



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

## UAE Monthly Monetary Survey - February 2014 -

### Previous Monetary Surveys

- |                  |                |
|------------------|----------------|
| - December 2013  | - January 2014 |
| - November 2013  |                |
| - October 2013   |                |
| - September 2013 |                |
| - August 2013    |                |
| - July 2013      |                |
| - June 2013      |                |
| - May 2013       |                |
| - April 2013     |                |
| - March 2013     |                |

### Related Publications

- UAE Central Bank Monthly Statistical Bulletin, December 2013
- UAE Monetary Developments Report, 4<sup>th</sup> 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 <sup>(\*)</sup>**

Money supply  $M_0$  increased from AED 63.5 billion at the end of January 2014 to AED 64.2 billion at the end of February of the same year (1.1%), while  $M_1$  increased from AED 389.2 billion to AED 396.6 billion (1.9%),  $M_2$  increased from AED 1,058.9 billion to AED 1,072.4 billion (1.3%), and  $M_3$  increased from AED 1,232.8 billion to AED 1,243.5 billion (0.9%).

### **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  $M_1$  and  $M_3$  remained unchanged at 1.4 and 4.5 respectively, at the end of January and February 2014, while the multiplier of  $M_2$  increased from 3.8 to 3.9 during the same period. The increase in the money multiplier of  $M_2$  was mainly due to a decrease in Monetary Base resulting from a decrease in Banks' Current Accounts at CBUAE by AED 2.5 billion and in Certificates of Deposit purchased by banks from the CBUAE by AED 1.1 billion.

---

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

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

	December 2013	January 2014	February 2014	Change in February		Change during the first two months of 2014	
				In billions of Dirhams	%	In billions of Dirhams	%
<b>Money Supply M<sub>0</sub></b>	<b>63.9</b>	<b>63.5</b>	<b>64.2</b>	<b>0.7</b>	<b>1.1</b>	<b>0.3</b>	<b>0.5</b>
Currency in Circulation	50.4	52.1	52.9	0.8	1.5	2.5	5.0
Monetary Deposits(*)	329.1	337.1	343.7	6.6	2.0	14.6	4.4
<b>Money Supply M<sub>1</sub></b>	<b>379.6</b>	<b>389.2</b>	<b>396.6</b>	<b>7.4</b>	<b>1.9</b>	<b>17.0</b>	<b>4.5</b>
Quasi Monetary Deposits(**)	677.2	669.7	675.7	6.0	0.9	-1.5	-0.2
<b>Money Supply M<sub>2</sub></b>	<b>1,056.8</b>	<b>1,058.9</b>	<b>1,072.4</b>	<b>13.5</b>	<b>1.3</b>	<b>15.6</b>	<b>1.5</b>
Government Deposits	163.1	173.8	171.1	-2.7	-1.6	8.0	4.9
<b>Money Supply M<sub>3</sub></b>	<b>1,219.9</b>	<b>1,232.8</b>	<b>1,243.5</b>	<b>10.7</b>	<b>0.9</b>	<b>23.6</b>	<b>1.9</b>

**N.B. Data for 2013 and 2014 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 2013	January 2014	February 2014	Change in February 2014	
				In billions of Dirhams	% Change
<b>Monetary Base</b>	<b>264.7</b>	<b>275.5</b>	<b>274.3</b>	<b>-1.2</b>	<b>-0.4</b>
- Currency in Circulation	50.4	52.1	52.9	0.8	1.5
- Reserve Requirements	87.8	89.3	90.9	1.6	1.8
- Banks Current Accounts at CBUAE (Net)	18.6	17.7	15.2	-2.5	-14.1
- Certificates of Deposit (Net of Lending)	107.9	116.4	115.3	-1.1	-0.9
Money Supply (M <sub>1</sub> )	379.6	389.2	396.6	7.4	1.9
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	-	-
Money Supply (M <sub>2</sub> )	1,056.8	1,058.9	1,072.4	13.5	1.3
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>4.0</b>	<b>3.8</b>	<b>3.9</b>	-	-
Money Supply (M <sub>3</sub> )	1,219.9	1,232.8	1,243.5	10.7	0.9
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>	-	-

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