




Publications

## The Bank of Israel's position regarding economic developments as a result of the spread of the coronavirus

04/03/2020

[Financial markets and financial stability](#)  
[Monetary policy and inflation - interest rate and policy decisions](#)  
[The economy and economic activity](#)  
 [To view this press release as a file](#)

Press Releases

Regular Publications

Monetary Committee Publications

Speeches and Presentations

About the Spokesperson's Office

Legislation and Regulations

The Bank of Israel is monitoring the developments in the financial markets in Israel and abroad, as well as the policy measures of central banks around the world.

The Monetary Committee held its weekly discussion today, led by the Governor. The Research Department and the Markets Department presented the recent developments, revisions to the growth forecasts around the world, and assessments regarding the possible effects. Among other things, the Committee discussed the measures taken by other central banks, and various scenarios of how the preventive measures taken in Israel can directly affect economic activity. At this stage, despite the specific impacts experienced by firms in a variety of industries, there is no evidence of a significant macroeconomic impact on the Israeli economy. In a scenario in which the spread of the virus is halted in the coming months, the assessment is that the global economy is expected to recover relatively quickly. If the crisis persists, and particularly if the preventive measures in Israel become more serious and persistent, there is expected to be a significant economic impact.

The Committee's assessment is that the terms of financing in the economy at the present time are very easy, and the low interest rate combined with the continuing foreign exchange purchasing policy provide the necessary support for the economy. The Monetary Committee will hold its periodic monetary discussion at which the interest rate decision will be made on April 5 and 6, and will continue convening on a weekly basis. **If the economic or financial conditions worsen significantly, the Committee will use the variety of tools at its disposal whenever necessary.**

The periodic meeting of the **Financial Stability Committee** was held yesterday at the Bank of Israel, led by the Bank of Israel Governor, and a central topic at the meeting was a discussion of the economic and financial impact of the coronavirus on the economy. The Committee members reviewed the situation in the areas under their responsibility, and it was noted that while the equity markets in Israel and abroad have responded to the developments with price declines and increased volatility, there are no signs that the financial markets are not functioning, and liquidity in the various markets is good. The Financial Stability Committee is monitoring all of the developments in the system, and provides a platform that enables continued optimal coordination between the regulators. The supervisory agencies have the tools to deal with challenges that may develop in a scenario where the financial risks in Israel and abroad worsen.

The bottom line in the discussions and analyses at the Bank of Israel is that this is a continuing event, and that there is tremendous uncertainty regarding the continued spread of the virus and what it means from the standpoint of economic activity in Israel and abroad. The uncertainty is due to three factors: 1. The intensity of the spread of the virus in additional countries, as well as the extent of the spread in Israel. 2. The intensity of the preventive measures taken in various countries and in Israel, and the economic impact of these measures. 3. The duration of the incident.

**The strong basic economic data in the Israeli economy—including the low debt-to-GDP and unemployment rate, the current account surplus and the high level of the foreign exchange reserves, and the strong financial system—increase the economy's robustness in the face of developments.**

**The Bank of Israel continues to monitor developments on an on-going basis**, and is in close contact with the relevant parties in the government, particularly the Ministry of Finance, and with the economic and financial system.

Members of the Monetary Committee: Prof. Amir Yaron, Governor of the Bank of Israel (Chairman); Mr. Andrew Abir, Deputy Governor; Prof. Michel Strawczynski, Director of the Bank of Israel Research Department; Prof. Reuben Gronau; Prof. Zvi Hercowitz; Prof. Moshe Hazan.

Members of the Financial Stability Committee: Prof. Amir Yaron, Governor of the Bank of Israel (Chairman); Mr. Shai Babad, Director



General of the Ministry of Finance (Deputy Chairman); Mr. Andrew Abir, Deputy Governor; Mr. Roni Hizkiyahu, Accountant General, Ministry of Finance; Dr. Hedva Ber, Supervisor of Banks; Dr. Moshe Bareket, Supervisor of Capital Market, Insurance, and Savings; Ms. Irit Mendelsohn, Bank of Israel Supervisor of Payment Systems; Ms. Anat Guetta, Chairperson of the Israel Securities Authority; Prof. Avi Simhon, Head of the National Economic Council—Observer.



 [Print Page](#)

[Site Map](#) | [Disclaimer](#)