Israeli Shekel was Third Worst Performing Currency in February

The value of the Israeli shekel dropped by 6% in February, hitting a three-year low last week.

The decline put the shekel among the three worst-performing currencies in February, along with the Russian ruble and the Korean wan.

The shekel fell sharply against the U.S. dollar, from NIS per USD at the end of January to about NIS per USD at the end of last month.

In response, the Bank of Israel raised the interest rate to %.

While many in Israel blame the nation’s judicial reforms for the decline, some market watchers think the case could be overstated.

“We have had some increased noise in recent days on the developing political situation in Israel. Our ultimate takeaway is that this is largely noise,” said financial services company JPMorgan last month.

Last week, financial services company Wells Fargo announced that it expected to see “a strong rebound” of the shekel and said the currency could “recover most of recent losses by the end of Q1-2023.”

Yesterday, the shekel appeared to be rebounding, trading at NIS per USD.

As ALL ISRAEL NEWS reported in December, the devaluation of the shekel against the dollar, especially if it is only temporary, makes an excellent investment opportunity.

Israel’s Prime Minister Benjamin Netanyahu accused the political opposition of harming Israel’s economy by staging continued threats. Another factor in its decline has been Israeli-owned companies, like Wiz and Papaya, moving funds out of Israel. Such an act creates downward pressure on the shekel.

During Netanyahu’s previous term as prime minister, the economic situation in Israel improved in many regards, including the national debt and average salaries. Unfortunately, stringent COVID-19 lockdowns, which included the shuttering of all “nonessential” jobs and businesses, negated most of those gains.

The shekel grew stronger overall during his tenure, with some economists noting that the currency’s 3-year decline coincided with the COVID-19 pandemic and lockdowns.

The shekel is the only major currency to grow stronger against the U.S. dollar over the past decade. {eoa}

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