



Publications

Monthly report on programs the Bank of Israel is operating in the financial markets in view of the coronavirus crisis

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The Bank of Israel operates several programs to deal with liquidity difficulties that have adversely impacted the financial system due to the coronavirus crisis, to ensure the proper functioning of the financial markets, to ease the terms of credit in the economy, and to support economic activity and financial stability.

Following are two updates to programs in view of the Monetary Committee's decision on October 22, 2020:

- [The program to purchase government bonds on the secondary market will be increased by NIS 35 billion.](#)
- [The implementation of an additional pillar in the plan to provide credit to banks.](#) Within its framework, loans will be provided at a fixed interest rate of -0.1 percent against loans that the banks will extend to small businesses at an interest rate that does not exceed Prime+1.3 percent. The additional pillar in the program is for up to NIS 10 billion, and will be in operation until the end of June 2021. The first allocation as part of this will be on December 24, 2020, and will be based on banks' reports regarding the credit extended during the month of November.

The following is a monthly update on the balances in the programs that were put into operation, as of October 31, 2020:

On July 6, the Bank of Israel announced a renewal of the long-term loans program that the Bank had provided to the banking system, with the aim of increasing the supply of credit to small and micro businesses.[1] During October, as part of this program, NIS 1.5 billion in loans were provided to the banking system. The volume of loans as part of this program (including the April program) is NIS 13.8 billion.

	Repo transactions with bonds as collateral[2]	Dollar-shekel swaps	Government bond purchases	Corporate bond purchases
Date announced by the Bank of Israel	March 15, 2020	March 18, 2020	March 23, 2020 October 22, 2020	July 6, 2020
Balance as of:	NIS billion	\$ billion	NIS billion	NIS billion
March 31, 2020	5.5	7.5	8.5	-
April 30, 2020	1.8	7.5	13.2	-
May 31, 2020	1.6	6.8	19.2	-
June 30, 2020	1.5	4.5	23.4	-
July 31, 2020	1.5	0.0	23.9	0.6
August 31, 2020	1.5	0.0	29.9	0.9
September 30, 2020	1.5	0.0	33.6	2.1
October 31, 2020	1.5	0.0	37.0	3.1



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[1] In accordance with the Monetary Committee's decision on April 6, 2020, the Bank of Israel provided the banking system with 3-year loans at fixed interest, with the aim of increasing the supply of bank credit to small and micro businesses. The program was initially operated until the end of May, and was renewed in August. For more information see the press release at <https://www.boi.org.il/en/NewsAndPublications/PressReleases/Pages/6-7-2020.aspx>

[2] On April 6, 2020, the Bank of Israel broadened the repo tool to include corporate bonds as security, in addition to government bonds. For more information, see the press release at <https://www.boi.org.il/en/NewsAndPublications/PressReleases/Pages/6-4-2020.aspx>

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