



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

UAE Monthly Monetary Survey - March 2013 -

Previous Monetary Surveys	
-	December 2012
-	November 2012
-	October 2012
-	September 2012
-	August 2012
-	July 2012
-	June 2012
-	May 2012
-	April 2012
-	March 2012
-	February 2012

Related Publications	
-	Governor's Speech at the Global Financial Markets Forum 2013 – Abu Dhabi, February 2013
-	Governor's Speech on "Recent Policy Developments For Strengthening The Resilience of The Financial Sector" – Abu Dhabi, 27 November 2012
-	UAE Central Bank Monthly Statistical Bulletin, October 2012
-	UAE Monetary Developments Report, 3 rd Quarter 2012 (Arabic)
-	Governor's Speech on "Corporate Governance" – Abu Dhabi, 14 March 2012
-	Governor's Speech: First Annual World Islamic Banking Conference - Singapore, 14 June 2010

Monetary Developments ^(*)

Money supply M_0 increased from AED 58.8 billion at the end of February 2013 to AED 59.4 billion at the end of March of the same year (1.0%), while M_1 increased from AED 317.4 billion to AED 327.4 billion (3.2%), M_2 from AED 905.9 billion to AED 915.3 billion (1.0%) and M_3 increased from AED 1,131.4 billion to AED 1,154.7 billion (2.0%).

During the first quarter of 2013, M_0 increased by 2.8%, M_1 by 9.4%, M_2 by 6.1% and M_3 by 6.6%.

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_2 increased from 3.7 at the end of February 2013 to 3.8 at the end of March 2013, while the multiplier of M_3 increased from 4.7 to 4.8 during the same period. This was due to an increase in M_2 and M_3 on the one hand and to a decrease in the Monetary Base on the other hand, due to a decrease in certificates of deposit by AED 1.3 billion, and a decrease in banks' current accounts, at CBUAE, by AED 2.6 billion.

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

**Table 1. UAE Monthly Monetary Survey (March 2013)
(End of period, billions of Dirhams)**

				Change in March		Change during the year 2013	
	December 2012	February 2013	March 2013	In billions of Dirhams	%	In billions of Dirhams	%
Money Supply M₀	57.8	58.8	59.4	0.6	1.0	1.6	2.8
-Currency in Circulation	45.6	47.7	48.4	0.7	1.5	2.8	6.1
-Monetary Deposits(*)	253.6	269.7	279.0	9.3	3.5	25.4	10.0
Money Supply M₁	299.2	317.4	327.4	10.0	3.2	28.2	9.4
-Quasi Monetary Deposits(**)	563.2	588.5	587.9	-0.6	-0.1	24.7	4.4
Money Supply M₂	862.4	905.9	915.3	9.4	1.0	52.9	6.1
-Government Deposits	220.7	225.8	239.4	13.6	6.0	18.7	8.5
Money Supply M₃	1,083.1	1,131.7	1,154.7	23.0	2.0	71.6	6.6

N.B. Data for December 2012 and 2013 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 2012	February 2013	March 2013	Change in March 2013	
				In billions of Dirhams	% change
Monetary Base	223.7	242.5	239.5	-3.0	-1.2
- Currency in Circulation	45.6	47.7	48.4	0.7	1.5
- Reserve Requirements	70.4	72.7	72.9	0.2	0.3
- Banks Current Accounts at CBUAE (Net)	12.3	16.0	13.4	-2.6	-16.3
- Certificates of Deposits (Net of Lending)	95.4	106.1	104.8	-1.3	-1.2
Money Supply (M ₁)	299.2	317.4	327.4	10.0	3.2
Money Multiplier of M₁ (M₁/Monetary Base)	1.3	1.3	1.4	-	-
Money Supply (M ₂)	862.4	905.9	915.3	9.4	1.0
Money Multiplier of M₂ (M₂/Monetary Base)	3.9	3.7	3.8	-	-
Money Supply (M ₃)	1,083.1	1,131.7	1,154.7	23.0	2.0
Money Multiplier of M₃ (M₃/Monetary Base)	4.8	4.7	4.8	-	-