



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

UAE Monthly Monetary Survey June 2015

Previous Monetary Surveys

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|------------------|-----------------|
| - January 2014 | - January 2015 |
| - February 2014 | - February 2015 |
| - March 2014 | - March 2015 |
| - April 2014 | - April 2015 |
| - May 2014 | - May 2015 |
| - 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, April 2015
- UAE Central Bank Monthly Statistical Bulletin, March 2015
- 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 ^(*)

M_1 decreased by 1.2%, from AED 469.5 billion at the end of May to AED 464.1 billion at the end of June 2015. This decrease was result of a 1.5% decrease in Monetary Deposits (87.3% of M_1) despite an increase by 1% increase in Currency in Circulation outside Banks (12.7% of M_1).

At the same time, M_2 increased by 0.4%; rising from AED 1,185.6 billion at the end of May, to AED 1,190 billion at the end of June 2015. This rise was brought about by 1.4% increase in Quasi-Monetary Deposits (61.0% of M_2).

However, M_3 decreased by 0.9%, decreasing from AED 1,367.8 billion at the end of May to AED 1,355.1 billion at the end of June 2015. This decrease was mainly brought about by a 9.4% decrease in Government Deposits (12.2% of M_3) overshadowing the slight increase of M_2 .

In summary, during June 2015, the monetary aggregates M_1 decreased by 1.2%, M_2 increased by 0.4% and M_3 decreased by 0.9%.

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 June 2015, the Monetary Base expanded by 0.8% owing to a combined increase in Certificates of Deposits held by Banks (34.3% of the Monetary Base) by 7%, Currency Issued (24.5% of the Monetary Base) by 1.4% and Banks' Required Reserves (37.1% of the Monetary Base) by 0.3%. This collective increase overshadowed a 32% decrease in Banks' Excess Reserves (4.1% of the Monetary Base).

From the end of May to the end of June, the multipliers of M_1 , M_2 and M_3 decreased from 1.6 to 1.57, from 4.04 to 4.03 and from 4.67 to 4.59 respectively, reflecting faster growth of Monetary Base, compared to the corresponding reduction of M_1 and M_3 combined with a slight increase in M_2 .

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

Table 1. UAE Monthly Monetary Survey (June 2015)¹
(End of period, billions of Dirhams)

	December 2013	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June ² 2015	Change in June	
									In billions of Dirhams	% Change
Money Supply M₁(*)	379.6	436.1	443.3	450.7	456.9	459.7	469.5	464.1	-5.4	-1.2%
<i>of which:</i> Currency Issued	63.9	74.5	69.6	68.5	69.3	70.8	71.5	72.5	1.0	1.4%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	13.3	13.7	0.4	3.0%
Currency in Circulation Outside Banks	50.4	59	56.6	56.5	56.2	56.9	58.2	58.8	0.6	1.0%
Monetary Deposits(**)	329.2	377.1	386.7	394.2	400.7	402.8	411.3	405.3	-6.0	-1.5%
Money Supply M₂	1,056.8	1,141.1	1,153.1	1,164.1	1,178.8	1,168.0	1,185.6	1,190.0	4.4	0.4%
<i>of which:</i> Quasi-Monetary Deposits(***)	677.2	705.0	709.8	713.4	721.9	708.3	716.1	725.9	9.8	1.4%
Money Supply M₃	1,219.9	1,332.0	1,333.0	1,349.3	1,364.1	1,362.2	1,367.8	1,355.1	-12.7	-0.9%
<i>of which:</i> Government Deposits	163.1	190.9	179.9	185.2	185.3	194.2	182.2	165.1	-17.1	-9.4%

¹ Revised to account for currency in circulation only in the Monetary Aggregate

² 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 ¹

	Dec. 2013	Dec. 2014	Jan. 2015	Feb. 2015	Mar. 2015	Apr. 2015	May 2015	June 2015		MoM		Contribution to Aggregate Growth ²	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	443.3	450.7	456.9	459.7	469.5	464.1		-5.4	-1.2%		28.0	6.4%
Currency in Circulation Outside Banks	50.4	59.0	56.6	56.5	56.2	56.9	58.2	58.8	12.7%	0.6	1.0%	0.13%	-0.2	-0.3%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	411.3	405.3	87.3%	-6.0	-1.5%	-1.27%	28.2	7.5%
Money Supply M₂	1,056.8	1,141.1	1,153.1	1,164.1	1,178.8	1,168.0	1,185.6	1,190.0		4.4	0.4%		48.9	4.3%
Currency in Circulation Outside Banks	50.4	59.0	56.6	56.5	56.2	56.9	58.2	58.8	4.9%	0.6	1.0%	0.05%	-0.2	-0.3%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	411.3	405.3	34.1%	-6.0	-1.5%	-0.50%	28.2	7.5%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	708.3	716.1	725.9	61.0%	9.8	1.4%	0.83%	20.9	3.0%
Money Supply M₃	1,219.9	1,332.0	1,333.0	1,349.3	1,364.1	1,362.2	1,367.8	1,355.1		-12.7	-0.9%		23.1	1.7%
Currency in Circulation Outside Banks	50.4	59.0	56.6	56.5	56.2	56.9	58.2	58.8	4.3%	0.6	1.0%	0.04%	-0.2	-0.3%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	411.3	405.3	29.9%	-6.0	-1.5%	-0.44%	28.2	7.5%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	708.3	716.1	725.9	53.6%	9.8	1.4%	0.73%	20.9	3.0%
Government Deposits	163.1	190.9	179.9	185.2	185.3	194.2	182.2	165.1	12.2%	-17.1	-9.4%	-1.14%	-25.8	-13.5%

N.B. Estimates, subject to revision.

¹ Revised to account for currency in circulation only in the Monetary Aggregate

² 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	May	June	Change in June 2015	
	2013	2014	2015	2015	2015	2015	2015	2015	In billions of Dirhams	% Change
Monetary Base	278.2	308.1	290.9	290.2	293.5	290.5	293.2	295.4	2.2	0.8%
Currency Issued*	63.9	74.5	69.6	68.5	69.3	70.8	71.5	72.5	1.0	1.4%
Banks' Required Reserves	87.8	104.1	105.6	107.6	105.6	107.1	109.2	109.5	0.3	0.3%
Banks' Excess Reserves	18.6	30.0	22.6	17.3	12.8	22.6	17.8	12.1	-5.7	-32.0%
Certificates of Deposit purchased by Banks (Net of Lending)	107.9	99.5	93.1	96.8	105.8	90.0	94.7	101.3	6.6	7.0%
Money Supply (M ₁) ¹	379.6	436.1	443.3	450.7	456.9	459.7	469.5	464.1	-5.4	-1.2%
Money Multiplier of M₁ (M₁/Monetary Base)	1.36	1.42	1.52	1.55	1.56	1.58	1.60	1.57		
Money Supply (M ₂) ¹	1,056.8	1,141.1	1,153.1	1,164.1	1,178.8	1,168.0	1,185.6	1,190.0	4.4	0.4%
Money Multiplier of M₂ (M₂/Monetary Base)	3.80	3.70	3.96	4.01	4.02	4.02	4.04	4.03		
Money Supply (M ₃) ¹	1,219.9	1,332.0	1,333.0	1,349.3	1,364.1	1,362.2	1,367.8	1,355.1	-12.7	-0.9%
Money Multiplier of M₃ (M₃/Monetary Base)	4.38	4.32	4.58	4.65	4.65	4.69	4.67	4.59		

N.B. Estimates, subject to revision.

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

¹ Revised to account for currency in circulation only in the Monetary Aggregate