



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

UAE Monthly Monetary Survey December 2015

Monetary Developments (*)

M_1 decreased by 0.1%, from AED 457.3 billion at the end of November to AED 457.0 billion at the end of December 2015. This reduction was mainly due to a 0.7% decrease in Currency in Circulation outside Banks (12.8% of M_1). Whereas, Monetary Deposits (87.2% of M_1), remained almost constant.

M_2 increased by 1.8%, rising from AED 1,182.9 billion at the end of November to AED 1,204.4 billion at the end of December 2015. This rise in M_2 was mainly driven by a 3% increase in Quasi-Monetary Deposits (62.1% of M_2).

M_3 also increased by 0.9%, rising from AED 1,351.9 billion at the end of November to AED 1,363.6 billion at the end of December 2015. The increase in M_3 was mainly brought about by an increased M_2 , despite a decrease by 5.8% in Government Deposits (11.7% of M_3).

In December 2015, M_2 and M_3 increased by 1.8% and 0.9%, respectively. However M_1 decreased by 0.1%.

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 (Currency in circulation outside banks 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 December 2015, the Monetary Base expanded by 21.8% owing to a combined increase in; Banks' Excess Reserves (10.8% of the Monetary Base) by 111.3%, Certificates of Deposits purchased by Banks – Net of Lending (38.4% of the Monetary Base) by 45.2% and Banks' Required Reserves (30.7% of the Monetary Base) by 1.2%, respectively. Currency Issued (20.2% of the Monetary Base) decreased by 0.4%.

From the end of November to the end of December, the multipliers of M_1 , M_2 and M_3 decreased from 1.53 to 1.25, from 3.95 to 3.30 and from 4.52 to 3.74, respectively.

(*) Monetary aggregates are defined in a footnote to Table 1

Table 1. UAE Monthly Monetary Survey (December 2015)

(End of period, billions of Dirhams)

	November 2014	December 2014	March 2015	June 2015	September 2015	October 2015	November 2015	December ¹ 2015	Change in Dec.		Year on Year Change
									In billions of Dirhams	% Change	
Money Supply M₁(*)	441.9	436.1	456.9	464.1	453.6	455.7	457.3	457.0	-0.3	-0.1%	4.8%
<i>of which:</i>											
Currency Issued	73.5	74.5	69.3	72.5	71.0	72.5	73.8	73.5	-0.3	-0.4%	-1.3%
Cash at Banks	12.9	15.5	13.1	13.7	13.8	13.7	15.0	15.1	0.1	0.7%	-2.6%
Currency in Circulation Outside Banks	60.6	59.0	56.2	58.8	57.2	58.8	58.8	58.4	-0.4	-0.7%	-1.0%
Monetary Deposits(**)	381.3	377.1	400.7	405.3	396.4	396.9	398.5	398.6	0.1	0.0%	5.7%
Money Supply M₂	1,140.1	1,141.1	1,178.8	1,190.0	1,176.4	1,185.1	1,182.9	1,204.4	21.5	1.8%	5.5%
<i>of which:</i>											
Quasi-Monetary Deposits(***)	698.2	705.0	721.9	725.9	722.8	729.4	725.6	747.4	21.8	3.0%	6.0%
Money Supply M₃	1,357.8	1,332.0	1,364.1	1,355.1	1,341.9	1,340.8	1,351.9	1,363.6	11.7	0.9%	2.4%
<i>of which:</i>											
Government Deposits	217.7	190.9	185.3	165.1	165.5	155.7	169.0	159.2	-9.8	-5.8%	-16.6%

¹ Estimates, subject to revision

(*) M₁ = Currency in Circulation outside banks (Currency Issued - 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	March 2015	June 2015	September 2015	October 2015	November 2015	December 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	379.6	436.1	456.9	464.1	453.6	455.7	457.3	457.0		-0.3	-0.1%		20.9	4.8%
Currency in Circulation Outside Banks	50.4	59.0	56.2	58.8	57.2	58.8	58.8	58.4	12.8%	-0.4	-0.7%	-0.1%	-0.6	-1.0%
Monetary Deposits	329.2	377.1	400.7	405.3	396.4	396.9	398.5	398.6	87.2%	0.1	0.0%	0.0%	21.5	5.7%
Money Supply M₂	1,056.8	1,141.1	1,178.8	1,190.0	1,176.4	1,185.1	1,182.9	1,204.4		21.5	1.8%		63.3	5.5%
Currency in Circulation Outside Banks	50.4	59.0	56.2	58.8	57.2	58.8	58.8	58.4	4.8%	-0.4	-0.7%	0.0%	-0.6	-1.0%
Monetary Deposits	329.2	377.1	400.7	405.3	396.4	396.9	398.5	398.6	33.1%	0.1	0.0%	0.0%	21.5	5.7%
Quasi-Monetary Deposits	677.2	705.0	721.9	725.9	722.8	729.4	725.6	747.4	62.1%	21.8	3.0%	1.9%	42.4	6.0%
Money Supply M₃	1,219.9	1,332.0	1,364.1	1,355.1	1,341.9	1,340.8	1,351.9	1,363.6		11.7	0.9%		31.6	2.4%
Currency in Circulation Outside Banks	50.4	59.0	56.2	58.8	57.2	58.8	58.8	58.4	4.3%	-0.4	-0.7%	0.0%	-0.6	-1.0%
Monetary Deposits	329.2	377.1	400.7	405.3	396.4	396.9	398.5	398.6	29.2%	0.1	0.0%	0.0%	21.5	5.7%
Quasi-Monetary Deposits	677.2	705.0	721.9	725.9	722.8	729.4	725.6	747.4	54.8%	21.8	3.0%	1.6%	42.4	6.0%
Government Deposits	163.1	190.9	185.3	165.1	165.5	155.7	169.0	159.2	11.7%	-9.8	-5.8%	-0.7%	-31.7	-16.6%

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)

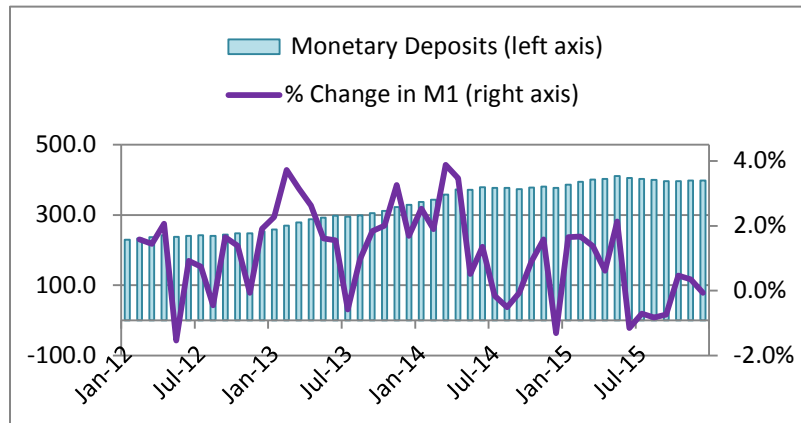
	December	December	March	June	September	October	November	December	Change in December 2015	
	2013	2014	2015	2015	2015	2015	2015	2015	In billions of Dirhams	% Change
Monetary Base	278.2	308.1	293.5	295.4	288.6	298.1	299.3	364.5	65.2	21.8%
Currency Issued*	63.9	74.5	69.3	72.5	71.0	72.5	73.8	73.5	-0.3	-0.4%
Banks' Required Reserves	87.8	104.1	105.6	109.5	110.6	111.5	110.6	111.9	1.3	1.2%
Banks' Excess Reserves	18.6	30.0	12.8	12.1	9.6	19.4	18.6	39.3	20.7	111.3%
Certificates of Deposit purchased by Banks (Net of Lending)	107.9	99.5	105.8	101.3	97.4	94.7	96.3	139.8	43.5	45.2%
Money Supply (M ₁)	379.6	436.1	456.9	464.1	453.6	455.7	457.3	457.0	-0.3	-0.1%
Money Multiplier of M₁ (M₁/Monetary Base)	1.36	1.42	1.56	1.57	1.57	1.53	1.53	1.25		
Money Supply (M ₂)	1,056.8	1,141.1	1,178.8	1,190.0	1,176.4	1,185.1	1,182.9	1,204.4	21.5	1.8%
Money Multiplier of M₂ (M₂/Monetary Base)	3.80	3.70	4.02	4.03	4.08	3.98	3.95	3.30		
Money Supply (M ₃)	1,219.9	1,332.0	1,364.1	1,355.1	1,341.9	1,340.8	1,351.9	1,363.6	11.7	0.9%
Money Multiplier of M₃ (M₃/Monetary Base)	4.38	4.32	4.65	4.59	4.65	4.50	4.52	3.74		

N.B. Estimates, subject to revision.

* Currency Issued = Currency in circulation outside Banks + Cash at Banks

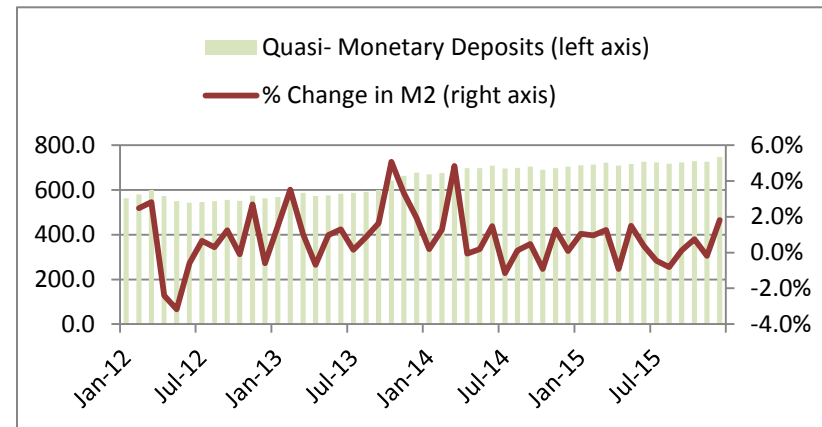
Money Supply M₁ decreased by 0.1%, driven by a 0.7% reduction in Currency in Circulation Outside Banks.

(bn AED, % month-on-month)



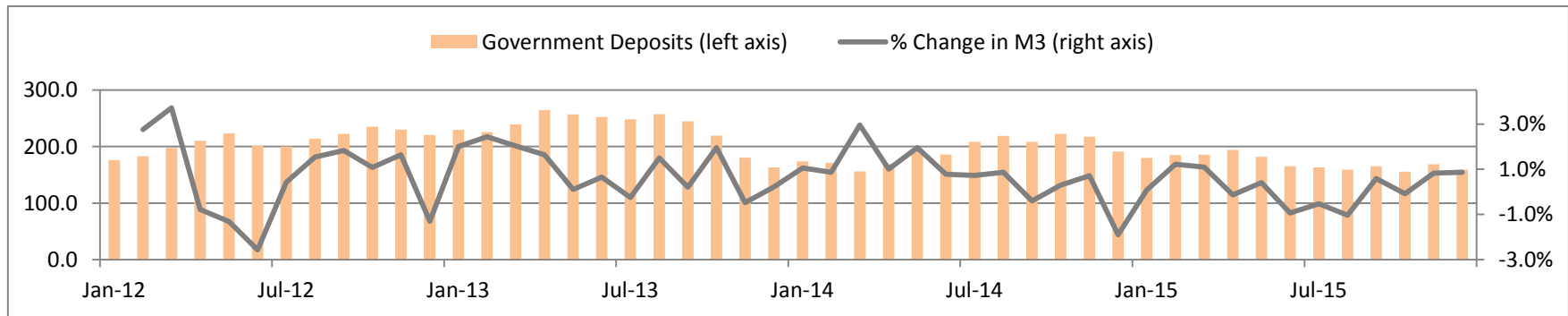
Money Supply M₂ rose by 1.8% due to a 3% increase in Quasi-Monetary Deposits.

(bn AED, % month-on-month)



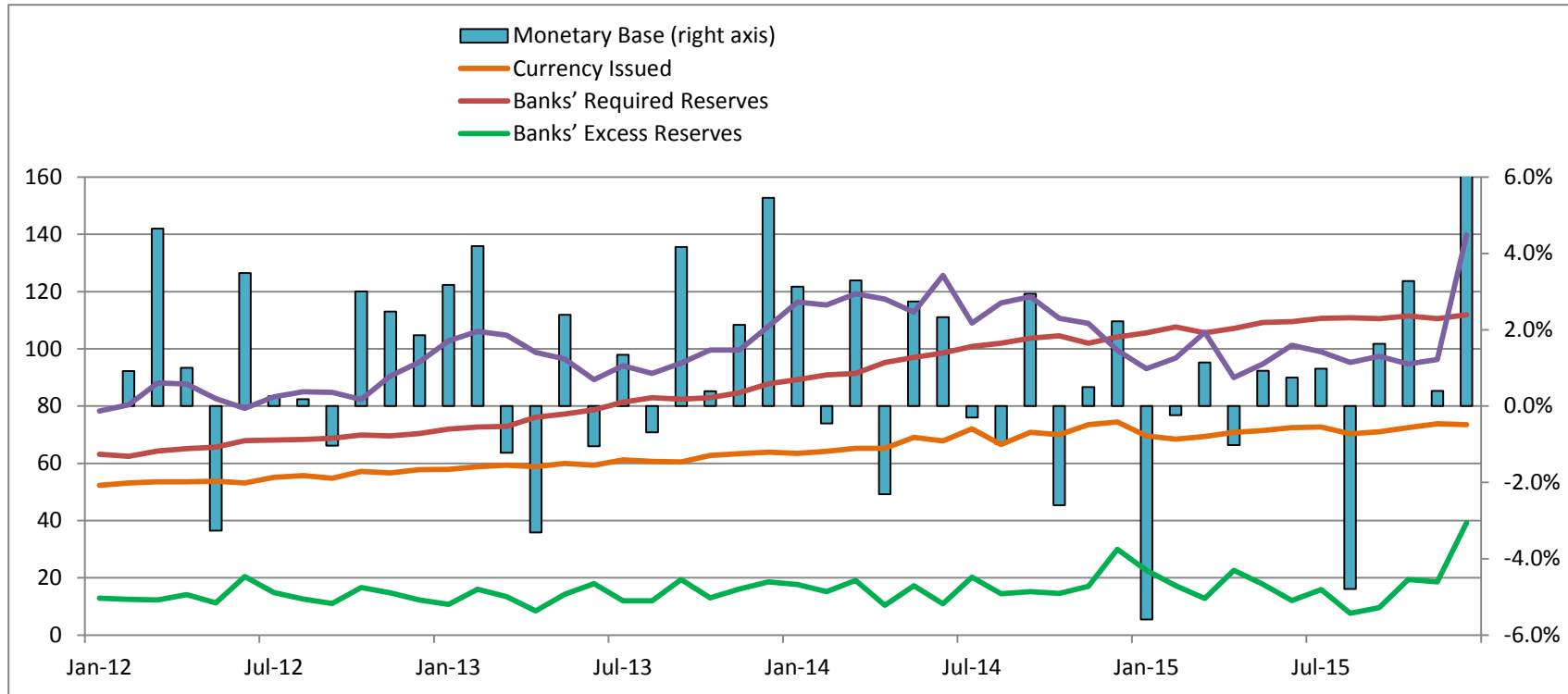
Money Supply M₃ rose by 0.9%, owing to an increased M₂.

(bn AED, % month-on-month)



Source: RSD - CBUAE

Monetary Base expanded by 21.8% during December.
(bn AED, % month-on-month)



Source: RSD - CBUAE