



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

## UAE Monthly Monetary Survey - March 2013 -

Previous Monetary Surveys	
-	December 2012
-	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  $M_0$  increased from AED 58.8 billion at the end of February 2013 to AED 59.4 billion at the end of March of the same year (1.0%), while  $M_1$  increased from AED 317.4 billion to AED 327.4 billion (3.2%),  $M_2$  from AED 905.9 billion to AED 915.3 billion (1.0%) and  $M_3$  increased from AED 1,131.4 billion to AED 1,154.7 billion (2.0%).

During the first quarter of 2013,  $M_0$  increased by 2.8%,  $M_1$  by 9.4%,  $M_2$  by 6.1% and  $M_3$  by 6.6%.

## 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 3.7 at the end of February 2013 to 3.8 at the end of March 2013, while the multiplier of  $M_3$  increased from 4.7 to 4.8 during the same period. This was due to an increase in  $M_2$  and  $M_3$  on the one hand and to a decrease in the Monetary Base on the other hand, due to a decrease in certificates of deposit by AED 1.3 billion, and a decrease in banks' current accounts, at CBUAE, by AED 2.6 billion.

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

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

				Change in March		Change during the year 2013	
	December 2012	February 2013	March 2013	In billions of Dirhams	%	In billions of Dirhams	%
<b>Money Supply M<sub>0</sub></b>	<b>57.8</b>	<b>58.8</b>	<b>59.4</b>	<b>0.6</b>	<b>1.0</b>	<b>1.6</b>	<b>2.8</b>
-Currency in Circulation	45.6	47.7	48.4	0.7	1.5	2.8	6.1
-Monetary Deposits(*)	253.6	269.7	279.0	9.3	3.5	25.4	10.0
<b>Money Supply M<sub>1</sub></b>	<b>299.2</b>	<b>317.4</b>	<b>327.4</b>	<b>10.0</b>	<b>3.2</b>	<b>28.2</b>	<b>9.4</b>
-Quasi Monetary Deposits(**)	563.2	588.5	587.9	-0.6	-0.1	24.7	4.4
<b>Money Supply M<sub>2</sub></b>	<b>862.4</b>	<b>905.9</b>	<b>915.3</b>	<b>9.4</b>	<b>1.0</b>	<b>52.9</b>	<b>6.1</b>
-Government Deposits	220.7	225.8	239.4	13.6	6.0	18.7	8.5
<b>Money Supply M<sub>3</sub></b>	<b>1,083.1</b>	<b>1,131.7</b>	<b>1,154.7</b>	<b>23.0</b>	<b>2.0</b>	<b>71.6</b>	<b>6.6</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	February 2013	March 2013	Change in March 2013	
				In billions of Dirhams	% change
<b>Monetary Base</b>	<b>223.7</b>	<b>242.5</b>	<b>239.5</b>	<b>-3.0</b>	<b>-1.2</b>
- Currency in Circulation	45.6	47.7	48.4	0.7	1.5
- Reserve Requirements	70.4	72.7	72.9	0.2	0.3
- Banks Current Accounts at CBUAE (Net)	12.3	16.0	13.4	-2.6	-16.3
- Certificates of Deposits (Net of Lending)	95.4	106.1	104.8	-1.3	-1.2
Money Supply (M <sub>1</sub> )	299.2	317.4	327.4	10.0	3.2
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	-	-
Money Supply (M <sub>2</sub> )	862.4	905.9	915.3	9.4	1.0
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>3.9</b>	<b>3.7</b>	<b>3.8</b>	-	-
Money Supply (M <sub>3</sub> )	1,083.1	1,131.7	1,154.7	23.0	2.0
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.8</b>	<b>4.7</b>	<b>4.8</b>	-	-