



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

UAE Monthly Monetary Survey March 2016

Monetary Developments (*)

M₁ increased by 3.4%, from AED 474.4 billion at the end of February to AED 490.3 billion at the end of March 2016. This increase was due to a 0.7% increase in Currency in Circulation outside Banks (12.6% of **M₁**) and a 3.8% increase in Monetary Deposits (87.4% of **M₁**).

At the end of March 2016, **M₂** increased by 2%, rising from AED 1,194.2 billion at the end of February to AED 1,218.4 billion. The increase in **M₂** was attributed to an increased **M₁** and a 1.2% increase in Quasi- Monetary Deposits (59.8% of **M₂**).

M₃ also increased by 1.6%, rising from AED 1,351.8 billion at the end of February to AED 1,373.8 billion at the end of March 2016. The increase in **M₃** was brought about by the increases in **M₁** and **M₂**, overshadowing the 1.4% decrease in Government Deposits (11.3% of **M₃**).

All in all in March 2016, **M₁**, **M₂** and **M₃** increased by 3.4%, 2% and 1.6%, 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 (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 March 2016, the Monetary Base expanded by 1% owing to a combined increase in; Currency Issued (23.4% of the Monetary Base) by 2.5% and Banks & OFCs' Excess Reserves (7.1% of the Monetary Base) by 15.3%, overshadowing the 0.5% reduction in Banks' Required Reserves (34.4% of the Monetary Base) and the 0.9% reduction in Certificates of Deposits purchased by Banks (35 % of the Monetary Base) .

From the end of February 2016 to the end of March 2016, the multipliers of **M₁**, **M₂** and **M₃** increased from 1.45 to 1.49, from 3.66 to 3.70 and from 4.14 to 4.17, respectively, reflecting that the growth of the monetary aggregates exceeded the growth of the monetary base.

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

Table 1. UAE Monthly Monetary Survey (March 2016)¹

(End of period, billions of Dirhams)

	Dec. 2014	March 2015	June 2015	Sept. 2015	Dec. 2015	Jan. 2016	Feb. 2016	March ² 2016	Change in March		Year on Year Change
									In billions of Dirhams	% Change	
Money Supply M₁(*)	436.1	456.9	464.1	453.6	456.9	473.5	474.4	490.3	15.9	3.4%	7.3%
<i>of which:</i>											
Currency Issued	74.5	69.3	72.5	71.0	73.5	73.1	75.3	77.2	1.9	2.5%	11.4%
Cash at Banks	15.5	13.1	13.7	13.8	15.1	13.7	13.9	15.4	1.5	10.8%	17.6%
Currency in Circulation Outside Banks	59.0	56.2	58.8	57.2	58.4	59.4	61.4	61.8	0.4	0.7%	10.0%
Monetary Deposits(**)	377.1	400.7	405.3	396.4	398.5	414.1	413.0	428.5	15.5	3.8%	6.9%
Money Supply M₂	1,125.4	1,162.5	1,174.2	1,158.3	1,186.8	1,194.0	1,194.2	1,218.4	24.2	2.0%	4.8%
<i>of which:</i>											
Quasi-Monetary Deposits(***)	689.3	705.7	710.1	704.6	729.9	720.5	719.8	728.1	8.3	1.2%	3.2%
Money Supply M₃	1,314.5	1,346.0	1,337.6	1,322.0	1,342.8	1,351.3	1,351.8	1,373.8	22.0	1.6%	2.1%
<i>of which:</i>											
Government Deposits	189.1	183.5	163.4	163.7	156.0	157.3	157.6	155.4	-2.2	-1.4%	-15.3%

¹Revised to comply with MFS guidelines issued by the IMF

² Estimates, subject to revision

(*) M_1 = Currency in Circulation Outside Banks (Currency Issued - Cash at banks) + Monetary Deposits

M_2 = M_1 + Quasi-Monetary Deposits

M_3 = M_2 + 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 + Resident Deposits in Foreign Currencies

Table 2. Contribution to Aggregate Money Supply ¹

	Dec. 2014	March 2015	June 2015	Sep. 2015	Dec. 2015	Jan. 2016	Feb. 2016	March ² 2016		MoM		Contribution to Aggregate Growth ³	Year to Date	
								In billions of Dirhams	Shares of the Aggregates	In Billions of Dirhams	% Change		In Billions of Dirhams	% Change
Money Supply M₁	436.1	456.9	464.1	453.6	456.9	473.5	474.4	490.3		15.9	3.4%		33.4	7.3%
Currency in Circulation Outside Banks	59.0	56.2	58.8	57.2	58.4	59.4	61.4	61.8	12.6%	0.4	0.7%	0.1%	3.4	5.8%
Monetary Deposits	377.1	400.7	405.3	396.4	398.5	414.1	413.0	428.5	87.4%	15.5	3.8%	3.3%	30.0	7.5%
Money Supply M₂	1,125.4	1,162.5	1,174.2	1,158.3	1,186.8	1,194.0	1,194.2	1,218.4		24.2	2.0%		31.6	2.7%
Currency in Circulation Outside Banks	59.0	56.2	58.8	57.2	58.4	59.4	61.4	61.8	5.1%	0.4	0.7%	0.0%	3.4	5.8%
Monetary Deposits	377.1	400.7	405.3	396.4	398.5	414.1	413.0	428.5	35.1%	15.5	3.8%	1.3%	30.0	7.5%
Quasi-Monetary Deposits	689.3	705.7	710.1	704.6	729.9	720.5	719.8	728.1	59.8%	8.3	1.2%	0.7%	-1.8	-0.2%
Money Supply M₃	1,314.5	1,346.0	1,337.6	1,322.0	1,342.8	1,351.3	1,351.8	1,373.8		22.0	1.6%		31.0	2.3%
Currency in Circulation Outside Banks	59.0	56.2	58.8	57.2	58.4	59.4	61.4	61.8	4.5%	0.4	0.7%	0.0%	3.4	5.8%
Monetary Deposits	377.1	400.7	405.3	396.4	398.5	414.1	413.0	428.5	31.2%	15.5	3.8%	1.2%	30.0	7.5%
Quasi-Monetary Deposits	689.3	705.7	710.1	704.6	729.9	720.5	719.8	728.1	53.0%	8.3	1.2%	0.6%	-1.8	-0.2%
Government Deposits	189.1	183.5	163.4	163.7	156.0	157.3	157.6	155.4	11.3%	-2.2	-1.4%	-0.2%	-0.6	-0.4%

¹ Revised to comply with MFS guidelines issued by the IMF

² Estimates, subject to revision

³ 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 UAE¹

(End of period, billions of Dirhams)

	December	December	March	June	September	October	November	December	January	February	March ²	Change in March 2016	
	2013	2014	2015	2015	2015	2015	2015	2015	2016	2016	2016	In billions of Dirhams	% Change
Monetary Base	281.8	309.2	304.4	302.4	295.3	299.4	302.4	365.2	315.9	326.2	329.5	3.3	1.0%
Currency Issued*	63.9	74.5	69.3	72.5	71.0	72.5	73.8	73.5	73.1	75.3	77.2	1.9	2.5%
Banks' Required Reserves	87.8	104.1	105.6	109.5	110.6	111.5	110.6	111.9	113.9	114.1	113.5	-0.6	-0.5%
Banks & OFCs' Excess Reserves	22.2	31.1	17.8	19.1	16.3	20.7	21.7	40.0	25.7	20.3	23.4	3.1	15.3%
Certificates of Deposit purchased by Banks	107.9	99.5	111.7	101.3	97.4	94.7	96.3	139.8	103.2	116.5	115.4	-1.1	-0.9%
Money Supply (M ₁)	379.6	436.1	456.9	464.1	453.6	455.7	457.3	456.9	473.5	474.4	490.3	15.9	3.4%
Money Multiplier of M₁ (M₁/Monetary Base)	1.35	1.41	1.50	1.53	1.54	1.52	1.51	1.25	1.50	1.45	1.49		
Money Supply (M ₂)	1,043.0	1,125.4	1,162.5	1,174.2	1,158.3	1,167.0	1,165.0	1,186.8	1,194.0	1,194.2	1,218.4	24.2	2.0%
Money Multiplier of M₂ (M₂/Monetary Base)	3.70	3.64	3.82	3.88	3.92	3.90	3.85	3.25	3.78	3.66	3.70		
Money Supply (M ₃)	1,204.5	1,314.5	1,346.0	1,337.6	1,322.0	1,320.9	1,332.2	1,342.8	1,351.3	1,351.8	1,373.8	22.0	1.6%
Money Multiplier of M₃ (M₃/Monetary Base)	4.27	4.25	4.42	4.42	4.48	4.41	4.41	3.68	4.28	4.14	4.17		

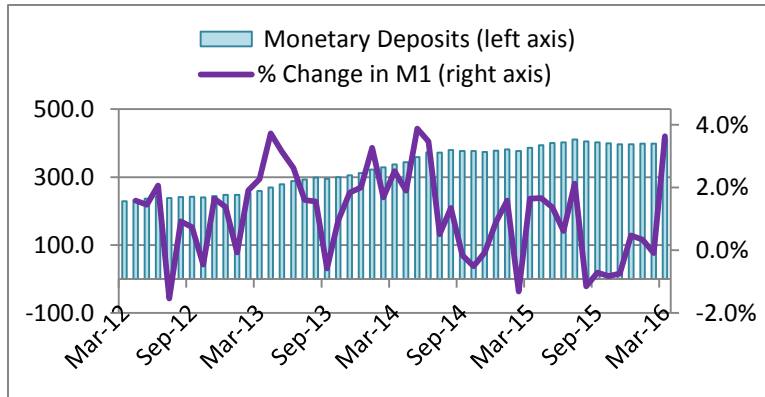
¹ Revised to comply with MFS guidelines issued by the IMF

² Estimates, subject to revision

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

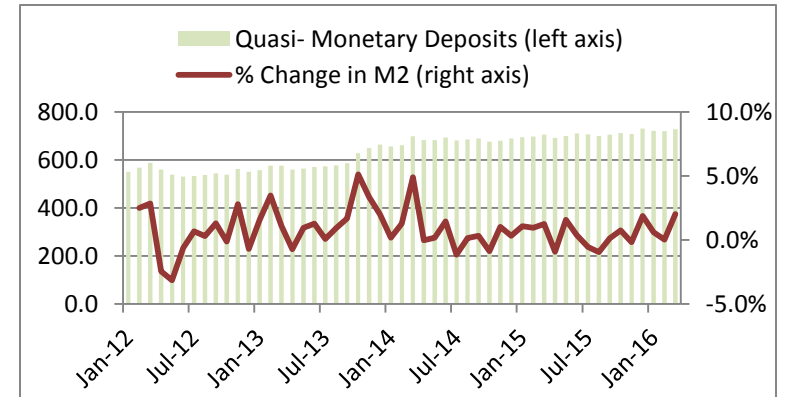
Money Supply M₁ increased by 3.4%, driven by a 3.8% rise in Monetary Deposits.

(bn AED, % month-on-month)



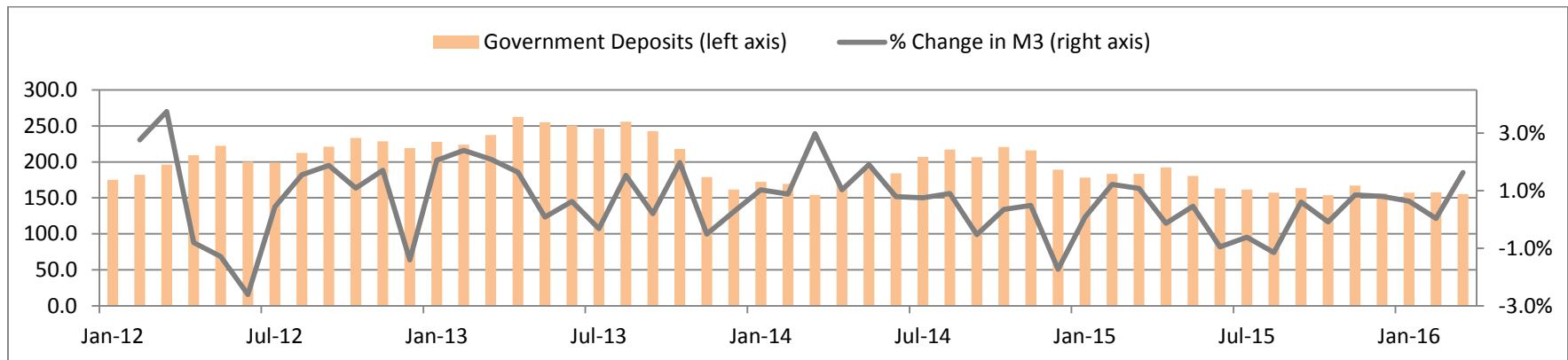
Money Supply M₂ increased by 2%, due to a 1.2% rise in Quasi-Monetary Deposits.

(bn AED, % month-on-month)



Money Supply M₃ increased by 1.6%, owing to increased M₁ & M₂.

(bn AED, % month-on-month)



Monetary Base expanded by 1% during March 2016.

(bn AED, % month-on-month)

