



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

## UAE Monthly Monetary Survey - June 2014 -

### Previous Monetary Surveys

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

### Related Publications

- UAE Central Bank Monthly Statistical Bulletin, March 2014
- 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  $M_0$  decreased from AED 69.1 billion at the end of May 2014 to AED 67.8 billion at the end of June of the same year (-1.9%), while  $M_1$  increased from AED 428.5 billion to AED 434.3 billion (1.4%),  $M_2$  increased from AED 1,125.9 billion to AED 1,142.6 billion (1.5%), and  $M_3$  increased from AED 1,318.2 billion to AED 1,328.4 billion (0.8%). During the first six months of 2014, there has been an increase of 6.1% in  $M_0$ , 14.4% in  $M_1$ , 8.1% in  $M_2$  and 8.9% in  $M_3$ .

### 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 money multiplier of  $M_1$  decreased from 1.51 at the end of May 2014 to 1.50 at the end of June of the same year, whereas the multiplier of  $M_2$  decreased from 3.97 to 3.94 and the multiplier of  $M_3$  decreased from 4.65 to 4.58, during the same period. The said decrease in the money multipliers was mainly due to an increase in the monetary base, following the increase in Certificates of Deposit (Net of Lending) by AED 12.9 billion.

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

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

	December 2013	May 2014	June 2014	Change in June		Change during the first six months of 2014	
				In billions of Dirhams	%	In billions of Dirhams	%
<b>Money Supply M<sub>0</sub></b>	<b>63.9</b>	<b>69.1</b>	<b>67.8</b>	<b>-1.3</b>	<b>-1.9</b>	<b>3.9</b>	<b>6.1</b>
Currency in Circulation	50.4	56.7	54.9	-1.8	-3.2	4.5	8.9
Monetary Deposits(*)	329.1	371.8	379.4	7.6	2.0	50.3	15.3
<b>Money Supply M<sub>1</sub></b>	<b>379.6</b>	<b>428.5</b>	<b>434.3</b>	<b>5.8</b>	<b>1.4</b>	<b>54.7</b>	<b>14.4</b>
Quasi Monetary Deposits(**)	677.2	697.4	708.3	10.9	1.6	31.1	4.6
<b>Money Supply M<sub>2</sub></b>	<b>1,056.8</b>	<b>1,125.9</b>	<b>1,142.6</b>	<b>16.7</b>	<b>1.5</b>	<b>85.8</b>	<b>8.1</b>
Government Deposits	163.1	192.3	185.8	-6.5	-3.4	22.7	13.9
<b>Money Supply M<sub>3</sub></b>	<b>1,219.9</b>	<b>1,318.2</b>	<b>1,328.4</b>	<b>10.2</b>	<b>0.8</b>	<b>108.5</b>	<b>8.9</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	May 2014	June 2014	Change in June 2014	
				In billions of Dirhams	% Change
<b>Monetary Base</b>	<b>264.7</b>	<b>283.7</b>	<b>290.1</b>	<b>6.4</b>	<b>2.3</b>
- Currency in Circulation	50.4	56.7	54.9	-1.8	-3.2
- Reserve Requirements	87.8	97.0	98.6	1.6	1.6
- Banks Current Accounts at CBUAE (Net)	18.6	17.2	10.9	-6.3	-36.6
- Certificates of Deposit (Net of Lending)	107.9	112.8	125.7	12.9	11.4
Money Supply (M <sub>1</sub> )	379.6	428.5	434.3	5.8	1.4
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.43</b>	<b>1.51</b>	<b>1.50</b>	-	-
Money Supply (M <sub>2</sub> )	1,056.8	1,125.9	1,142.6	16.7	1.5
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>3.99</b>	<b>3.97</b>	<b>3.94</b>	-	-
Money Supply (M <sub>3</sub> )	1,219.9	1,318.2	1,328.4	10.2	0.8
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.61</b>	<b>4.65</b>	<b>4.58</b>	-	-

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