

Is the Slowdown Upon Us?

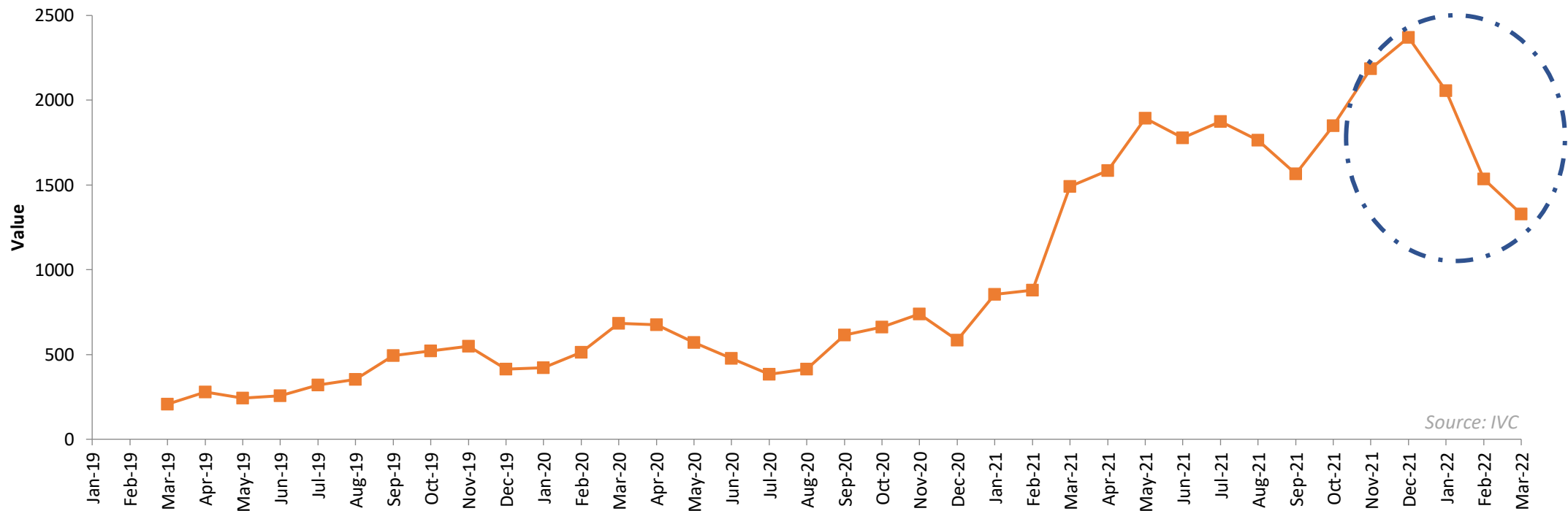
IVC will publish its Q1/2022 Israeli Tech Review in two weeks, with verified numbers and analysis for Q1

Looking at the valuation annihilation in the Growth Sector in the public market, many assume it is just a matter of time before some ramification will reach the private (startup companies) tech investments. The end of Q1/2022 is a good opportunity to relate to this issue, with an historical perspective.

Usually, the effects of a downtrend in Wall St. are inflected almost immediately in the investment trend across the Israeli tech. In the last economic shakeup, during 2008-2009, the pattern was very clear. It took the NASDAQ Index from Aug. 2008 to Jan. 2010 to regain the level it was at before the Lehman Brothers' collapse. Once matched with the Israeli average monthly tech investments for the same period, the same pattern emerged with a lag of 1-2 month.

When compared with the pattern we see today, after 4-5 months of decreasing valuations in NASDAQ, the pattern looks very similar to what we saw in the end of 2008 (The Blue Ovals in the Plots). Yet, it remains to be seen how the current public valuations' drop will play out in the tech scene.

Israeli Tech Investments (>20\$m) | Jan/2019 – Mar/2022 (3 Months Moving Average)*

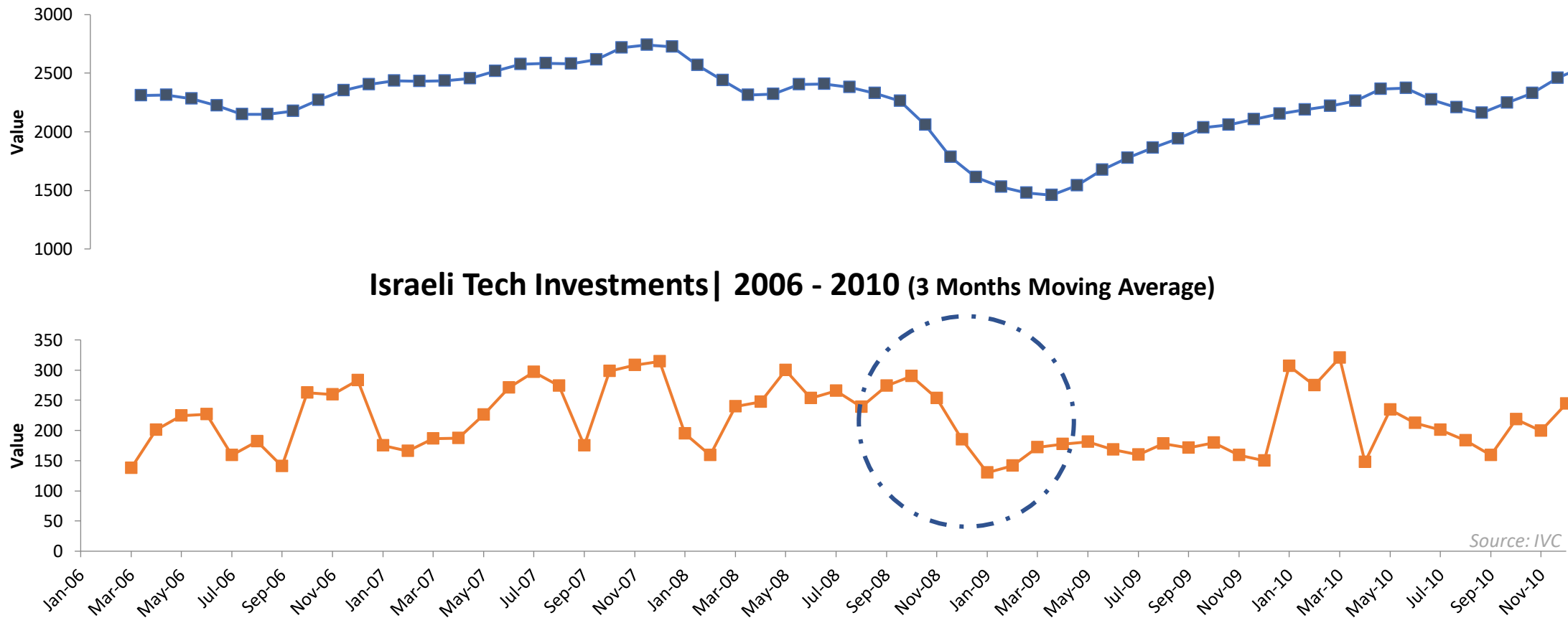


Source: IVC

*Since the monthly tech investments are highly volatile, we use three months Moving Average to smooth the data for both NASDAQ and Israeli Tech investments.

2006 – 2010: Israeli Tech Investments VS NASDAQ

Nasdaq | 2006 - 2010 (3 Months Moving Average)



Source: IVC