



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

## UAE Monthly Monetary Survey - April 2013 -

Previous Monetary Surveys	
- December 2012	- March 2013
- 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 <sup>rd</sup> 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 <sup>(\*)</sup>

Money supply  $M_0$  decreased from AED 59.4 billion at the end of March 2013 to AED 58.8 billion at the end of April of the same year (-1.0%), while  $M_1$  increased from AED 327.4 billion to AED 336.0 billion (2.6%),  $M_2$  decreased from AED 915.3 billion to AED 909.0 billion (-0.7%) and  $M_3$  increased from AED 1,154.7 billion to AED 1,173.6 billion (1.6%).

During the first four months of 2013,  $M_0$  increased by 1.7%,  $M_1$  by 12.3%,  $M_2$  by 5.4% and  $M_3$  by 8.4%.

## 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 3.8 at the end of March 2013 to 3.9 at the end of April 2013, while the multiplier of  $M_3$  increased from 4.8 to 5.1 during the same period. The increase in  $M_2$  multiplier was mainly due to a decrease in the banks' current account at CBUAE, by AED 4.9 billion and a decrease in the certificates of deposit by AED 6.0 billion, resulting in overall decrease in monetary base by AED 8.1 billion, while the increase in the multiplier of  $M_3$  was due to an increase in the latter by AED 18.9 billion and the previously indicated decrease in banks' current accounts at CBUAE and the certificates of deposit.

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

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

				Change in April		Change during the year 2013	
	December 2012	March 2013	April 2013	In billions of Dirhams	%	In billions of Dirhams	%
<b>Money Supply M<sub>0</sub></b>	<b>57.8</b>	<b>59.4</b>	<b>58.8</b>	<b>-0.6</b>	<b>-1.0</b>	<b>1.0</b>	<b>1.7</b>
-Currency in Circulation	45.6	48.4	48.0	-0.4	-0.8	2.4	5.3
-Monetary Deposits(*)	253.6	279.0	288.1	9.1	3.3	34.5	13.6
<b>Money Supply M<sub>1</sub></b>	<b>299.2</b>	<b>327.4</b>	<b>336.0</b>	<b>8.6</b>	<b>2.6</b>	<b>36.8</b>	<b>12.3</b>
-Quasi Monetary Deposits(**)	563.2	587.9	573.0	-14.9	-2.5	9.8	1.7
<b>Money Supply M<sub>2</sub></b>	<b>862.4</b>	<b>915.3</b>	<b>909.0</b>	<b>-6.3</b>	<b>-0.7</b>	<b>46.6</b>	<b>5.4</b>
-Government Deposits	220.7	239.4	264.6	25.2	10.5	43.9	19.9
<b>Money Supply M<sub>3</sub></b>	<b>1,083.1</b>	<b>1,154.7</b>	<b>1,173.6</b>	<b>18.9</b>	<b>1.6</b>	<b>90.5</b>	<b>8.4</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	March 2013	April 2013	Change in April 2013	
				In billions of Dirhams	% change
<b>Monetary Base</b>	<b>223.7</b>	<b>239.5</b>	<b>231.4</b>	<b>-8.1</b>	<b>-3.4</b>
- Currency in Circulation	45.6	48.4	48.0	-0.4	-0.8
- Reserve Requirements	70.4	72.9	76.1	3.2	4.4
- Banks Current Accounts at CBUAE (Net)	12.3	13.4	8.5	-4.9	-36.6
- Certificates of Deposits (Net of Lending)	95.4	104.8	98.8	-6.0	-5.7
Money Supply (M <sub>1</sub> )	299.2	327.4	336.0	8.6	2.6
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>	-	-
Money Supply (M <sub>2</sub> )	862.4	915.3	909.0	-6.3	-0.7
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>3.9</b>	<b>3.8</b>	<b>3.9</b>	-	-
Money Supply (M <sub>3</sub> )	1,083.1	1,154.7	1,173.6	18.9	1.6
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.8</b>	<b>4.8</b>	<b>5.1</b>	-	-