



ECONOMIC OFFICE NEWSLETTER

Israel to Join OECD

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Last month the Organization for Economic Cooperation and Development (OECD) officially invited Israel, among four other countries, to open accession talks to join the organization. There are currently 30 countries belonging to this council. The OECD serves as an international forum for countries to tackle issues such as trade, good governance, education, development and scientific innovation.

Although membership is not expected to be finalized for another 12 to 18 months, the official invitation vindicates the global perspective of Israel's economy as strong and stable. This stamp of approval has given economic and political leaders good reason to expect improvement in credit terms, reduced interest rates for the private sector, and more inflow of foreign direct investment.

Investing in Israeli Stock Index

Despite the impressive performance of Israeli stock indices in recent years, experts argue that the Israeli stock exchange has been inadequately represented in the American equity market. As reported in *Derivates Weekly*, Duetch Bank AG will soon be issuing a structured note on the Tel Aviv 25 Stock Market Index. A structured note provides

certain downside protection against losses and has usually only been available to ultra high net worth individuals.

By reducing risk and exposing the investor to potential appreciation of Israeli stocks, this new product makes retail investment an attractive and available option for individual investors. Furthermore, this note provides an effective measure for the Israeli economy to counter divestment threats made against it.

According to the best of our research, this is first time such a financial vehicle of its kind is to be created on the Israeli indices and will bring the ability to invest in the Israeli stock markets in such a risk adjusted manner to mainstream retail investors. The note is being underwritten by UBS Financial Services, Inc. and the lead on this issue is Grant Gochin of UBS' Encino Office. This note is sold by prospectus only and is available from Mr. Gochin. For a prospectus or more information please contact him directly.

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