

**COMING OF AGE**

Israel's graduation to "developed market" status in the Morgan Stanley Capital International Index in May 2010 is a tribute to the country's decision to open its economy to competition and globalization. However, according to a new report from the Milken Institute, the new status brings new challenges, including the potential for losing billions in foreign equity investment. Businesses, government agencies and capital-market regulators will all need to step up to the plate to make this work to Israel's advantage.

"The reclassification is a testament to Israel's success," explained Glenn Yago, director of capital studies at the Milken Institute and head of the Institute's Israel Center. "The potential outflows and stock reductions could negatively impact Israeli market liquidity in the short term, increase the cost of capital, and reduce overall portfolio investment. Increasing transparency and liquidity can help Israel overcome these new hurdles and are required to attract international investors."

Check out the report at [www.milkeninstitute.org](http://www.milkeninstitute.org).

**TEXAS HOLDS 'EM**

Texas metros, led by Austin, claimed four of the top five spots in the newly released 2009 Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index. What's more, the Lone Star state bagged a total of nine out of the top-16 cities!

How'd they do it? Leaders in the index, which ranks the ability to create and sustain jobs, all succeeded by ducking the worst of the recession. Diversification (preferably with medical and federal government services)

helped, as did a low dependence on construction. Austin, the first metro to repeat at the top of the heap (it was also No. 1 in 2000), has been led by its strong tech industry.

The biggest decliners, including multiple cities in Florida and California, continue to experience the fallout from the housing meltdown. Michigan metros are mired among the nation's weakest performers, with heavy losses in durable goods manufacturing (e.g., autos).

The 2009 top 10 performers (with 2008 rankings) among the 200 largest metros:

1. Austin-Round Rock, Tex. (4)
2. Killeen-Temple-Fort Hood, Tex. (13)
3. Salt Lake City, Utah (3)
4. McAllen-Edinburg-Mission, Tex. (7)
5. Houston-Sugar Land-Baytown, Tex. (16)
6. Durham, NC (21)
7. Olympia, Wash. (9)
8. Huntsville, Ala. (5)
9. Lafayette, La. (14)
10. Raleigh-Cary, NC (2)

Rankings for all 324 metros are available at [www.milkeninstitute.org](http://www.milkeninstitute.org).

**IT'S THAT TIME AGAIN**

The 2010 Milken Institute Global Conference will be here before you know it. The annual gathering will take place April 26-28 at the Beverly Hilton in Los Angeles, and promises an outstanding lineup of leaders from business and finance, health and medical research, government education, energy and philanthropy. The focus – as ever – is on solutions to the great problems of the day, ranging from reviving the global economy to coping with climate change.

For more info, go to [www.milkeninstitute.org/gc2010](http://www.milkeninstitute.org/gc2010).