



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

## UAE Monthly Monetary Survey May 2015

### Previous Monetary Surveys

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

### Related Publications

- UAE Monetary Developments Report, 1<sup>st</sup> 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 <sup>(\*)</sup>

**M<sub>1</sub>** increased by 1.9%, rising from AED 473.6 billion at the end of April to AED 482.8 billion at the end of May 2015. This increase was a result of a 2.1% increase in Monetary Deposits (85.2% of **M<sub>1</sub>**) and another 2.1% increase in Currency Held by the Public (12% of **M<sub>1</sub>**), overshadowing a 4.3% decrease in Cash at Banks (2.8% of **M<sub>1</sub>**).

Similarly, **M<sub>2</sub>** also increased by 1.4%; soaring from AED 1,182 billion at the end of April, to AED 1,198.9 billion at the end of May 2015. This hike was brought about by an increased **M<sub>1</sub>** combined with a 1.1% increase in Quasi-Monetary Deposits (59.7% of **M<sub>2</sub>**).

Continuing the trend, **M<sub>3</sub>** also increased by 0.4%, increasing from AED 1,376.1 billion at the end of April to AED 1,381.1 billion at the end of May 2015. This rise was mainly brought about by an augmented **M<sub>2</sub>**, overshadowing a 6.2% decrease in Government Deposits (13.2% of **M<sub>3</sub>**).

In summary, during May 2015, the monetary aggregates **M<sub>1</sub>**, **M<sub>2</sub>** and **M<sub>3</sub>** increased by 1.9%, 1.4% and 0.4%, 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 May 2015, the Monetary Base expanded by 0.9% owing to a combined increase in Certificates of Deposits held by Banks (32.3% of the Monetary Base) by 5.2%, Currency Issued (24.4% of the Monetary Base) by 1% and Banks' Required Reserves (37.2% of the Monetary Base) by 2%. This collective increase overshadowed a 21.3% decrease in Banks' Excess Reserves (6.1% of the Monetary Base).

From the end of April to the end of May, the multipliers of **M<sub>1</sub>** and **M<sub>2</sub>** increased from 1.63 to 1.65 and from 4.07 to 4.09, respectively, reflecting faster growth of both **M<sub>1</sub>** and **M<sub>2</sub>**, compared to the corresponding growth of the monetary base. In contrast, the multiplier of **M<sub>3</sub>** decreased from 4.74 to 4.71, reflecting faster growth of the monetary base compared to the corresponding growth of overall broad money **M<sub>3</sub>**.

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

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

	December 2013	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	Change in May	
								In billions of Dirhams	% Change
<b>Money Supply M<sub>1</sub>(*)</b>	<b>393.1</b>	<b>451.6</b>	<b>456.3</b>	<b>462.7</b>	<b>470.0</b>	<b>473.6</b>	<b>482.8</b>	<b>9.2</b>	<b>1.9%</b>
<i>of which:</i> Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	58.1	<b>1.2</b>	<b>2.1%</b>
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	13.3	<b>-0.6</b>	<b>-4.3%</b>
Monetary Deposits(**)	329.2	377.1	386.7	394.2	400.7	402.8	411.4	<b>8.6</b>	<b>2.1%</b>
<b>Money Supply M<sub>2</sub></b>	<b>1,070.3</b>	<b>1,156.6</b>	<b>1,166.1</b>	<b>1,176.1</b>	<b>1,191.9</b>	<b>1,182.0</b>	<b>1,198.9</b>	<b>16.9</b>	<b>1.4%</b>
<i>of which:</i> Quasi-Monetary Deposits(***)	677.2	705.0	709.8	713.4	721.9	708.4	716.1	<b>7.7</b>	<b>1.1%</b>
<b>Money Supply M<sub>3</sub></b>	<b>1,233.4</b>	<b>1,347.5</b>	<b>1,346.0</b>	<b>1,361.3</b>	<b>1,377.2</b>	<b>1,376.1</b>	<b>1,381.1</b>	<b>5.0</b>	<b>0.4%</b>
<i>of which:</i> Government Deposits	163.1	190.9	179.9	185.2	185.3	194.2	182.1	<b>-12.1</b>	<b>-6.2%</b>

**N.B. Estimates, subject to revision.**

(\*) M<sub>1</sub> = Currency Held by the Public + Cash at Banks + Monetary Deposits

M<sub>2</sub> = M<sub>1</sub> + Quasi-Monetary Deposits

M<sub>3</sub> = M<sub>2</sub> + 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	May 2015		MoM		Contribution to Aggregate Growth <sup>1</sup>	Year to Date	
							In billions of Dirhams	Shares of the Aggregates	In Billions of Dirhams	% Change		In Billions of Dirhams	% Change
<b>Money Supply M<sub>1</sub></b>	<b>393.1</b>	<b>451.6</b>	<b>456.3</b>	<b>462.7</b>	<b>470.0</b>	<b>473.6</b>	<b>482.8</b>		<b>9.2</b>	<b>1.9%</b>		<b>31.2</b>	<b>6.9%</b>
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	58.1	12.0%	1.2	2.1%	0.25%	-0.9	-1.5%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	13.3	2.8%	-0.6	-4.3%	-0.12%	-2.2	-14.2%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	411.4	85.2%	8.6	2.1%	1.82%	34.3	9.1%
<b>Money Supply M<sub>2</sub></b>	<b>1,070.3</b>	<b>1,156.6</b>	<b>1,166.1</b>	<b>1,176.1</b>	<b>1,191.9</b>	<b>1,182.0</b>	<b>1,198.9</b>		<b>16.9</b>	<b>1.4%</b>		<b>42.3</b>	<b>3.7%</b>
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	58.1	4.8%	1.2	2.1%	0.10%	-0.9	-1.5%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	13.3	1.1%	-0.6	-4.3%	-0.05%	-2.2	-14.2%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	411.4	34.3%	8.6	2.1%	0.73%	34.3	9.1%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	708.4	716.1	59.7%	7.7	1.1%	0.65%	11.1	1.6%
<b>Money Supply M<sub>3</sub></b>	<b>1,233.4</b>	<b>1,347.5</b>	<b>1,346.0</b>	<b>1,361.3</b>	<b>1,377.2</b>	<b>1,376.1</b>	<b>1,381.1</b>		<b>5.0</b>	<b>0.4%</b>		<b>33.6</b>	<b>2.5%</b>
Currency Held by the Public	50.4	59.0	56.6	56.5	56.3	56.9	58.1	4.2%	1.2	2.1%	0.09%	-0.9	-1.5%
Cash at Banks	13.5	15.5	13.0	12.0	13.1	13.9	13.3	1.0%	-0.6	-4.3%	-0.04%	-2.2	-14.2%
Monetary Deposits	329.2	377.1	386.7	394.2	400.7	402.8	411.4	29.8%	8.6	2.1%	0.64%	34.3	9.1%
Quasi-Monetary Deposits	677.2	705.0	709.8	713.4	721.9	708.4	716.1	51.8%	7.7	1.1%	0.56%	11.1	1.6%
Government Deposits	163.1	190.9	179.9	185.2	185.3	194.2	182.1	13.2%	-12.1	-6.2%	-0.82%	-8.8	-4.6%

**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	January	February	March	April	May	Change in May 2015	
	2013	2014	2015	2015	2015	2015	2015	In billions of Dirhams	% Change
<b>Monetary Base</b>	<b>278.2</b>	<b>308.1</b>	<b>290.9</b>	<b>290.2</b>	<b>293.5</b>	<b>290.4</b>	<b>293.1</b>	<b>2.7</b>	<b>0.9%</b>
Currency Issued*	63.9	74.5	69.6	68.5	69.4	70.8	71.5	0.7	1.0%
Banks' Required Reserves	87.8	104.1	105.6	107.6	105.6	107.1	109.2	2.1	2.0%
Banks' Excess Reserves	18.6	30.0	22.6	17.3	12.8	22.6	17.8	-4.8	-21.3%
Certificates of Deposit purchased by Banks (Net of Lending)	107.9	99.5	93.1	96.8	105.8	90.0	94.7	4.7	5.2%
Money Supply (M <sub>1</sub> )	393.1	451.6	456.3	462.7	470.0	473.6	482.8	9.2	1.9%
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.41</b>	<b>1.47</b>	<b>1.57</b>	<b>1.59</b>	<b>1.60</b>	<b>1.63</b>	<b>1.65</b>		
Money Supply (M <sub>2</sub> )	1,070.3	1,156.6	1,166.1	1,176.1	1,191.9	1,182.0	1,198.9	16.9	1.4%
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>3.85</b>	<b>3.75</b>	<b>4.01</b>	<b>4.05</b>	<b>4.06</b>	<b>4.07</b>	<b>4.09</b>		
Money Supply (M <sub>3</sub> )	1,233.4	1,347.5	1,346.0	1,361.3	1,377.2	1,376.1	1,381.1	5.0	0.4%
<b>Money Multiplier of M<sub>3</sub> (M<sub>3</sub>/Monetary Base)</b>	<b>4.43</b>	<b>4.37</b>	<b>4.63</b>	<b>4.69</b>	<b>4.69</b>	<b>4.74</b>	<b>4.71</b>		

N.B. Estimates, subject to revision.

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