



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

UAE Monthly Monetary Survey - June 2012 -

Previous Monetary Surveys	
-	May 2012
-	April 2012
-	March 2012
-	February 2012
-	December 2011
-	November 2011
-	June 2011
-	May 2011
-	April 2011
-	March 2011
-	February 2011
-	January 2011

Related Publications	
-	Governor's Speech on "Corporate Governance" – Abu Dhabi, 14 March 2012
-	Governor's Speech: First Annual World Islamic Banking Conference - Singapore, 14 June 2010
-	Governor's Speech on "The Regulatory Partnerships for Sustained Growth in MENASA AREA" - Dubai, 24 May 2010
-	UAE Central Bank Monthly Statistical Bulletin, March 2012
-	UAE Monetary Developments Report, 1st Quarter 2012 (Arabic)

Monetary Developments ^(*)

Money supply M_0 decreased from AED 53.8 billion at the end of May 2012 to AED 53.1 billion at the end of June of the same year (-1.3%), while M_1 increased from AED 281.7 billion to AED 284.3 billion (0.9%), M_2 decreased from AED 832.1 billion to AED 827.1 billion (-0.6%), and M_3 decreased from AED 1,055.7 billion to AED 1,028.6 billion (-2.6%). During the first six months of 2012, M_0 increased by 1.9%, M_1 by 7.6%, M_2 by 0.2% and M_3 by 2.7%.

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).

This multiplier of M_2 decreased from 4.1 at the end of May 2012 to 3.9 as at the end of June 2012, mainly as a result of an increase in banks' current accounts at the Central Bank.

(*) Monetary aggregates are defined in footnote of Table 1

Table 1. UAE Monthly Monetary Survey (June 2012)
(End of period, billions of Dirhams)

	December 2011	May 2012	June 2012	Change in June		Change during the first 6 months of 2012		
				In billions of Dirhams	%	In billions of Dirhams	%	Annualized in %
Money Supply M₀	52.1	53.8	53.1	-0.7	-1.3	1.0	1.9	3.9
-Currency in Circulation	41.6	43.4	43.4	0.0	0.0	1.8	4.3	8.8
-Monetary Deposits(*)	222.5	238.3	240.9	2.6	1.1	18.4	8.3	17.2
Money Supply M₁	264.1	281.7	284.3	2.6	0.9	20.2	7.6	15.9
-Quasi Monetary Deposits(**)	561.7	550.4	542.8	-7.6	-1.4	-18.9	-3.4	-6.6
Money Supply M₂	825.8	832.1	827.1	-5.0	-0.6	1.3	0.2	0.3
-Government Deposits	175.6	223.6	201.5	-22.1	-9.9	25.9	14.7	31.7
Money Supply M₃	1,001.4	1,055.7	1,028.6	-27.1	-2.6	27.2	2.7	5.5

N.B. Data for December 2011 and 2012 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 2011	May 2012	June 2012	Change in June 2012	
				In billions of Dirhams	% change
Monetary Base	197.9	202.9	211.1	8.2	4.0
- Currency in Circulation	41.6	43.4	43.4	0.0	0.0
- Reserve Requirements	62.8	65.7	67.9	2.2	3.6
- Banks Current Accounts at CBUAE (Net)	13.5	11.2	20.5	9.3	83.0
- Certificates of Deposits (Net of Lending)	80.0	82.6	79.3	-3.3	-4.0
Money Supply (M_1)	264.1	281.7	284.3	2.6	0.9
Money Multiplier of M_1 (M_1/Monetary Base)	1.3	1.4	1.3	--	--
Broad Money Supply (M_2)	825.8	832.1	827.1	-5.0	-0.6
Money Multiplier of M_2 (M_2/Monetary Base)	4.2	4.1	3.9	--	--