

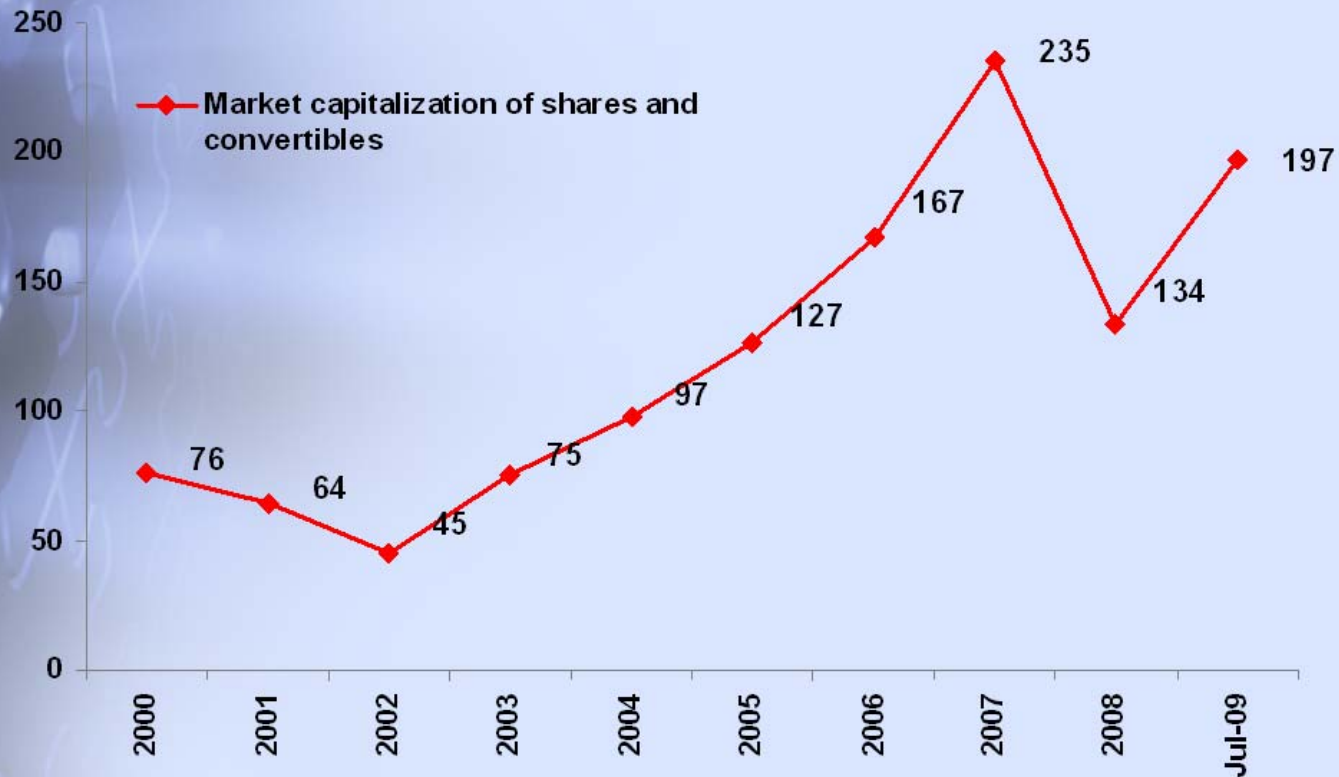


The Credit Crisis in Israel

Zohar Goshen
Columbia Law School
Israel Securities Authority

July 2009

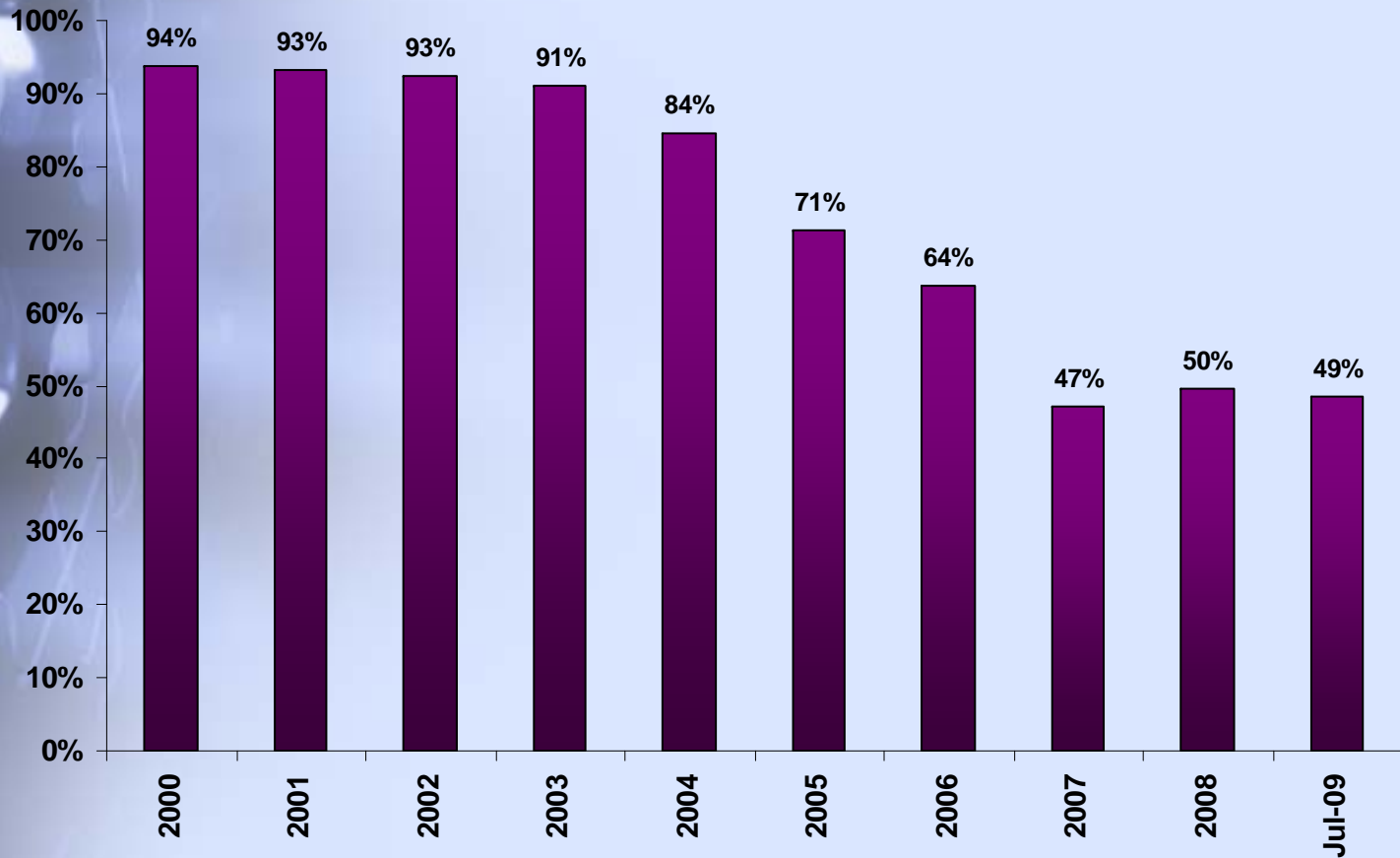
Israel capital market Market Capitalization (USD billions)



Source: Economics Research Department, ISA; Data taking from Tel Aviv Stock exchange

Israel capital market

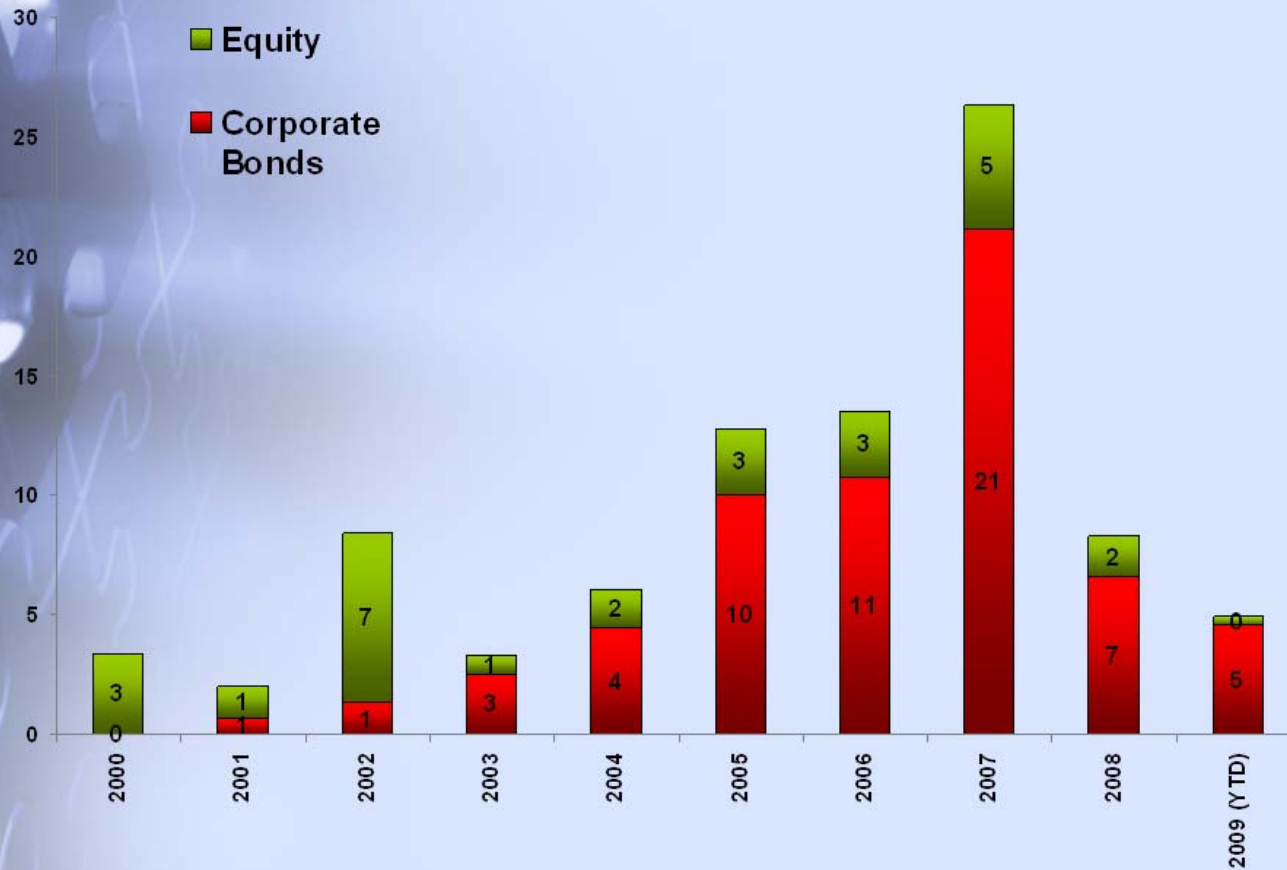
Market share of Government Bonds out of total Bond Market Capitalization



Source: Economics Research Department, ISA

Israel capital market

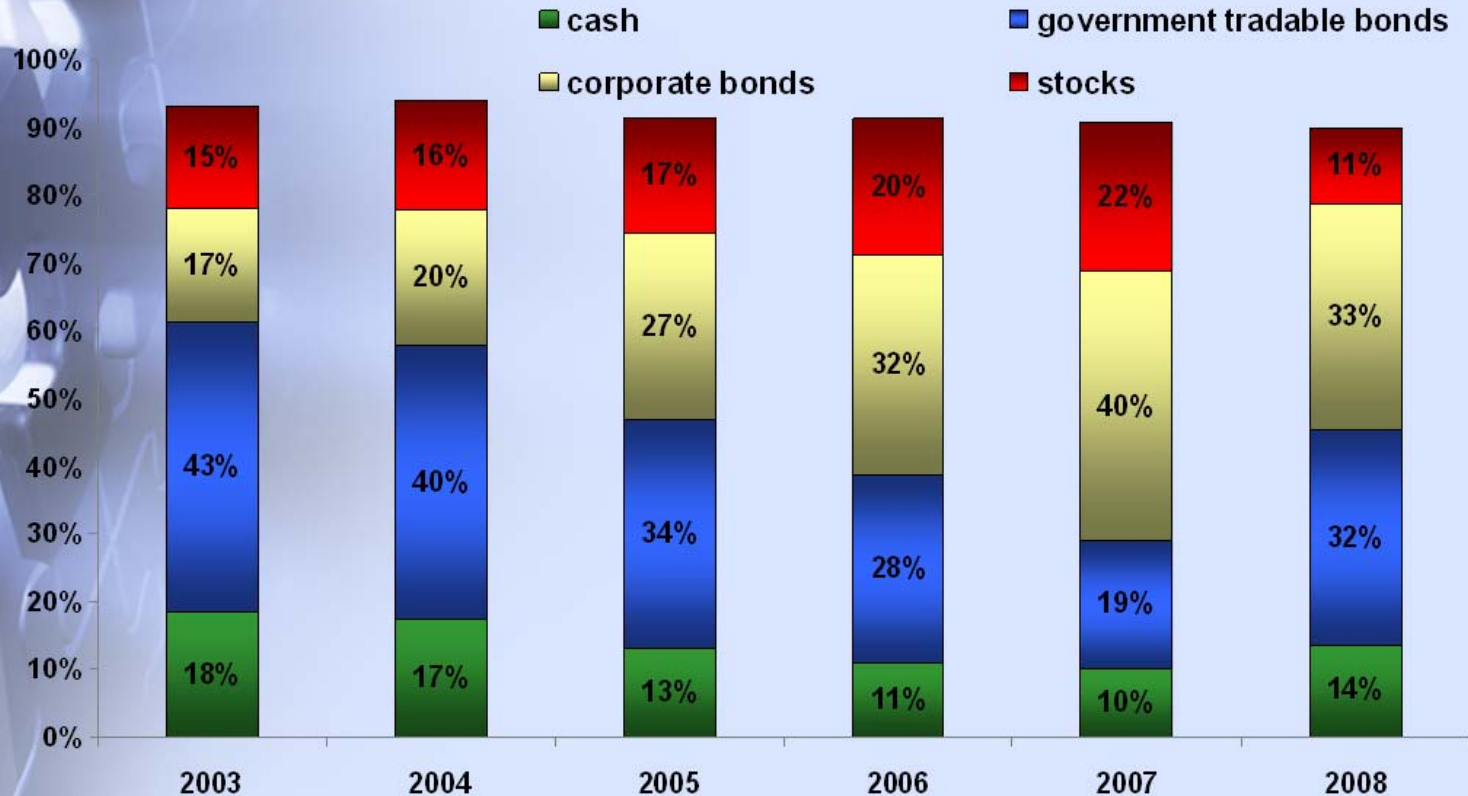
Capital Raised on TASE by Private Sector (USD billions)



Source: Economics Research Department, ISA

Israel capital market

Assets allocation of provident funds*

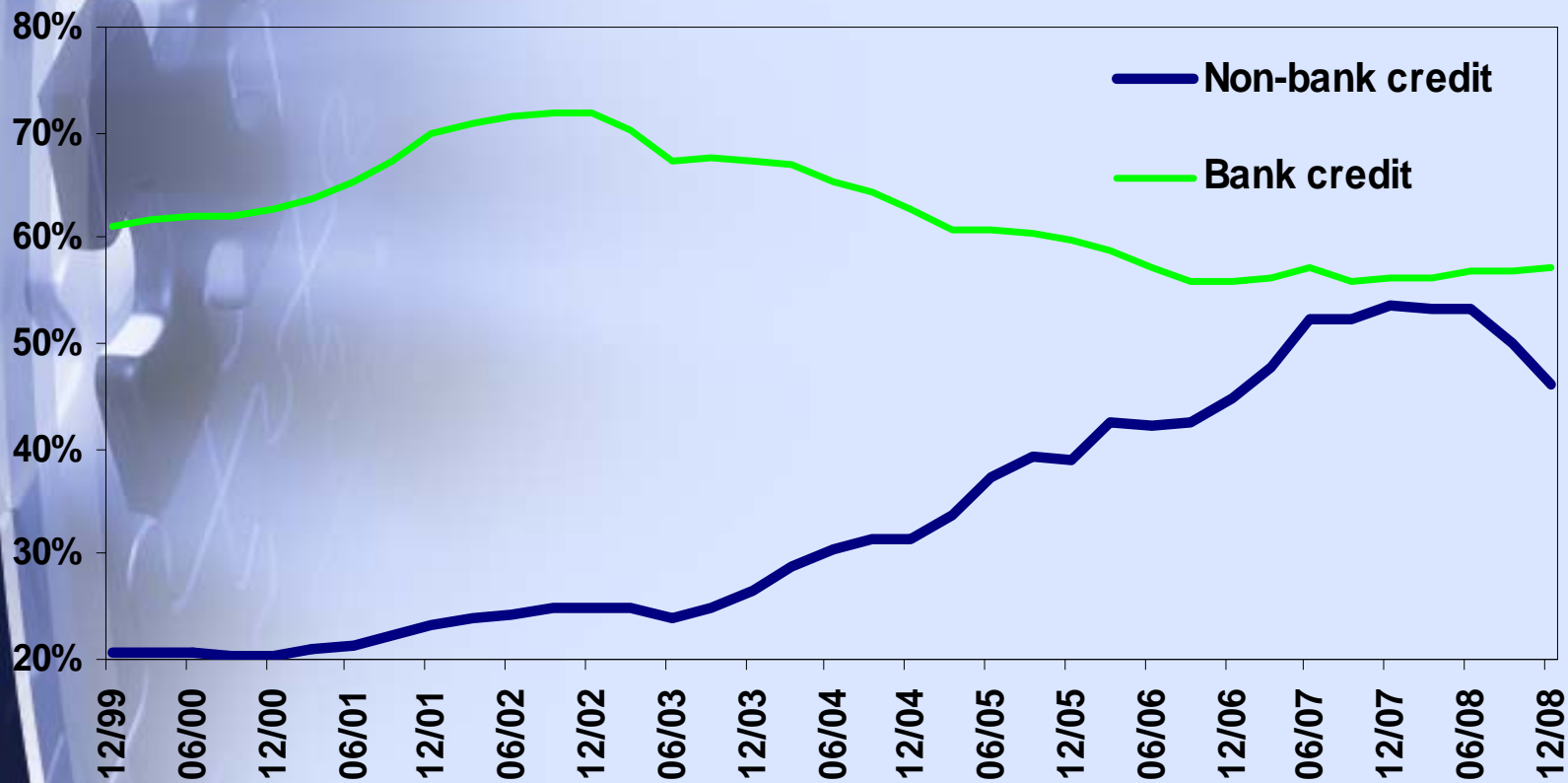


* Including study funds, compensation funds, providence and other purposes

Source: Economics Research Department, ISA

Credit to the business sector

In percent of GDP



Source: Economics Research Department, ISA

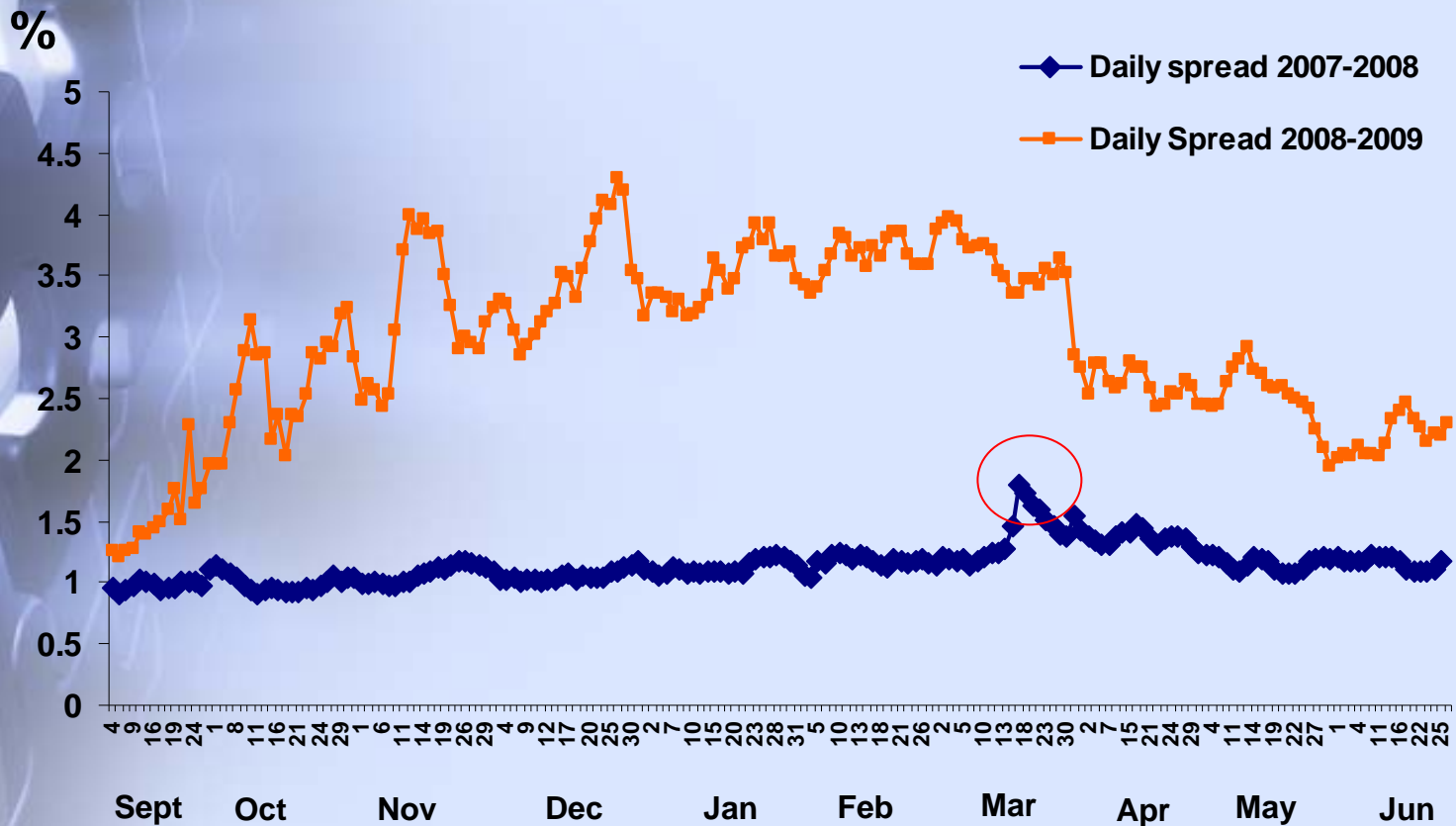


The Secondary Market

July 2009

Spread

Corporate Bond Index (Tel Bond 20)



*The Spread calculations are based on index component daily weights

Source: Economics Research Department, ISA

Corporate Bonds Index- Market Depth

Tel Bond 20

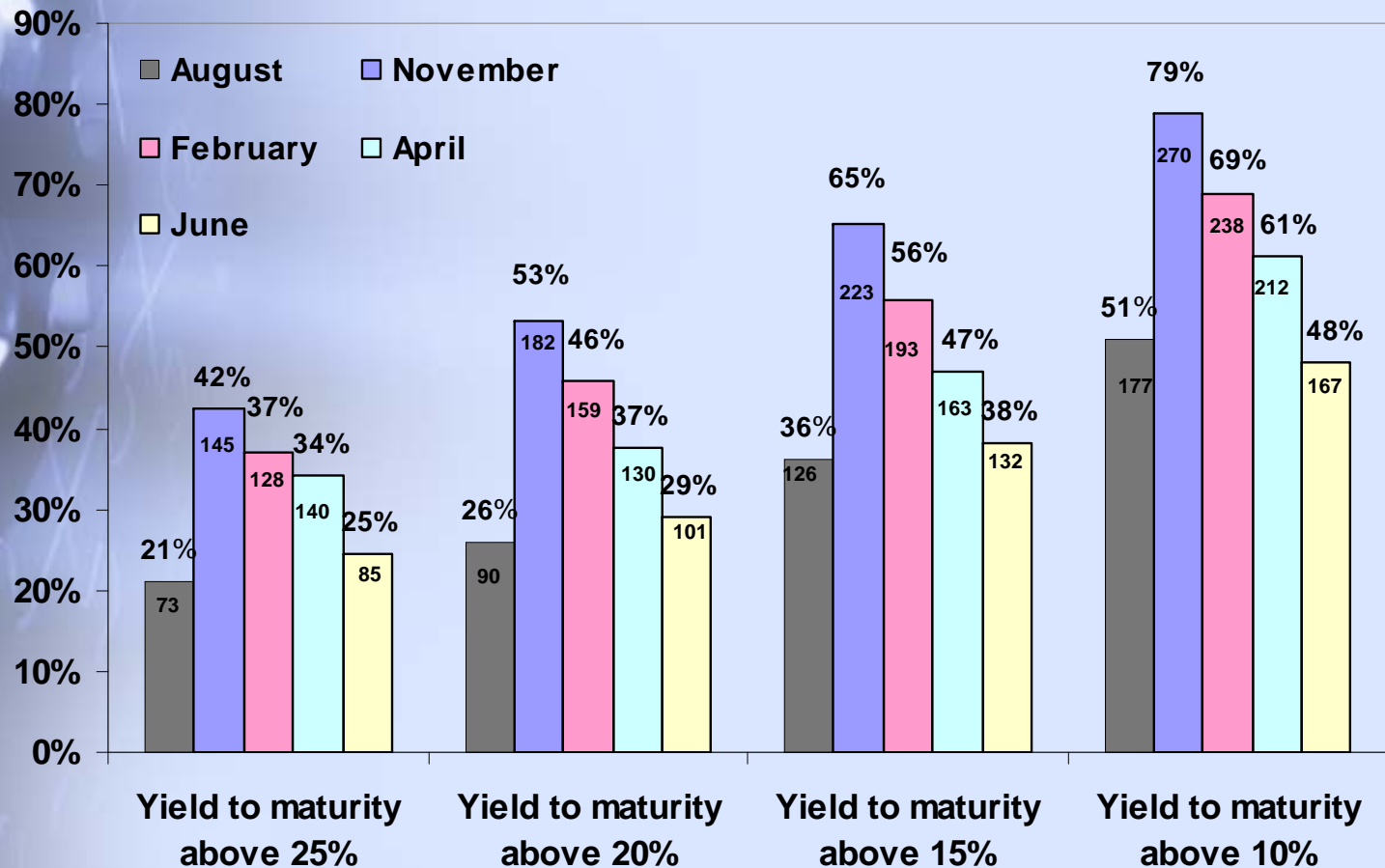
The dollar value of transaction required to move prices by 10%
(USD millions)

June 2009	April 2009	March 2009	December 2008	November 2008	February 2008	
1.01	0.97	1.57	0.76	0.45	3.08	10%
0.46	0.22	0.26	0.19	0.18	1.68	50%
0.17	0.08	0.10	0.05	0.04	0.50	90%

Source: Economics Research Department, ISA

Distribution of Number of Firms by Yield to Maturity

Percentages of
number of firms

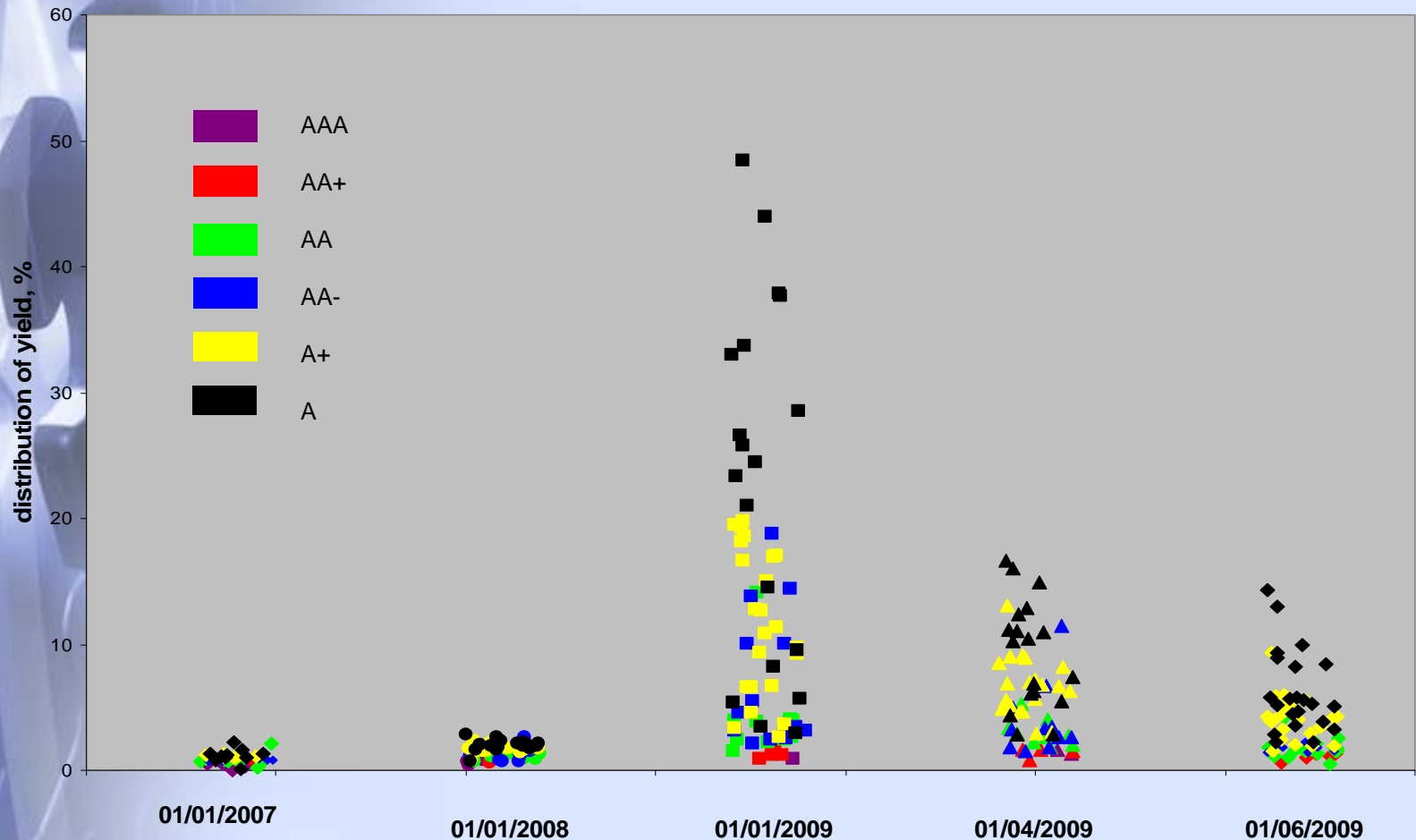


Source: Economics Research Department, ISA

Distribution of Yield to Maturity Spreads

for different risk Categories of Bonds

Duration of 3-5 yrs, Credit Rating of A and Above



Source: Economics Research Department, ISA



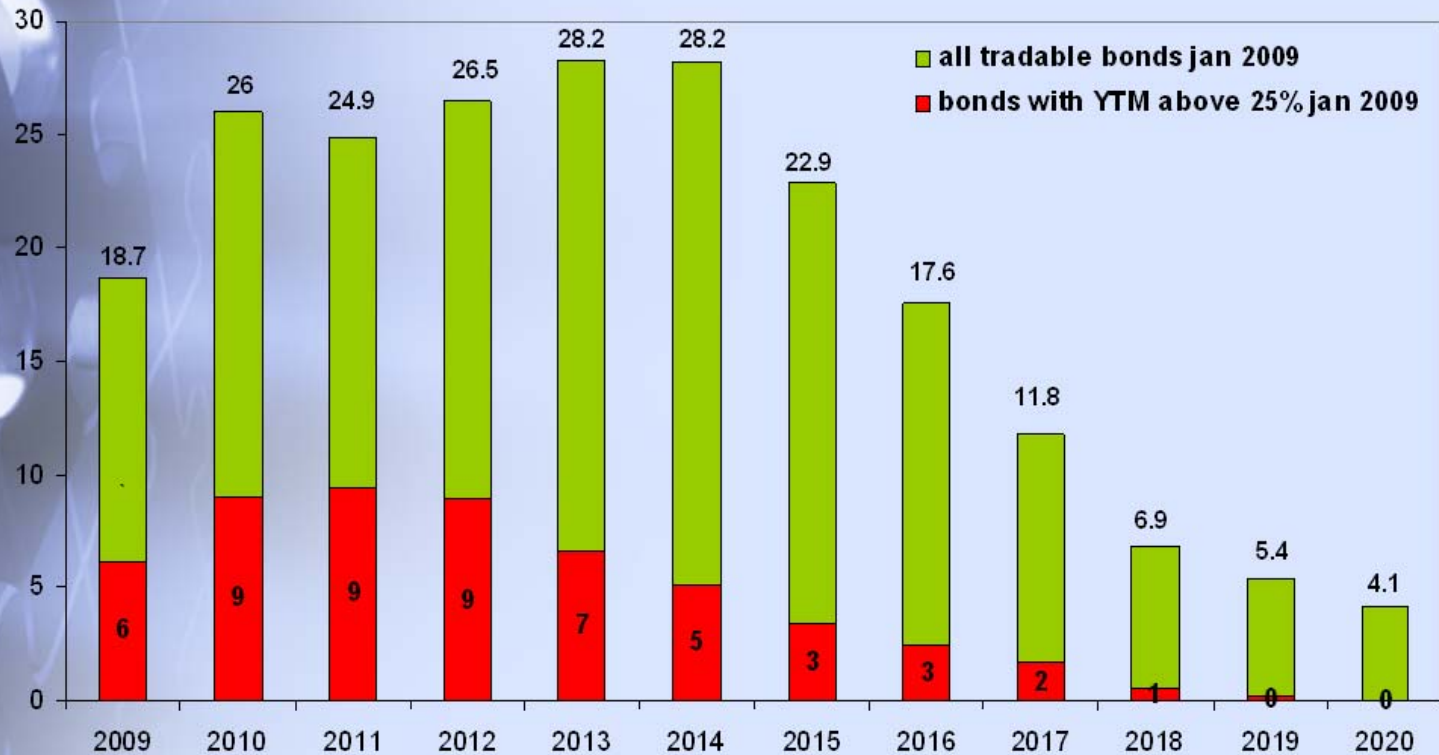
Scheduled Payments

July 2009

Tradable Corporate Bonds

January 2009

NIS billions

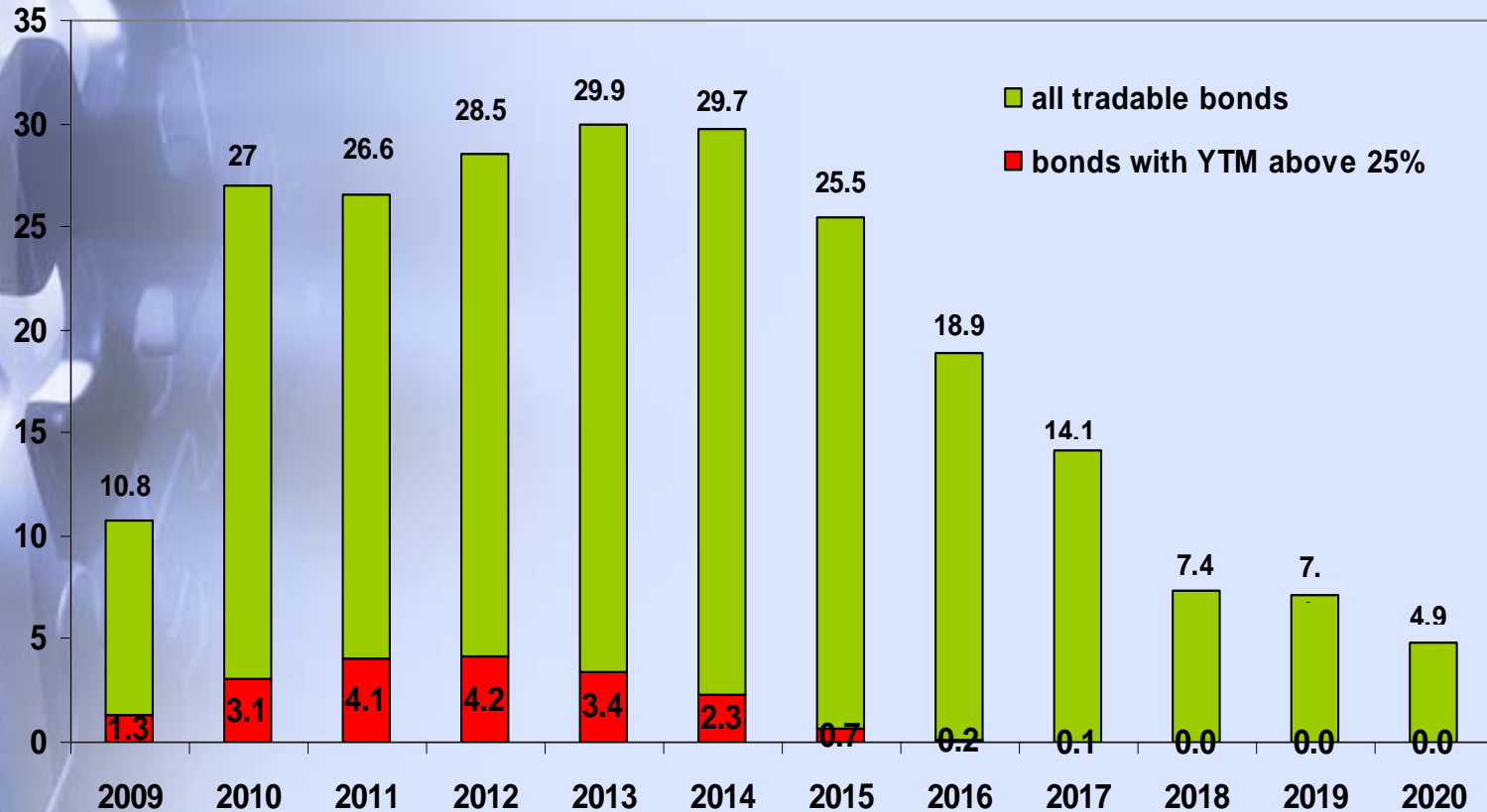


Source: Economics Research Department, ISA

Tradable Corporate Bonds

June 2009

NIS billions



Source: Economics Research Department, ISA

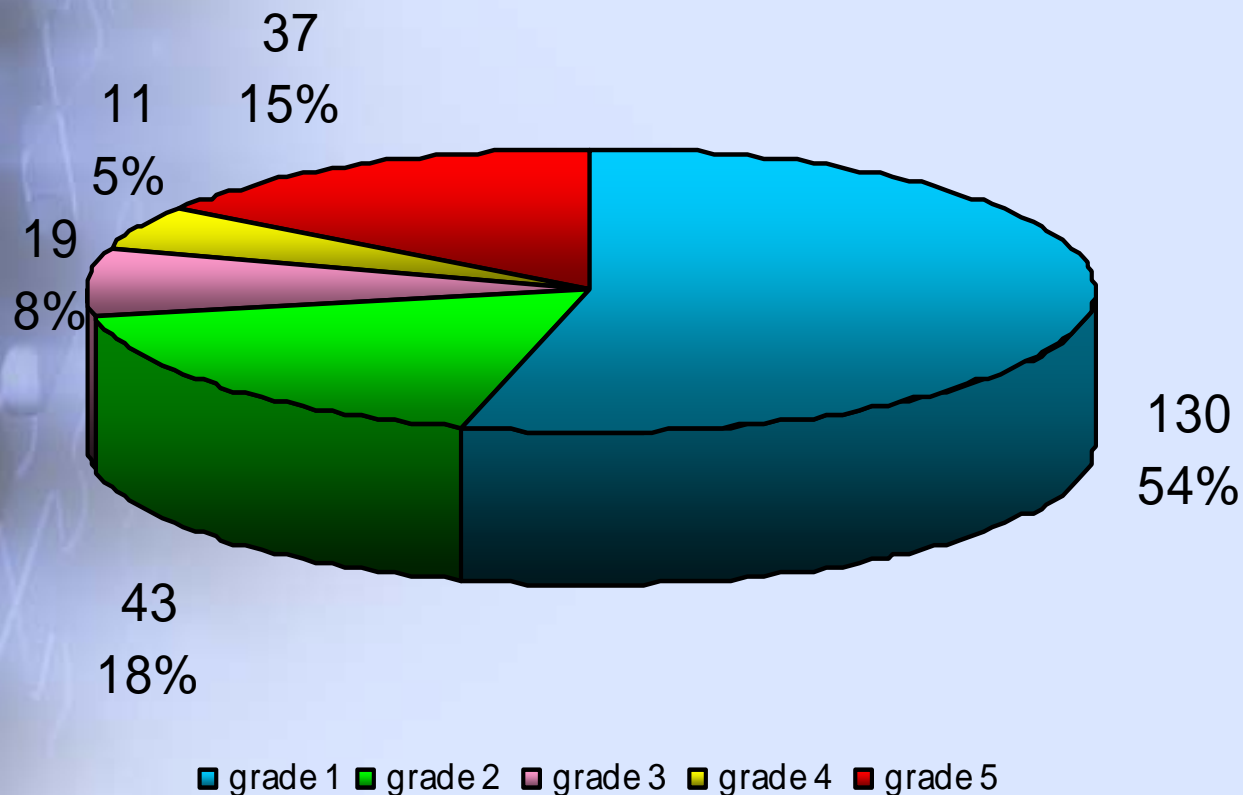


Sample

Examination of companies' solvency

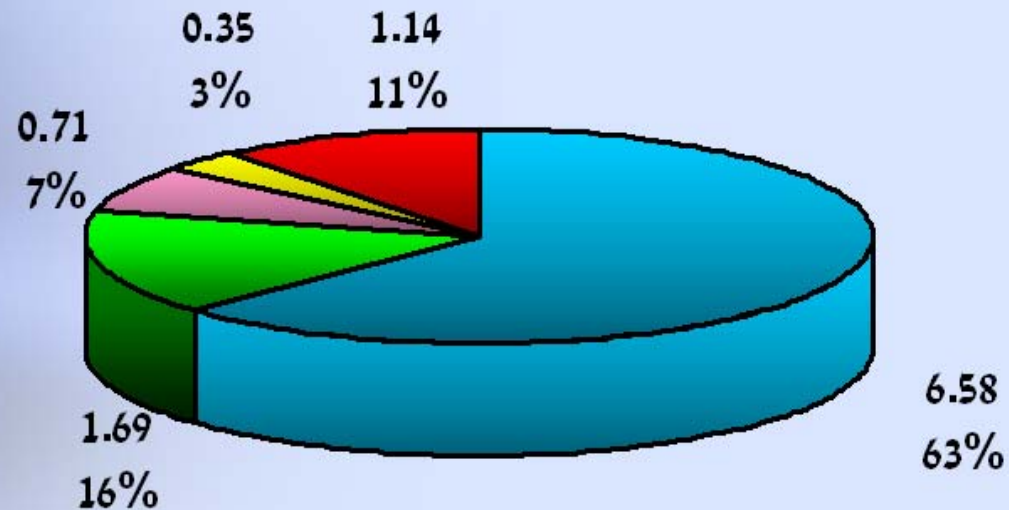
H/2 2009

Distribution of companies in the sample by companies' category



Source: Economics Research Department, ISA

Distribution of total tradable debt for the period (NIS billions)



■ grade 1

■ grade 2

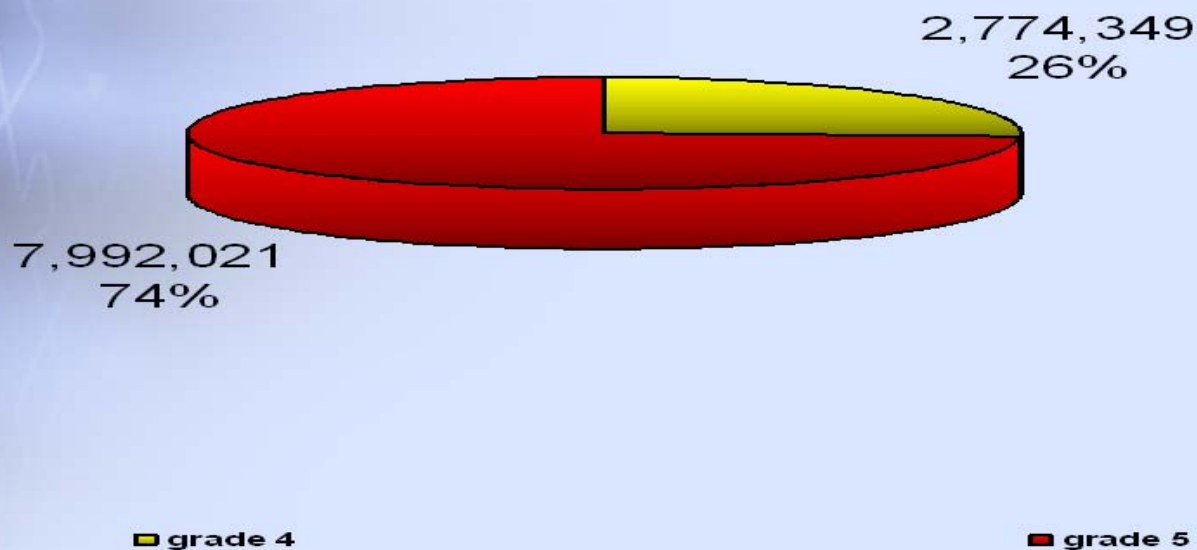
■ grade 3

■ grade 4

■ grade 5

Source: Economics Research Department, ISA

Distribution of total tradable debt to redemption in companies of 4&5 category



Total distressed debt
10.8 NIS billions

Source: Economics Research Department, ISA

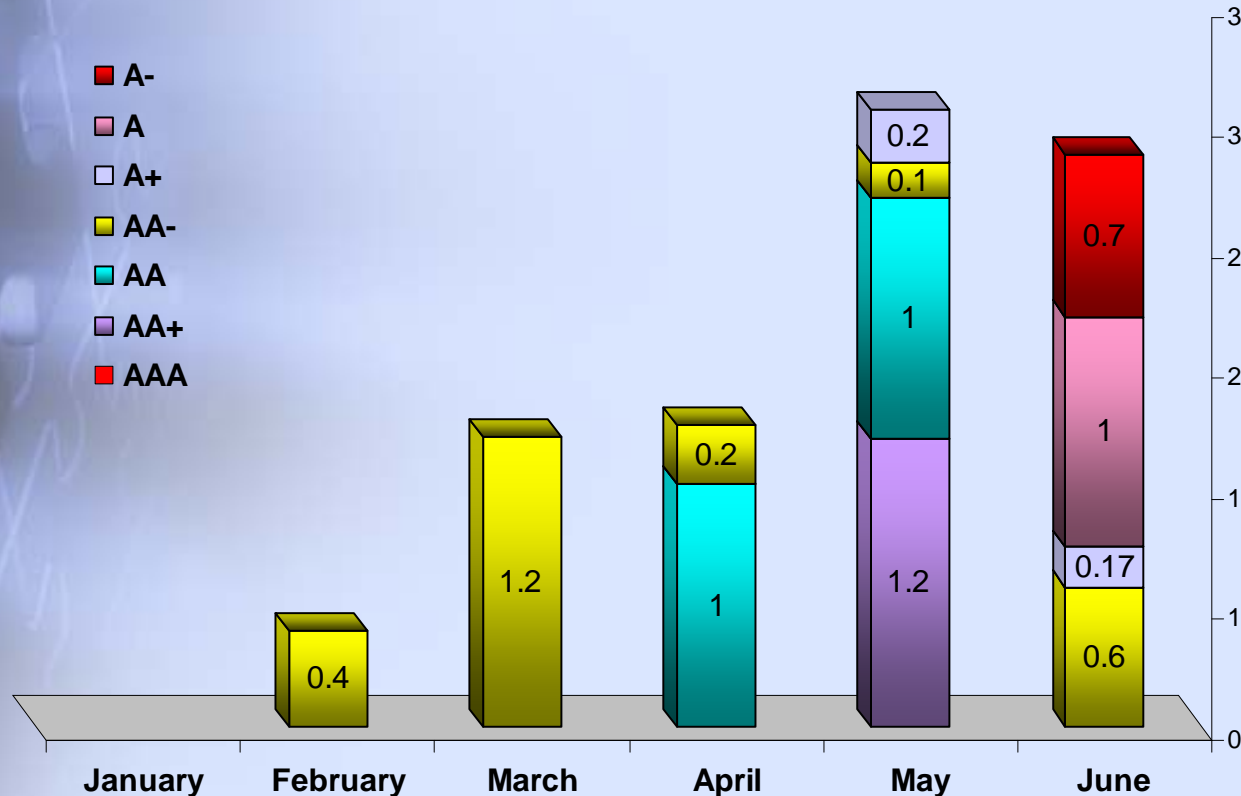


Primary Market

July 2009

Monthly Distribution of Capital Raised by credit rating

not including banks and government companies
(NIS billions)



Source: Economics Research Department, ISA



**From A securities Market
to A Debt Market**

Disclosure focused on Debt:

- Materiality**
- Future Cash Flows**
- Dividends**



Thank you