



Bi-Weekly Trading Summary: April 21 – May 2, 2024

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- ❖ Price increases in the share indices and the bond indices.
- ❖ Trading in the past two weeks took place against the background of growing tension on the Northern Border, and the Passover holidays, preceded by the downgrade of Israel's credit rating by S&P.
- ❖ A tailwind for the trading was the renewal of contacts for the return of the abductees and the contacts for normalization between Israel and Saudi Arabia - the Fear Index decreased, reaching 17 points, and the dollar weakened by 1.1% against the shekel.
- ❖ The yield on 10-year government bonds in Israel reached 4.7%.
- ❖ In the tracking funds market - there were purchases of funds tracking domestic share indices, mainly the TA-125 index, and the purchases of funds tracking the S&P 500 index moderated, while funds tracking domestic bond indices did not record significant activity in the past two weeks as well.
- ❖ In the active funds market, the flow of funds to the money market funds increased significantly. In addition, the withdrawal of funds from funds investing in bonds in Israel was halted, and the flow of funds to funds investing in bonds abroad moderated.

Trading on the TASE in the past two weeks took place against the background of the Passover Festival holidays and an escalation in fighting on the Northern Border, when on the previous Friday, April 19, the international credit rating agency **S&P** downgraded Israel's credit rating from AA- to **A+**, while the Outlook remained "**negative**".

The Ministry of Finance is considering bringing forward the VAT increase by one percentage point to 18%, from January 1, 2025 to July 1, 2024, following expectations of a government deficit higher than the government budget deficit of 6.6%.

The Fear Index, which increased to 26 points on the eve of the Iranian attack on Israel on April 14, continued to decrease in the past two weeks, reaching **17** points over the weekend. Contributing to the decline in the index were the renewed contacts for an agreement on the return of abductees and the contacts for normalization between Israel and Saudi Arabia.

The dollar strengthened by 1% against the shekel from the beginning of trading on April 19 until April 26, and then weakened by **2%** to reach a rate of NIS **3.738** at the end of the week.



In the overseas markets, data showed that **US growth** continued to slow for the second consecutive quarter, **with GDP in the first quarter of 2024** rising by **1.6%** (in annual terms), lower than expected, following growth of 3.4% and 4.9% in the fourth quarter and third quarter of 2023, respectively. The Fed announced on Wednesday (May 1) that the **US interest rate** will remain unchanged at **5.5%**.

In the eurozone, the inflation rate over the preceding 12 months continued to decrease, reaching **2.4%** in April, compared with 2.6% according to previous data and compared with a target of 2%, and **GDP** increased by **0.4%** in the first quarter of the year (in annual terms), a higher rate than expected - in view of this, expectations are increasing of a first interest rate cut this year in the eurozone at the revision date in June.

The price of Brent crude oil reached US\$ **83** per barrel towards the end of the week and **the price of gold** continued to rise to US\$ **2,324** per ounce - an increase of 11%-12%, respectively, since the beginning of the year (commodities data correct as of Wednesday).

The TA-35 and TA-90 indices increased by **1.4%**, each, in the past two weeks, at the same time as a negligible increase of less than a half percent in the Dow Jones and S&P 500 indices, each, in the US, and a negligible decrease of less than a half percent in the STOXX 50 index in Europe (overseas data correct as of Wednesday).

Price increases characterized the sectoral indices, led by the **TA-Biomed** index which increased in the last two weeks by **4.6%**.

The shares trading turnover on the TASE On the eve of the semi-annual index update on May 2th amounted to US\$ **1.8** billion.

Price increases characterized **the bond indices**.

The price increases were led government included in the **Tel Gov - Shekel 10+** index, which increased in the past two weeks by **1.5%**.

An exception is the **Tel Bond-Dollar** Index, which decreased by **0.4%** in the past two weeks, in parallel with the weakening of the dollar against the shekel by 1.1%.

The yield to maturity of 10-year non-linked government bonds remained almost unchanged in the past two weeks, at **4.7%**, similar to the yield to maturity of 10-year US government bonds, which also almost remained unchanged at 4.6%. The high yield in both markets reflects concerns of an increase in the inflation rate, and a postponement of the planned interest rate cut.

In the Tracking Funds market (ETFs and open-end funds), there was a mixed trend this week:



In the past two weeks, **funds tracking domestic share indices** recorded net purchases, mainly of funds tracking the TA-125 index, totaling US\$ **50** million, following immaterial activity in these funds in the previous week.

In contrast, purchases of **funds tracking international share indices**, mainly the S&P 500, moderated in the past two weeks, totaling US\$ **35** million, following purchases of US\$ **75** million in the previous week.

Funds tracking **domestic bond indices** also showed no significant activity in the past two weeks.

In the Active Funds market, the inflows to the **money market funds** increased, amounting to US\$ **240** million in the past two weeks, compared with only US\$ **15** million that was invested in these funds in the previous week.

In funds investing in bonds abroad in the past two weeks only US\$ **15** million was invested, after US\$ 55 million was invested in the previous week, while **active funds investing in bonds on the TASE** showed no significant activity in the past two weeks, after withdrawals of US\$ 45 million from them in the previous week.

Share Offerings

- ❖ In the shares market on the TASE in the last two weeks US\$ **36** million was raised in a rights issue and three private allocations:

Company Name	Sector / Activity	Amount (in \$ millions)	Public offering / Private allocation
1. Payton industries	Technology	19	Private allocation
2. Megureit	Residential Property Investment Fund	16	Rights issue
3. Highcon Systems	Technology	1	Private allocation
4. Tikun Olam - Cannbit	Medical Cannabis	0.4	Private allocation



❖ New Company – entry into activity of listed company

The "Panaxia Labs Israel" company merged with the **Barak Group**, which deals with investment management in the capital market, through private companies with mutual fund management and portfolio management licenses and removed its cannabis activity. In the transaction, shares constituting about 68% of the company's capital were allocated. **The value of the merged company** at the end of the first trading day was US\$ 10 million.

Corporate Bond Offerings

- ❖ In the bond market, US\$ 176 million dollars were raised this week in a two public issues to the public and a private allocation to classified investors:

Company Name	Sector / Activity	Amount (in \$ millions)	Public offering / Private allocation	Listed / New Series	Linkage Type	Average Duration	Interest / Yield to maturity	Rating "Maalot"/ "Midroog" Rating
1. G City	Investment Properties Overseas	90 Est.	Public offering	Listed	CPI-linked	3.9	5.5%	A- / A3
2. Pacific Oak (foreign)	Investment Properties Overseas	76	Public offering	New	Non-linked	3.3	9.5% *	AA-
2. Aluma Capital	Technology	10	Private allocation	Listed	Non-linked	3.7	6.9%	Unrated

* The bond was issued at the price of NIS 0.997 per NIS 1 par value.

Government Bond Offerings

- ❖ In the past two weeks, the **Ministry of Finance** raised funds in the issue of **bonds on the TASE**, in an amount of US\$ 1,150 million, following the raising of US\$ 1,030 million in the previous week. 79% of the amount raised was in non-linked bonds, and 21% in CPI-linked bonds.

The Ministry of Finance plane to raise US\$ 3.3 billion in May, 75% in non-linked bonds, and 25% in CPI-linked bonds.

Miscellaneous

❖ Shortened Trading Weeks

The two weeks ending today (May 2) are shortened trading weeks – six trading days in total, due to the Passover Holiday vacations on April 22--23 and 28-29.



Share Indices

Market Value Indices	2 weeks change	YTD change
TA-35	1.4%	4.0%
TA-90	1.4%	5.8%
TA-125	1.5%	4.0%
TA-SME60	1.1%	8.9%
Sectoral Indices	2 weeks change	YTD change
TA-Tech-Elite	0.4%	2.9%
TA Banks-5	2.7%	0.3%
TA Oil & Gas	0.8%	6.8%
TA Real Estate	2.7%	-0.8%

Bond Indices

Index	2 weeks change	YTD change
Tel Gov CPI-Linked	0.7%	-1.1%
Tel Gov-SHEKEL	0.8%	-1.7%
Tel Bond - 60	0.7%	1.7%
Tel Bond-SHEKEL	0.7%	0.5%

Currencies:

Currency	2 weeks change	YTD change
Dollar/NIS	-1.1%	3.1%
Euro/NIS	-0.9%	-0.3%

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<p>The Tel-Aviv Stock Exchange features in April 2024:</p> <ul style="list-style-type: none"> 536 companies listing equities. 519 ETFs (including 36 ETFs – cross listing). 38 series of government bonds. 699 series of corporate bonds. 48 Series of TASE UP bonds. 1,771 mutual funds. Market Cap. (US\$ billions): Equities - 267 Government bonds - 170 Corporate bonds – 122 	<p>The Tel Aviv Stock Exchange Ltd. was founded in September 1953. The TASE group, which consists of the stock exchange, the TASE Clearing House, TASE Nominee company and the Derivatives Clearing House, provides local and international investors with trading and clearing in securities, including stocks, corporate bonds, government bonds, index-tracking products and derivatives.</p>	<p>Companies traded in the USA and on the London Stock Exchange (Main Market) can dual list their shares on the TASE. Dual listing which does not entail significant costs, imposes no additional regulatory burden and offers continuous trading from 10:00 to 23:00 (Israeli time) for companies listed in the USA. There are currently 51 companies dually listed on TASE.</p>
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