

TODAY'S SHEKEL

€	\$	£
4.791 ▼	3.630 ▲	5.608 ▼

GLOBAL AGENDA

• By PINCHAS LANDAU

Hiss, pop, bang

That hissing sound you hear is the air going out of the global bond market. There is no more ominous sound in the world than that, because – as Andrew Haldar of the Bank of England explained to a parliamentary committee last week, and was quoted in this column – the world's leading central banks have been engaged for the last four years or more in creating the biggest financial bubble in the history of markets, and they did so in the government bond markets.

If, therefore, one or more of the big central banks – certainly if the biggest one, the US Federal Reserve – says it will desist from making the bubble ever bigger, indeed it will start reducing the flow of new money into the markets that created the bubble and has kept it expanding, then that is the bubble's death-knell. Everyone hearing that pronouncement, which was most officially declared by Fed Chairman Ben Bernanke on Wednesday but had been widely previewed by Bernanke and his colleagues on numerous occasions over the previous month, must react by adjusting, if not reversing totally, their investment strategy, activity and portfolio.

This adjustment process is what has caused the massive sell-off in global markets – all markets, including equities, government and corporate bonds of every level of quality, commodities and other assets – over the last couple of days. It is more than likely that it has much further to go and that over the course of the coming days and weeks we will see the largest and most violent “correction” in the markets since the summer of 2011.

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It is also possible that these falls mark the onset of something much bigger than a mere correction, however sharp. It is possible that we are in the early stages of another global market collapse, on a par with or greater than that of 2008-

Cukierman to open \$200 million Israel-China investment fund

EXCLUSIVE

• By NIV ELIS

Cukierman and Co. Investment House is in the advanced stages of establishing a \$200 million fund for investing in Israeli companies that will operate in China, chairman Edouard Cukierman told *The Jerusalem Post* Thursday.

“We’re planting the seeds that will allow us to build the bridge from Israel to China,” he said.

Despite heavily selling Israel’s “start-up nation” brand, the fund will invest solely in mature companies. Most of the money will come from Chinese investors and traditional investors from the company’s Catalyst fund investors, he said.

Cukierman spoke during the company’s “GoForIsrael2” trip, which in association with the Foreign Ministry brought a high-level delegation of business leaders from China to build ties in Israel. The event is an offshoot of its “GoForEurope” series that sought deeper business connections between Israel and Europe and is an indication it is starting to shift its focus.

“We see the trend as more acquisitions from China than from Europe or America,” Cukierman said. “It may take a decade, but that’s the obvious trend.”

Antony K. Leung, Blackstone’s chairman for greater China and a member of the delegation, said, “China has the market; you have the technology.”

Cukierman initiated the GoForIsrael event at the insistence of Ronnie Chan, the chairman of the Hang Lung Group, among the Hong Kong’s largest real-estate developers.

Chan spoke Wednesday evening on an economic panel at the Presidential Conference alongside outgoing Bank



EDOUARD CUKIERMAN (center) is flanked by Prof. Manuel Trajtenberg (left) and Ronnie Chan (right) with other delegates at the GoForIsrael conference in Tel Aviv yesterday. (Niv Elis)

of Israel Governor Stanley Fischer and former US treasury secretary Larry Summers. Israel increasingly needed to look toward Asia, he said.

“How can you talk about a tomorrow without Asia? Europe is important, America is important, but Asia is increasingly important,” Chan said, citing a lack of Asians in attendance at the conference.

Over the past 20 years, China lifted 600 million people out of poverty and into the middle class, creating a new

boom in demand for products, Chan said. As that process continues and China goes forward with plans to urbanize 250 million people by 2050, there will be extraordinary demand, both by people and the government, for innovative technology, he said, adding, “China loves Israel partly because of your technology.”

The picture is not entirely rosy, Chan said, because the mobility and technological changes also bring increased risks of social and political instability,

though it is unclear when or how it will surface.

“In the meantime, it’s gonna boom like hell,” he said, adding that as a businessman, he can’t afford to miss that opportunity.

Cukierman gave another reason that China can be an attractive market for Israel as compared to Europe.

“I’ve experienced difficulty in selling Israel to Europe because of the geopolitical situation,” he said. “I have never heard the issue raised once in China.”

Fischer successor