

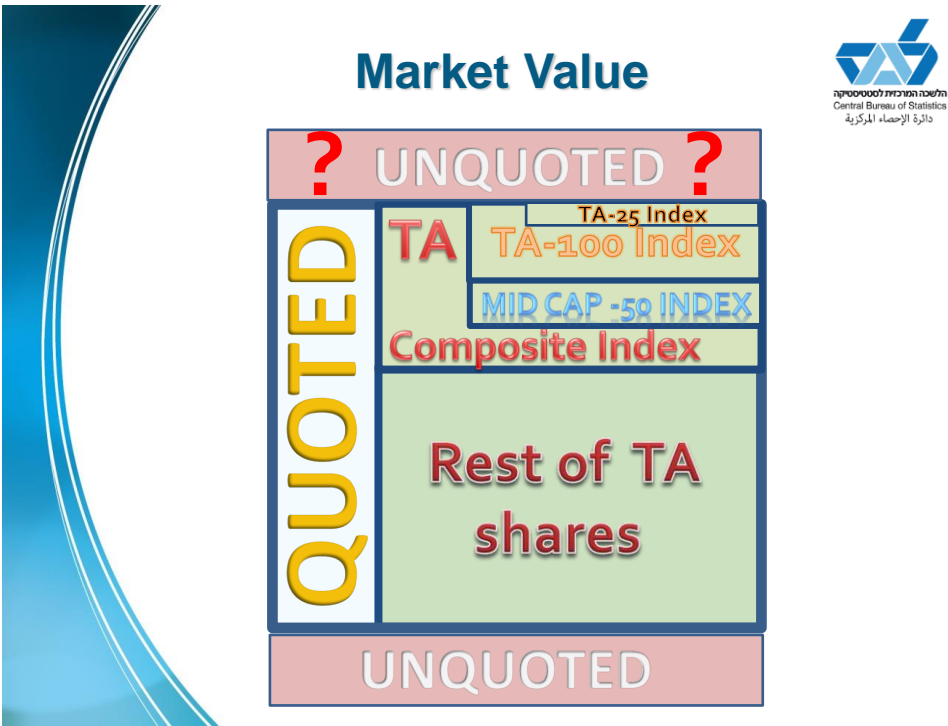


הלשכה המרכזית לסטטיסטיקה
Central Bureau of Statistics
دائرة الإحصاء المركزية

בס"ד

The valuation of the unquoted shares at market value

It's All in the Numbers



The Equity Indices Universe

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- ## Liquidity Criteria

	Share Turnover Ranking		Average Volume Ranking
Entry:	1-250	or	1-100
Exit:	301 or lower	and	101 or lower
- ## Free Float and Market Cap. Criteria

Criteria	Entry	Exit
Free Float Rate	25%	25%
Free Float Market Cap. (NIS Millions)	35	25
Market Cap. (NIS Millions)	70	50

Criteria for large Cap.	Entry	Exit
Free Float Rate	20%	20%
Market Cap. (NIS Millions)	1000	750

Methodology

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- Market value of unquoted shares =

Own funds at book value × market capitalization factor (according to its relevant sector).
- The market capitalization factor (per sector) is obtained from listed companies for which both the current book value and market values are available.

The valuation being done



- Positions
- Yearly
- Quarterly

The quarterly market capitalization factor



$$\{(Year_{t-1} - Year_{t-2})/4\} * n = \text{quarterly gap}$$

Suggested improvements

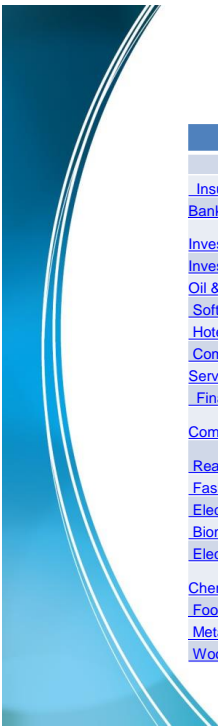


- Using ,from the listed companies, only the companies that are not in the TA-Composite index.
- Using ,from the listed companies, all the companies except the companies that are used in the TA-25 index.
- Reducing the calculated market value of the unquoted shares by 5% for liquidity adjustment.

Meaning



- The first and second suggestions assume that the market value of the unquoted shares behaves like the shares that have lower market value.
- The last suggestion assumes that the market value of the unquoted shares is necessarily lower than the quoted one`s.
- These suggestions point out that there is a partial overlap among the highest market value companies and the most tradable companies.



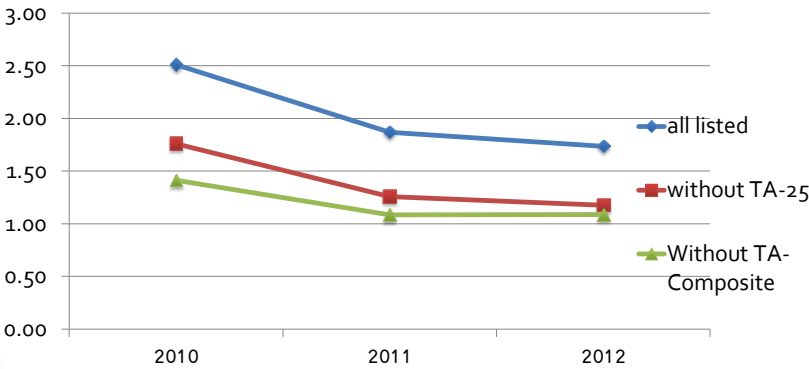
Ratio results (2011)

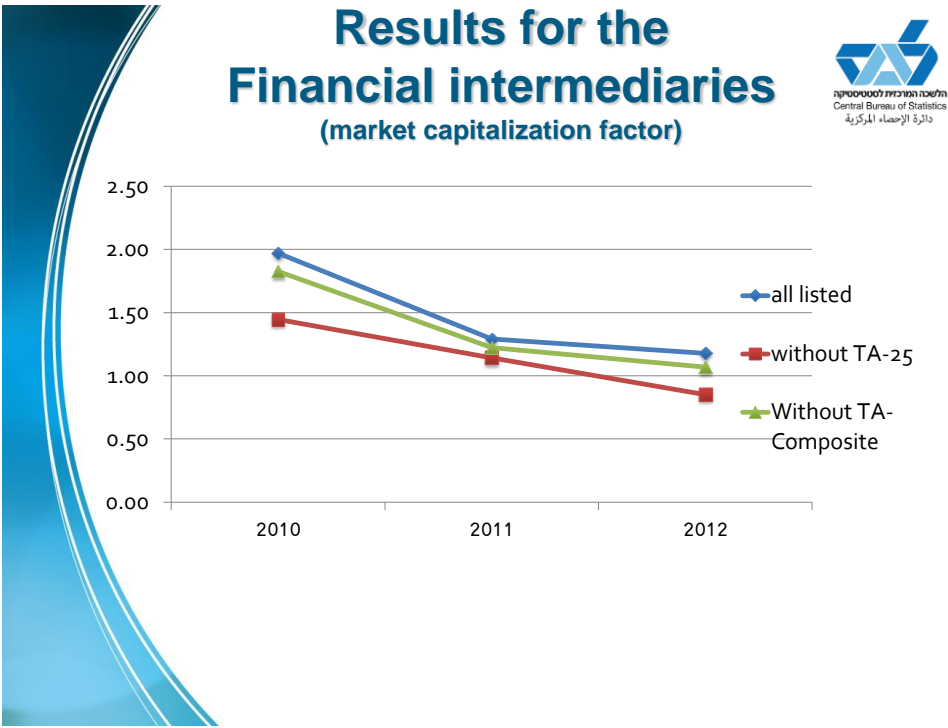


Sector List	with out TA-Composite	with out TA-25	all listed
Insurance	0.87	0.88	0.88
Banks	0.67	0.64	0.68
Investment and holdings	1.24	1.16	1.31
Investment in Hi-Tech	3.39	0.73	0.73
Oil & Gas Exploration	4.55	4.64	7.40
Software And Internet	2.60	2.07	2.07
Hotels & Tourism	1.63	1.61	1.61
Commerce	1.00	1.56	1.56
Services	1.11	0.91	0.91
Financial Services	0.88	1.09	1.09
Communications & Media	1.50	1.65	4.60
Real-Estate & Construction	0.67	0.72	0.76
Fashion & Clothing	1.08	1.09	1.09
Electronics	1.80	1.81	1.84
Biomed	3.78	3.30	3.30
Electrical	0.74	0.87	0.87
Chemical, Rubber & Plastic	1.32	1.17	2.18
Food	0.93	1.34	2.13
Metal	1.02	0.97	0.97
Wood & Paper	1.16	1.15	1.15



Results for the Non Financial sector (market capitalization factor)





A Reminder

- The market value doesn't always reflects the book value.

Suggestions for the future

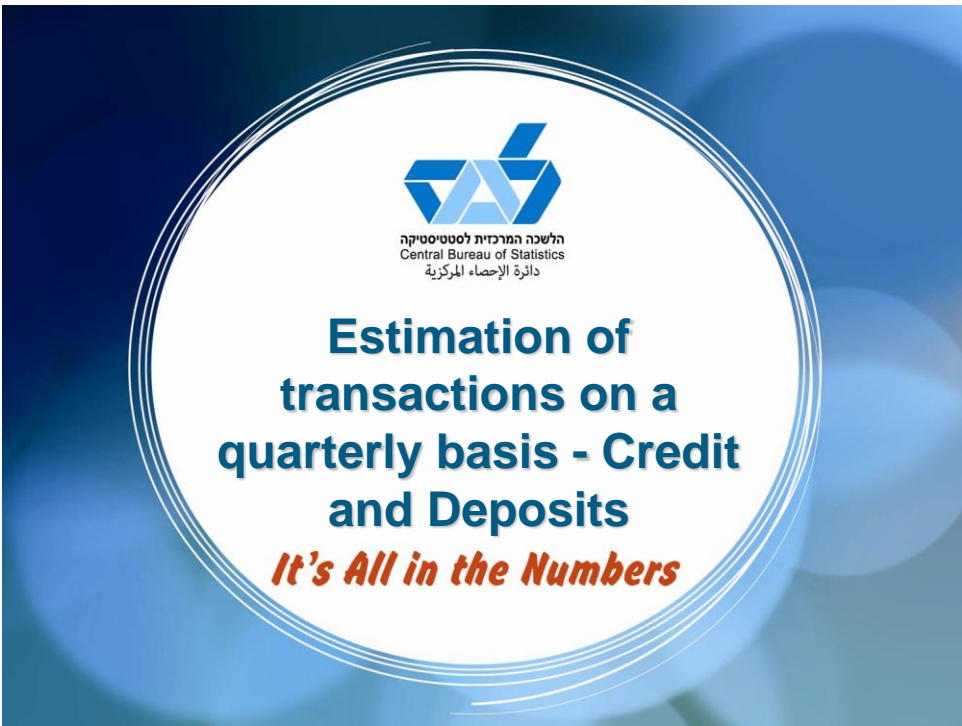


- Examining the size of the overlap among the highest market value companies and the most tradable companies.
- Examining the part of the quoted shares held by unlisted companies.

QUESTIONS ?
COMMENTS ?



Thank you for your attention !



Estimation of transactions on a quarterly basis - Credit and Deposits



- As part of the financial account, the change caused by taking/repayment loan and deposit /withdrawal of deposits, will be shown as a transaction. Regarding credit and deposits denominated in foreign currency, the effect of the change in the exchange rate will be deducted and transferred to the revaluation account.
- Since there are no direct data transactions and revaluation it is necessary to estimate it.

Estimation of transactions on a quarterly basis - Credit and Deposits



- The main data used for the estimation:
 - Changes in the balances of credit and deposits by currency basis (dollars, euros and other) for the reporting period
 - Changes in the exchange rate for the reporting period
- Until now the estimates were based on annual data, annual credit and deposits balances and annual changes in exchange rates.
- In order to improve financial accounts, the transactions data were calculated on the basis of quarterly data for 2012.


Results



Data for the total economy - 2012 (NIS millions)	Annual basis	Quarterly basis	Percentage change
Credit			
Transactions	15,908	14,874	-6.50%
Revaluation	-7,573	-6,539	-13.65%
Deposits			
Transactions	32,533	32,299	-0.72%
Revaluation	-5,402	-5,168	-4.33%
Change in exchange rate - USD	-2.30%	-2.03%	
Change in exchange rate - Euro	-0.34%	-0.27%	



Estimation of transactions: Quoted shares



- The computation is based on the net value of corporations which were issued or removed from trade in Tel Aviv stock exchange during the year .
- The information is presented by issuing sector according to data received from the stock exchange.

Available Data from the Stock Exchange



- The market value at the end of the year of companies which were issued during the year
- The market value of the previous year of companies which were removed from trade during the year.
- Capital Raising from the public from new issuances by Industry

The holding sector shares



[The stocks in year (T+1) **less** The stocks in year in year T] of the specific sector (according to issuing sector)

divided

The stocks in year (T+1) less The stocks in year in year T] of all the sectors (according to issuing sector)

Multiplied

Total transactions of issuing sector

Quoted shares by issuing sector-2010
NIS-millions



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	Other depository corporations	Insurance corporations	Non Financial Corporations	Other Financial Intermediaries	Rest of the world	TOTAL
TOTAL	3,928	1,122	66,205	11,283	318	82,857
Transactions	462	-3081	13650	869	365	12265
Revaluation	3466	4203	52555	10415	-48	70591

Quoted shares by holding
sector- 2010
NIS-millions



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Other depository corporations	2,496
Transactions	171
Revaluation	2325
Insurance corporations	6,220
Transactions	1,536
Revaluation	4,684
Non Financial Corporations	2,335
Transactions	90
Revaluation	2,245
Rest of the world	-3,932
Transactions	5,035
Revaluation	-8,967
Other Financial Intermediaries	21,610
Transactions	-1,017
Revaluation	22,627
Governmental non-profit institutions	797
Transactions	104
Revaluation	693
Non-profit institutions serving households	29
Transactions	5
Revaluation	23
Households	37,833
Transactions	4,112
Revaluation	33,723
Provident funds	6,146
Transactions	799
Revaluation	5,347
Pension funds	6,298
Transactions	437
Revaluation	2,860
Training funds	6,832
Transactions	612
Revaluation	6,218
Central government	-3,091
Transactions	60
Revaluation	-3,151
Financial auxiliaries	64
Transactions	7
Revaluation	57
Mutual funds	9,121
Transactions	413
Revaluation	2,708
TOTAL	82,857
Transactions	12265
Revaluation	70591

Estimation of transactions: Quoted shares



- Until now, we computed the transactions using **Total return index of shares**
- The data obtained was significantly different from total net value of 2010's issuances and removals received from the Stock Exchange.



Thank you for your attention !