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The Bank of Israel expands the extent of activity in shekel/dollar swaps - up to \$15 billion

18/03/2020

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Pursuant to the Bank of Israel press release from March 16, 2020, on the operation of an additional liquidity instrument in the financial markets—carrying out 1-week swap transactions vis-à-vis the domestic banking system—the Bank of Israel is expanding the use of this instrument.

The Bank of Israel will allocate at this stage up to \$15 billion for swap transactions vis-à-vis the domestic banking system, even for terms of longer than a week. The Bank of Israel will continue to implement this instrument as long as dollar liquidity pressures continue to be very high.

We note that this instrument is operated by using the foreign exchange reserves the Bank of Israel has built up in recent years. The high level of the reserves allows the effective provision of the liquidity to the domestic financial system,

This instrument is in addition to the range of tools used by the Bank of Israel in order to attain its objectives: price stability, support for the government's economic policy, and the stability of the financial system.

The Bank of Israel will periodically examine the means of utilizing this instrument and will adjust them as needed, and will continue to adopt, as much as necessary, the range of policy steps that are available to it.



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