



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

UAE Monthly Monetary Survey April 2015

Previous Monetary Surveys

- | | |
|------------------|-----------------|
| - January 2014 | - January 2015 |
| - February 2014 | - February 2015 |
| - March 2014 | - March 2015 |
| - April 2014 | |
| - May 2014 | |
| - June 2014 | |
| - July 2014 | |
| - August 2014 | |
| - September 2014 | |
| - October 2014 | |
| - November 2014 | |
| - December 2014 | |

Related Publications

- UAE Monetary Developments Report, 1st Quarter 2015 (English & Arabic)
- UAE Central Bank Monthly Statistical Bulletin, February 2015
- UAE Central Bank Monthly Statistical Bulletin, January 2015
- UAE Central Bank Quarterly Statistical Bulletin, December 2014

Monetary Developments (*)

M₁ increased by 0.8%, rising from AED 470 billion at the end of March to AED 473.6 billion at the end of April 2015. This increase was a result of a 0.5% increase in Monetary Deposits (85.1% of **M₁**), 6.1% increase in Cash at Banks (2.9% of **M₁**), and a 1.1% increase in Currency Held by the Public (12% of **M₁**).

On the other hand, **M₂** decreased by 0.8%; falling from AED 1,191.9 billion at the end of March, to AED 1,182 billion at the end of April 2015. This fall was brought about by a comparatively smaller increase in **M₁** combined with a 1.9% decrease in Quasi-Monetary Deposits (59.9% of **M₂**).

Continuing the trend, **M₃** also decreased by 0.1%, decreasing from AED 1,377.2 billion at the end of March to AED 1,376.1 billion at the end of April 2015. This decrease was mainly brought about by a diminished **M₂**, overshadowing a 4.8% increase in Government Deposits (14.1% of **M₃**).

In summary, during April 2015, the monetary aggregate **M₁** increased by 0.8%, but **M₂** and **M₃** decreased by 0.8% and 0.1%, respectively.

The Money Multiplier

The money multiplier indicates by how much the money supply and the underlying components will grow following an increase of 1 billion Dirhams in the Monetary Base, defined as the sum of Currency issued (held by the public and cash at banks), Total Banks' Reserves at the Central Bank and Certificates of Deposits held by Banks (see Table 2).

During the month of April 2015, the Monetary Base shrank by 0.9% owing to a reduction in Certificates of Deposits held by Banks (30.9% of the Monetary Base) by 15%. Whereas, Currency Issued (24.3% of the Monetary Base), Banks' Required Reserves (36.8% of the Monetary Base) and Banks' Excess Reserves (7.9% of the Monetary Base) increased by 2.1%, 1.4% and 80.7% , respectively.

From the end of March to the end of April, the multipliers of **M₁** and **M₃** increased from 1.60 to 1.63 and 4.69 to 4.73, respectively, reflecting the growth of **M₁** and slower reduction in **M₃** relative to the reduction in the Monetary Base. In contrast, the multiplier of **M₂** remained somewhat constant at around 4.06.

(*) The monetary aggregates are defined in a footnote to Table

Table 1. UAE Monthly Monetary Survey (April 2015)

(End of period, billions of Dirhams)

	December 2013	December 2014	January 2015	February 2015	March 2015	April 2015	Change in April	
							In billions of Dirhams	% Change
Money Supply M₁(*)	393.1	451.6	456.3	462.7	470.0	473.6	3.60	0.8%
<i>of which:</i> Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	0.60	1.1%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	0.80	6.1%
Monetary Deposits(**)	329.2	377.1	386.7	394.2	400.7	402.8	2.1	0.5%
Money Supply M₂	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9	1,182.0	-9.90	-0.8%
<i>of which:</i> Quasi-Monetary Deposits(***)	677.2	705.0	709.8	713.4	721.9	708.4	-13.5	-1.9%
Money Supply M₃	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2	1,376.1	-1.10	-0.1%
<i>of which:</i> Government Deposits	163.1	190.9	179.9	185.2	185.3	194.2	8.9	4.8%

N.B. Estimates, subject to revision.

(*) M₁ = Currency Held by the Public + Cash at Banks + 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. Contribution to Aggregate Money Supply

	Dec. 2013	Dec. 2014	Jan. 2015	Feb. 2015	March 2015	April 2015		MoM		Contribution to Aggregate Growth ¹	Year to Date	
						In billions of Dirhams	Shares of the Aggregates	In Billions of Dirhams	% Change		In Billions of Dirhams	% Change
Money Supply M₁	393.1	451.6	456.3	462.7	470.0	473.6		3.6	0.8%		22.0	4.9%
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	12.0%	0.6	1.1%	0.13%	-2.1	-3.6%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	2.9%	0.8	6.1%	0.18%	-1.6	-10.3%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	85.1%	2.1	0.5%	0.45%	25.7	6.8%
Money Supply M₂	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9	1,182.0		-9.9	-0.8%		25.4	2.2%
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	4.8%	0.6	1.1%	0.05%	-2.1	-3.6%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	1.2%	0.8	6.1%	0.07%	-1.6	-10.3%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	34.1%	2.1	0.5%	0.18%	25.7	6.8%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	708.4	59.9%	-13.5	-1.9%	-1.12%	3.4	0.5%
Money Supply M₃	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2	1,376.1		-1.1	-0.1%		28.6	2.1%
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	4.1%	0.6	1.1%	0.04%	-2.1	-3.6%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	1.0%	0.8	6.1%	0.06%	-1.6	-10.3%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	29.3%	2.1	0.5%	0.15%	25.7	6.8%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	708.4	51.5%	-13.5	-1.9%	-0.96%	3.4	0.5%
Government Deposits	163.1	190.9	179.9	185.2	185.3	194.2	14.1%	8.9	4.8%	0.68%	3.3	1.7%

N.B. Estimates, subject to revision.

1. Contribution to aggregate growth = Shares of the sub-aggregate times percent change in each sub-aggregate, such that contribution of sub-aggregates equals percent change in the aggregate

Table 3. Money Multiplier in the UAE
(End of period, billions of Dirhams)

	December	December	January	February	March	April	Change in April 2015	
	2013	2014	2015	2015	2015	2015	In billions of Dirhams	% Change
Monetary Base	278.2	308.1	290.9	290.2	293.5	290.9	-2.6	-0.9%
Currency Issued*	63.9	74.5	69.6	68.5	69.4	70.8	1.5	2.1%
Banks' Required Reserves	87.8	104.1	105.6	107.6	105.6	107.1	1.5	1.4%
Banks' Excess Reserves	18.6	30	22.6	17.3	12.8	23.1	10.3	80.7%
Certificates of Deposit purchased by Banks (Net of Lending)	107.9	99.5	93.1	96.8	105.8	90.0	-15.8	-15.0%
Money Supply (M ₁)	393.1	451.6	456.3	462.7	470.0	473.6	3.6	0.8%
Money Multiplier of M₁ (M₁/Monetary Base)	1.41	1.47	1.57	1.59	1.60	1.63		
Money Supply (M ₂)	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9	1,182.0	-9.9	-0.8%
Money Multiplier of M₂ (M₂/Monetary Base)	3.85	3.76	4.01	4.05	4.06	4.06		
Money Supply (M ₃)	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2	1,376.1	-1.1	-0.1%
Money Multiplier of M₃ (M₃/Monetary Base)	4.43	4.38	4.63	4.69	4.69	4.73		

N.B. Estimates, subject to revision.

* Currency Issued = Currency Held by the Public + Cash at Banks