, until an additional discussion is held in the Monetary Committee.

Discussion:

A discussion was held regarding the request for additional flexibility in degrees of freedom with regard to deviation from the strategic allocation.

Monetary Committee decision:

The Monetary Committee accepted the additional request for increased flexibility of the Department's degrees of freedom relative to a deviation from the strategic allocation for an additional 2 weeks.

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
Prof. Michel Strawczynski, Director of the Research Department

Other participants

Mr. Yossi Isler, Markets Department
Mr. Tal Biber, Head of Markets Division in Markets Department
Mr. Mickey Blank, Markets Department
Dr. Golan Benita, Chief of Staff to the Governor
Ms. Francoise Ben-Zur, Head of the Financial Division in Markets Department
Ms. Guenia de Mayo, Markets Department
Mr. Hanoch Danenberg, Markets Department
Mr. Oren Hadjes, Markets Department
Mr. Mark Yohai, Markets Department
Ms. Ketty Cohen, Markets Department
Mr. Roe Levy, Markets Department
Mr. Arad May, Secretariat of the Monetary Committee and the Supervisory Council
Ms. Michal Sinai Livyatan, Legal Department
Ms. Tali Kemel, Markets Department
Mr. Arie Knopf, Secretariat of the Monetary Committee and the Supervisory Council
Ms. Jeanina Tirosh, Markets Department