



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

UAE Monthly Monetary Survey March 2015

Previous Monetary Surveys

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

Related Publications

- | |
|---|
| - UAE Central Bank Monthly Statistical Bulletin, January 2015 |
| - UAE Monetary Developments Report, 4 th Quarter 2014 (English & Arabic) |
| - UAE Central Bank Quarterly Statistical Bulletin, December 2014 |

Monetary Developments ^(*)

M₁ increased by 1.6%, rising from AED 462.7 billion at the end of February to AED 470 billion at the end of March 2015. This increase was a result of a 1.6% increase in Monetary Deposits (85.2% of **M₁**) and 9.2% increase in Cash at Banks (2.6% of **M₁**), overshadowing a 0.4% decrease in Currency Held by the Public (12.2% of **M₁**).

Subsequently, **M₂** increased by 1.3%; climbing from AED 1,176.1 billion at the end of February, to AED 1,191.9 billion at the end of March 2015. This increase was brought about by an increased **M₁** combined with a 1.2% rise in Quasi-Monetary Deposits (60.7% of **M₂**).

Continuing the trend, **M₃** also increased by 1.2%, rising from AED 1,361.3 billion at the end of February to AED 1,377.2 billion at the end of March 2015. This increase was mainly brought about by increases in **M₁** and **M₂**, and a 0.03% increase in Government Deposits (13.6% of **M₃**).

In summary, during March 2015, the monetary aggregates **M₁**, **M₂** and **M₃** increased by 1.6%, 1.3% and 1.2%, 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 March 2015, the Monetary Base increased by 1.1% owing to increases in Currency Issued (23.6% of total Monetary Base) by 1.2% and Certificates of Deposits held by Banks (36.1% of the Monetary Base) by 9.3%. Whereas, Banks' Excess Reserves (4.4% of the Monetary Base) and Banks' Required Reserves (36% of the Monetary Base) decreased by 26.2% and 1.9%, respectively.

From the end of February to the end of March, the multipliers of **M₁** and **M₂** increased from 1.59 to 1.6 and from 4.05 to 4.06, respectively. However, the multiplier of **M₃** remained constant at 4.69 during the same period. The increases in the money multipliers for **M₁** and **M₂** were mainly due to a smaller growth of the monetary base, compared to the corresponding growth in monetary aggregates.

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

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

	December 2013	December 2014	January 2015	February 2015	March 2015	Change in March	
						In billions of Dirhams	% Change
Money Supply M₁^(*)	393.1	451.6	456.3	462.7	470.0	7.30	1.6%
<i>of which:</i> Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	-0.20	-0.4%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	1.10	9.2%
Monetary Deposits ^(**)	329.2	377.1	386.7	394.2	400.7	6.50	1.6%
Money Supply M₂^(*)	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9	15.80	1.3%
<i>of which:</i> Quasi-Monetary Deposits ^(***)	677.2	705.0	709.8	713.4	721.9	8.46	1.2%
Money Supply M₃^(*)	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2	15.90	1.2%
<i>of which:</i> Government Deposits	163.1	190.9	179.9	185.2	185.3	0.10	0.1%

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

	December 2013	December 2014	January 2015	February 2015	March 2015		MoM		Contribution to Aggregate Growth ¹	Year to Date	
					In billions of Dirhams	Shares of the Aggregate	In Billions of Dirhams	% Change		In Billions of Dirhams	% Change
Money Supply M₁	393.1	451.6	456.3	462.7	470.0		7.3	1.6%		18.4	4.1%
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	12.2%	-0.2	-0.4%	-0.04%	-2.7	-4.6%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	2.6%	1.1	9.2%	0.2%	-2.4	-15.5%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	85.2%	6.5	1.6%	1.4%	23.6	6.3%
Money Supply M₂	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9		15.8	1.3%		35.3	3.1%
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	4.8%	-0.2	-0.4%	0.0%	-2.7	-4.6%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	1.0%	1.1	9.2%	0.1%	-2.4	-15.5%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	33.5%	6.5	1.6%	0.6%	23.6	6.3%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	60.7%	8.5	1.2%	0.7%	16.9	2.4%
Money Supply M₃	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2		15.9	1.2%		29.7	2.2%
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	4.2%	-0.2	-0.4%	-0.01%	-2.7	-4.6%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	0.9%	1.1	9.2%	0.1%	-2.4	-15.5%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	29.0%	6.5	1.6%	0.5%	23.6	6.3%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	52.4%	8.5	1.2%	0.6%	16.9	2.4%
Government Deposits	163.1	190.9	179.9	185.2	185.3	13.6%	0.1	0.03%	0.0%	-5.7	-3.0%

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	Change in March 2015	
	2013	2014	2015	2015	2015	In billions of Dirhams	% Change
Monetary Base	278.2	308.0	290.8	290.2	293.5	3.3	1.1%
Currency Issued*	63.9	74.5	69.6	68.5	69.4	0.8	1.2%
Banks' Required Reserves	87.8	104.1	105.6	107.6	105.6	-2.1	-1.9%
Banks' Excess Reserves	18.6	29.9	22.6	17.3	12.8	-4.5	-26.2%
Certificates of Deposit purchased by Banks (Net of Lending)	107.9	99.5	93.1	96.8	105.8	9.0	9.3%
Money Supply (M ₁)	393.1	451.6	456.3	462.7	470.0	7.3	1.6%
Money Multiplier of M₁ (M₁/Monetary Base)	1.41	1.47	1.57	1.59	1.60		
Money Supply (M ₂)	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9	15.8	1.3%
Money Multiplier of M₂ (M₂/Monetary Base)	3.85	3.76	4.01	4.05	4.06		
Money Supply (M ₃)	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2	15.9	1.2%
Money Multiplier of M₃ (M₃/Monetary Base)	4.43	4.38	4.63	4.69	4.69		

N.B. Estimates, subject to revision.

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