



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

UAE Monthly Monetary Survey - January 2014 -

Previous Monetary Surveys

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|------------------|------------------|
| - December 2012 | - December 2013 |
| - November 2012 | - November 2013 |
| - October 2012 | - October 2013 |
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| - August 2012 | - August 2013 |
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Related Publications

- UAE Central Bank Monthly Statistical Bulletin, September 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 decreased from AED 63.9 billion at the end of December 2013 to AED 63.5 billion at the end of January 2014 (-0.6%), while M_1 increased from AED 379.6 billion to AED 389.2 billion (2.5%), M_2 increased from AED 1,056.8 billion to AED 1,058.9 billion (0.2%), and M_3 increased from AED 1,219.9 billion to AED 1,232.8 billion (1.1%).

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 unchanged at 1.4 at the end of January 2014, i.e., at the same level of the previous month, while the multiplier of M_2 decreased from 4.0 to 3.8 and the multiplier of M_3 decreased from 4.6 to 4.5 during the same period. The decrease in the money multipliers of M_2 and M_3 was mainly due to a high increase in the Monetary Base resulting from an increase in Currency in Circulation by AED 1.7 billion, Reserve Requirements by AED 1.5 billion and Certificates of Deposit purchased by banks from the Central Bank by AED 8.5 billion.

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

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

	December 2013	January 2014	Change in January	
			In billions of Dirhams	%
Money Supply M₀	63.9	63.5	-0.4	-0.6
Currency in Circulation	50.4	52.1	1.7	3.4
Monetary Deposits(*)	329.1	337.1	8.0	2.4
Money Supply M₁	379.6	389.2	9.6	2.5
Quasi Monetary Deposits(**)	677.2	669.7	-7.5	-1.1
Money Supply M₂	1,056.8	1,058.9	2.1	0.2
Government Deposits	163.1	173.8	10.7	6.6
Money Supply M₃	1,219.9	1,232.8	12.9	1.1

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	January 2014	Change in January 2014	
			In billions of Dirhams	% Change
Monetary Base	264.7	275.5	10.8	4.1
- Currency in Circulation	50.4	52.1	1.7	3.4
- Reserve Requirements	87.8	89.3	1.5	1.7
- Banks Current Accounts at CBUAE (Net)	18.6	17.7	-0.9	-4.8
- Certificates of Deposit (Net of Lending)	107.9	116.4	8.5	7.9
Money Supply (M ₁)	379.6	389.2	9.6	2.5
Money Multiplier of M₁ (M₁/Monetary Base)	1.4	1.4	-	-
Money Supply (M ₂)	1,056.8	1,058.9	2.1	0.2
Money Multiplier of M₂ (M₂/Monetary Base)	4.0	3.8	-	-
Money Supply (M ₃)	1,219.9	1,232.8	12.9	1.1
Money Multiplier of M₃ (M₃/Monetary Base)	4.6	4.5	-	-

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