



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

UAE Monthly Monetary Survey - March 2014 -

Previous Monetary Surveys

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|------------------|-----------------|
| - December 2013 | - January 2014 |
| - November 2013 | - February 2014 |
| - October 2013 | |
| - September 2013 | |
| - August 2013 | |
| - July 2013 | |
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| - May 2013 | |
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Related Publications

- UAE Central Bank Monthly Statistical Bulletin, December 2013
- UAE Monetary Developments Report, 4th Quarter 2013 (Arabic)
- Governor's Speech on Strengthening Financial Sector Supervision and Current Regulatory Priorities (MENA Region) - 2013, Abu Dhabi, November 2013
- Governor's Speech at the Global Financial Markets Forum 2013 – Abu Dhabi, February 2013

Monetary Developments ^(*)

Money supply M_0 increased from AED 64.2 billion at the end of February 2014 to AED 65.3 billion at the end of March of the same year (1.7%), while M_1 increased from AED 396.6 billion to AED 412.0 billion (3.9%), M_2 increased from AED 1,072.4 billion to AED 1,124.3 billion (4.8%), and M_3 increased from AED 1,243.5 billion to AED 1,280.2 billion (3.0%). During the first three months of 2014, there has been an increase of 2.2% in M_0 , 8.5% in M_1 , 6.4% in M_2 and 4.9% in M_3 .

The Money Multiplier

The money multiplier indicates by how much the money supply will grow following an increase of 1 billion Dirhams in the monetary base (currency in circulation + commercial banks' reserves at the Central Bank + certificates of deposit).

The multiplier of M_1 increased from at 1.4 at the end of February 2014 to 1.5 at the end of March 2014, while the multiplier of M_2 increased from 3.9 to 4.0 during the same period. However, the money multiplier of M_3 remained at 4.5 i.e., at the same level of the previous month. The increase in the money multiplier of M_2 and M_3 was mainly due to an increase in monetary aggregate M_1 by AED 15.4 billion and monetary aggregate M_2 by AED 51.9 billion, which offset an increase in monetary base of AED 8.8 billion during the month of March 2014.

(*) The monetary aggregates are defined in footnote of Table 1

Table 1. UAE Monthly Monetary Survey (March 2014)
(End of period, billions of Dirhams)

	December 2013	February 2014	March 2014	Change in March		Change during the first three months of 2014	
				In billions of Dirhams	%	In billions of Dirhams	%
Money Supply M₀	63.9	64.2	65.3	1.1	1.7	1.4	2.2
Currency in Circulation	50.4	52.9	53.4	0.5	0.9	3.0	6.0
Monetary Deposits(*)	329.1	343.7	358.6	14.9	4.3	29.5	9.0
Money Supply M₁	379.6	396.6	412.0	15.4	3.9	32.4	8.5
Quasi Monetary Deposits(**)	677.2	675.7	712.3	36.6	5.4	35.1	5.2
Money Supply M₂	1,056.8	1,072.4	1,124.3	51.9	4.8	67.5	6.4
Government Deposits	163.1	171.1	156.0	-15.1	-8.8	-7.1	-4.4
Money Supply M₃	1,219.9	1,243.5	1,280.2	36.7	3.0	60.3	4.9

N.B. Data for 2013 and 2014 are estimates subject to revision

M₀ = Currency in Circulation + Currency at Banks

M₁ = Currency in Circulation + Monetary Deposits

M₂ = M₁ + Quasi Monetary Deposits

M₃ = M₂ + Government Deposits

(*)Monetary Deposits: all short-term deposits on which bank customer can withdraw without prior notice

()Quasi-Monetary Deposits: Resident Time and Savings Deposits in Dirham + Commercial Prepayments in Dirham + Resident Deposits in foreign currencies**

**Table 2. Money Multiplier in the UAE
(End of period, billions of Dirhams)**

	December 2013	February 2014	March 2014	Change in March 2014	
				In billions of Dirhams	% Change
Monetary Base	264.7	274.3	283.1	8.8	3.2
- Currency in Circulation	50.4	52.9	53.4	0.5	0.9
- Reserve Requirements	87.8	90.9	91.4	0.5	0.6
- Banks Current Accounts at CBUAE (Net)	18.6	15.2	19.1	3.9	25.7
- Certificates of Deposit (Net of Lending)	107.9	115.3	119.2	11.3	10.5
Money Supply (M ₁)	379.6	396.6	412.0	15.4	3.9
Money Multiplier of M₁ (M₁/Monetary Base)	1.4	1.4	1.5	-	-
Money Supply (M ₂)	1,056.8	1,072.4	1,124.3	51.9	4.8
Money Multiplier of M₂ (M₂/Monetary Base)	4.0	3.9	4.0	-	-
Money Supply (M ₃)	1,219.9	1,243.5	1,280.2	36.7	3.0
Money Multiplier of M₃ (M₃/Monetary Base)	4.6	4.5	4.5	-	-

N.B. Data for 2013 and 2014 are estimates subject to revision