



Israel's Domestic Government Bond Market

Effective April 2020 month-end, Israel's local-currency, fixed-rate government bonds will be included in the FTSE World Government Bond Index (WGBI) and the FTSE World Inflation-Linked Securities Index (WorldILSI).

For your convenience, below is an overview of Israel's domestic bond market.

Primary Market - Issuance Policy

Israeli government bonds are issued by the Ministry of Finance's Government Debt Management Unit ("GDMU") through a multi-price competitive auction procedure via the Bloomberg Auction System (AUPD).

- All bonds are issued in a tap format, in which relatively small amounts of the bonds are issued on a weekly basis.
- Currently, on the last Wednesday of each month, at 17:30 Israel time, the GDMU publishes a [monthly issuance plan](#), outlining the weekly issuances for the following month.
- On-the-run issuances currently include a fixed-rate curve (ILGOV 3, 5, 10, 20 and 30yr), a CPI-linked curve (ILCPI 5, 10 and 30yr), as well as an ILFRN bond.
- The GDMU also issues short-term T-bill bonds with maturities between 6-9 months¹.
- In addition to the aforementioned auction, the GDMU conducts regular buyback and switch auctions.

Additional Auctions Types

- **Buyback Auctions:**
 - Typically, the GDMU conducts 1-2 buyback auctions per month.
 - The GDMU utilizes a multi-price competitive auction to purchase tradable government bonds with short maturities (typically less than a year).
- **Switch Auctions:**
 - Typically, the GDMU conducts 1-2 switch auctions per month².
 - The GDMU redeems tradable government bonds with shorter maturities (typically less than a year) and issues bonds with longer maturities³.
 - This auction is a multi-price competitive auction, priced utilizing a conversion ratio (Conversion ratio= Issued Bond /Purchased Bond *100).

¹ For more information on our current T-bill issuances, please see the appendix of the [January 2019 bond issuance program](#).

² For information on the "switch auctions for a new bond series" in which new bonds (On-the-run) are issued and older similar bonds (Off-the-run) are purchased, please see the appendix of the [July 2018 bond issuance program](#).

³ Regular switch auctions are published in the monthly plan, including both the purchased and issued bonds. For a short-notice switch auction, the date and bonds to be purchased are published in the monthly plan and the issued bonds are published in an updated monthly plan one week prior to an auction.





Issuance Process

- All auction dates and times are listed, in local time, in the [monthly issuance plan](#).
- The GDMU conducts issuance auctions every Monday⁴. Typically, the auction opens at 10:30, closes at 12:30 and the results are published on Bloomberg at 13:00.
- Typically, buyback and switch auctions take place on Tuesdays. Auctions open at 10:30 and close at 12:00. The results are published on Bloomberg at 12:30 and 12:45, respectively.
- Results on Bloomberg can be found using the following functions:
 - **ASUM ISTS**: Exclusive Auctions⁵ (issuance auctions)
 - **ASUM ILTS**: Non-Exclusive Auctions (switch/buyback auctions, up to one issuance auction a month)
- Historical data for all types of auctions can be found on the GDMU [website](#).
- In accordance with standard market practice, settlement for all bond auctions is T+1.

Primary Dealers

The GDMU has a robust Primary Dealers program, including both local and international banks. More information and Primary Dealer contact details, can be found [here](#).

Secondary Market Trading

- Tradable government bonds are listed on the Tel-Aviv Stock Exchange (“TASE”), via O.T.C, as well as on the Primary Dealer trading system (“MTS”).
- Market trading days are Sunday to Thursday, with clearing on Sunday to Friday.

TASE Trading Days and Hours (Bonds and T-Bills)

Phase	Sunday	Monday-Thursday
Pre-opening	09:25	09:25
Theoretical Prices	09:35	09:35
Opening Auction	9:55-9:56	9:55-9:56
Beginning of Continuous Trading	9:55-9:56	9:55-9:56
Pre-closing & Theoretical Prices	15:39-15:40 *	17:14-17:15 *
Closing Auction	15:49-15:50 *	17:24-17:25 *

* A randomized start time of up to 60 seconds is applied.

More information regarding the trading schedule can be found [here](#). TASE clearing and holiday schedule can be found [here](#).

For Further Information

Please visit the GDMU [website](#) or see the Debt Management [Annual Report](#).

Any questions can be addressed to the GDMU, Accountant General Division, Ministry of Finance, Israel.

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⁴ Please note that on Israeli or UK holidays the issuance can be moved to Tuesday or an alternative day in the week.

⁵ Exclusive Auctions, for Primary Dealers only, include at least 66 percent of the regular issuances and all non-competitive (greenshoe) auctions. Non-Exclusive Auctions are open to Primary Dealers and other market participants.

