



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

UAE Monthly Monetary Survey - December 2011 -

Previous Monetary Surveys

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|------------------|-----------------|
| - December 2010 | - November 2011 |
| - November 2010 | - June 2011 |
| - October 2010 | - May 2011 |
| - September 2010 | - April 2011 |
| - August 2010 | - March 2011 |
| - July 2010 | - February 2011 |
| - June 2010 | - January 2011 |
| - May 2010 | |
| - April 2010 | |
| - March 2010 | |
| - February 2010 | |
| - January 2010 | |

Related Publications

- Governor's Speech: First Annual World Islamic Banking Conference - Singapore, 14 June 2010
- Governor's Speech on "The Regulatory Partnerships for Sustained Growth in MENASA AREA" - Dubai, 24 May 2010
- UAE Central Bank Monthly Statistical Bulletin, April 2011
- UAE Monetary Developments Report, 1st Quarter 2011 (Arabic)

Monetary Developments ^(*)

Money supply M_0 decreased from AED 53.2 billion at the end of November 2011 to AED 52.1 billion at the end of December of the same year (-2.1%), while M_1 decreased from AED 264.6 billion to AED 264.1 billion (-0.2%), M_2 increased from AED 822.1 billion to AED 825.8 billion (0.5%) and M_3 decreased from AED 1,009.8 billion to AED 1,001.4 billion (-0.8%). During the year 2011, M_0 increased by 9.0%, M_1 by 13.4%, M_2 by 5.0% and M_3 increased by 1.6%.

The Money Multiplier

The money multiplier indicates by how much the money supply (M_2) 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).

This multiplier increased from 4.1 at the end of December 2010 to 4.2 at the end of December 2011, which was due mainly to decrease in the certificate of Deposits purchased by banks in the amount of AED 14 billion and an increase in M_2 by AED 39.4 billion

(*) Monetary aggregates are defined in footnote of Table 1

**Table 1. UAE Monthly Monetary Survey (December 2011)
(End of period, billions of Dirhams)**

	December 2010	November 2011	December 2011	Change in December		Change during the 2011	
				In billions of Dirhams	%	In billions of Dirhams	%
Money Supply M₀	47.8	53.2	52.1	-1.1	-2.1	4.3	9.0
-Currency in Circulation	38.5	41.7	41.6	-0.1	-0.2	3.1	8.1
-Monetary Deposits(*)	194.4	222.9	222.5	-0.4	-0.2	28.1	14.5
Money Supply M₁	232.9	264.6	264.1	-0.5	-0.2	31.2	13.4
-Quasi Monetary Deposits(**)	553.5	557.5	561.7	4.2	0.8	8.2	1.5
Money Supply M₂	786.4	822.1	825.8	3.7	0.5	39.4	5.0
-Government Deposits	198.8	187.7	175.6	-12.0	-6.4	-23.2	-11.7
Money Supply M₃	985.2	1,009.8	1,001.4	-8.4	-0.8	16.2	1.6

N.B. Data for December 2010 and 2011 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 2010	November 2011	December 2011	Change in December 2011	
				In billions of Dirhams	% change
Monetary Base	192.9	204.8	197.9	-6.9	-3.4
- Currency in Circulation	38.5	41.7	41.6	-0.1	-0.2
- Reserve Requirements	54.0	62.7	62.8	0.1	0.2
- Banks Current Accounts at CBUAE (Net)	6.4	26.1	13.5	-12.6	-48.3
- Certificates of Deposits (Net of Lending)	94.0	74.3	80.0	5.7	7.7
Money Supply (M_1)	232.9	264.6	264.1	-0.5	-0.2
Money Multiplier of M_1 (M_1/Monetary Base)	1.2	1.3	1.3		
Broad Money Supply (M_2)	786.4	822.1	825.8	3.7	0.5
Money Multiplier of M_2 (M_2/Monetary Base)	4.1	4.0	4.2		