



United Arab Emirates

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

## UAE Monthly Monetary Survey - August 2013 -

### Previous Monetary Surveys

- |                  |              |
|------------------|--------------|
| - December 2012  | - July 2013  |
| - November 2012  | - June 2013  |
| - October 2012   | - May 2013   |
| - September 2012 | - April 2013 |
| - August 2012    | - March 2013 |
| - July 2012      |              |
| - June 2012      |              |
| - May 2012       |              |
| - April 2012     |              |
| - March 2012     |              |
| - February 2012  |              |

### Related Publications

- UAE Central Bank Monthly Statistical Bulletin, June 2013
- UAE Monetary Developments Report, 2<sup>nd</sup> Quarter 2013 (Arabic)
- 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 61.2 billion at the end of July 2013 to AED 60.7 billion at the end of August of the same year (-0.8%), while  $M_1$  increased from AED 344.7 billion to AED 348.0 billion (1.0%),  $M_2$  increased from AED 931.3 billion to AED 939.5 billion (0.9%) and  $M_3$  increased from AED 1,179.5 billion to AED 1,197.2 billion (1.5%).

During the first eight months of 2013,  $M_0$  increased by 5.0%,  $M_1$  by 16.3%,  $M_2$  by 8.9% and  $M_3$  by 10.5%.

## 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 unchanged at 1.5 while the multiplier of  $M_2$  increased from 3.9 at the end of July 2013 to 4.0 at the end of August 2013 and the multiplier of  $M_3$  increased from 5.0 to 5.1. This increase in the money multipliers of  $M_2$  and  $M_3$  was due to an increase in these aggregates as well as a decrease in the Monetary Base resulting from a decrease in Currency in Circulation by AED 0.6 billion and a decrease in Certificates of Deposits (Net of Lending) by AED 2.7 billion.

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

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

				Change in August		Change during the year 2013	
	December 2012	July 2013	August 2013	In billions of Dirhams	%	In billions of Dirhams	%
Money Supply M <sub>0</sub>	<b>57.8</b>	<b>61.2</b>	<b>60.7</b>	<b>-0.5</b>	<b>-0.8</b>	<b>2.9</b>	<b>5.0</b>
Currency in Circulation	45.6	49.3	48.7	-0.6	-1.2	3.1	6.8
Monetary Deposits(*)	253.6	295.4	299.4	4.0	1.4	45.8	18.1
Money Supply M <sub>1</sub>	<b>299.2</b>	<b>344.7</b>	<b>348.0</b>	<b>3.3</b>	<b>1.0</b>	<b>48.8</b>	<b>16.3</b>
Quasi Monetary Deposits(**)	563.2	586.6	591.4	4.8	0.8	28.2	5.0
Money Supply M <sub>2</sub>	<b>862.4</b>	<b>931.3</b>	<b>939.5</b>	<b>8.2</b>	<b>0.9</b>	<b>77.1</b>	<b>8.9</b>
Government Deposits	220.7	248.2	257.7	9.5	3.8	37.0	16.8
Money Supply M <sub>3</sub>	<b>1,083.1</b>	<b>1,179.5</b>	<b>1,197.2</b>	<b>17.7</b>	<b>1.5</b>	<b>114.1</b>	<b>10.5</b>

**N.B. Data for 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	July 2013	August 2013	Change in August 2013	
				In billions of Dirhams	% change
<b>Monetary Base</b>	<b>223.7</b>	<b>236.8</b>	<b>235.0</b>	<b>-1.8</b>	<b>-0.8</b>
- Currency in Circulation	45.6	49.3	48.7	-0.6	-1.2
- Reserve Requirements	70.4	81.4	82.9	1.5	1.8
- Banks Current Accounts at CBUAE (Net)	12.3	12.0	12.0	0.0	0
- Certificates of Deposits (Net of Lending)	95.4	94.1	91.4	-2.7	-2.9
Money Supply (M <sub>1</sub> )	299.2	344.7	348.0	3.3	1.0
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.3</b>	<b>1.5</b>	<b>1.5</b>	-	-
Money Supply (M <sub>2</sub> )	862.4	931.3	939.5	8.2	0.9
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	-	-
Money Supply (M <sub>3</sub> )	1,083.1	1,179.5	1,197.2	17.7	1.5
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.8</b>	<b>5.0</b>	<b>5.1</b>	-	-