



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

## UAE Monthly Monetary Survey - February 2013 -

### Previous Monetary Surveys

- |                                                                                                                                                                                                                                                                                            |                                                                |
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| <ul style="list-style-type: none"><li>- December 2012</li><li>- November 2012</li><li>- October 2012</li><li>- September 2012</li><li>- August 2012</li><li>- July 2012</li><li>- June 2012</li><li>- May 2012</li><li>- April 2012</li><li>- March 2012</li><li>- February 2012</li></ul> | <ul style="list-style-type: none"><li>- January 2013</li></ul> |
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### 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<sup>rd</sup> Quarter 2012 (Arabic)
- Governor's Speech on "Corporate Governance" – Abu Dhabi, 14 March 2012

## Monetary Developments <sup>(\*)</sup>

Money supply  $M_0$  increased from AED 57.9 billion at the end of January 2013 to AED 58.8 billion at the end of February of the same year (1.6%), while  $M_1$  increased from AED 306.0 billion to AED 317.4 billion (3.7%),  $M_2$  from AED 875.1 billion to AED 905.9 billion (3.5%) and  $M_3$  increased from AED 1,104.8 billion to AED 1,131.7 billion (2.4%).

During the first two months of 2013,  $M_0$  increased by 1.7%,  $M_1$  by 6.1%,  $M_2$  by 5.0% and  $M_3$  by 4.5%.

## 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  $M_1$  remained at 1.3, i.e., at the same level of the previous month, while the multiplier of  $M_2$  decreased from 3.8 to 3.7 and the multiplier of  $M_3$  decreased from 4.8 to 4.7, during the same period. This decrease in the money multipliers of  $M_2$  and  $M_3$  was mainly due to an increase in Monetary Base resulting from an overall increase in Currency in Circulation by AED 0.8 billion, Reserve Requirements by AED 0.7 billion, Banks' Current Accounts at CBUAE (Net) by AED 5.3 billion and Certificates of Deposit (Net of Lending) by AED 3.3 billion.

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

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

				Change in February		Change during the year 2013	
	December 2012	January 2013	February 2013	In billions of Dirhams	%	In billions of Dirhams	%
<b>Money Supply M<sub>0</sub></b>	<b>57.8</b>	<b>57.9</b>	<b>58.8</b>	<b>0.9</b>	<b>1.6</b>	<b>1.0</b>	<b>1.7</b>
-Currency in Circulation	45.6	46.9	47.7	0.8	1.7	2.1	4.6
-Monetary Deposits(*)	253.6	259.1	269.7	10.6	4.1	16.1	6.3
<b>Money Supply M<sub>1</sub></b>	<b>299.2</b>	<b>306.0</b>	<b>317.4</b>	<b>11.4</b>	<b>3.7</b>	<b>18.2</b>	<b>6.1</b>
-Quasi Monetary Deposits(**)	563.2	569.1	588.5	19.4	3.4	25.3	4.5
<b>Money Supply M<sub>2</sub></b>	<b>862.4</b>	<b>875.1</b>	<b>905.9</b>	<b>30.8</b>	<b>3.5</b>	<b>43.5</b>	<b>5.0</b>
-Government Deposits	220.7	229.7	225.8	-3.9	-1.7	5.1	2.3
<b>Money Supply M<sub>3</sub></b>	<b>1,083.1</b>	<b>1,104.8</b>	<b>1,131.7</b>	<b>26.9</b>	<b>2.4</b>	<b>48.6</b>	<b>4.5</b>

**N.B. Data for December 2012 and 2013 are estimates subject to revision**

M<sub>0</sub> = Currency in Circulation + Currency at Banks

M<sub>1</sub> = Currency in Circulation + Monetary Deposits

M<sub>2</sub> = M<sub>1</sub> + Quasi Monetary Deposits

M<sub>3</sub> = M<sub>2</sub> + 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	January 2013	February 2013	Change in February 2013	
				In billions of Dirhams	% change
<b>Monetary Base</b>	<b>223.7</b>	<b>232.4</b>	<b>242.5</b>	<b>10.1</b>	<b>4.3</b>
- Currency in Circulation	45.6	46.9	47.7	0.8	1.7
- Reserve Requirements	70.4	72.0	72.7	0.7	1.0
- Banks Current Accounts at CBUAE (Net)	12.3	10.7	16.0	5.3	49.5
- Certificates of Deposit (Net of Lending)	95.4	102.8	106.1	3.3	3.2
Money Supply (M <sub>1</sub> )	299.2	306.8	317.4	10.6	3.5
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	-	-
Money Supply (M <sub>2</sub> )	862.4	875.1	905.9	30.8	3.5
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>3.9</b>	<b>3.8</b>	<b>3.7</b>	-	-
Money Supply (M <sub>3</sub> )	1,083.1	1,104.8	1,131.7	26.9	2.4
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.8</b>	<b>4.8</b>	<b>4.7</b>	-	-