The Central Bank announced that the Money Supply aggregate $M_1$ decreased by 0.4%, from AED 762.0 billion at the end of February 2023 to AED 759.3 billion at the end of March 2023. This was due to AED 7.1 billion decline in Monetary Deposits, overriding AED 4.4 billion increase in Currency in Circulation Outside Banks.

The Money Supply aggregate $M_2$ climbed by 2.2%, from AED 1,749.4 billion at the end of February 2023 to AED 1,788.4 billion at the end of March 2023. $M_2$ rose due to a rise of AED 41.7 billion in Quasi-Monetary Deposits, dominating the reduction in $M_1$.

The Money Supply aggregate $M_3$ also ascended by 3.1%, from AED 2,130.2 billion at the end of February 2023 to AED 2,195.9 billion at the end of March 2023. $M_3$ primarily increased because of an elevated $M_2$ and AED 26.7 billion rise in Government Deposits.

The Monetary Base grew by 4.6%, climbing from AED 543.9 billion at the end of February 2023 to AED 568.9 billion at the end of March 2023. The main drivers of this expansion of the Monetary Base were increases in Currency Issued, Banks & OFCs’ Current Accounts & Overnight Deposits of Banks at CB UAE and Monetary Bills & Islamic Certificates of Deposit by 4.5%, 6.4% and 9.2%, respectively. However, Reserve Account fell by 5.9%.

Gross banks’ assets, including bankers’ acceptances, rose by 0.5%, from AED 3,747.8 billion at the end of February 2023 to AED 3,764.7 billion at the end of March 2023.

Gross credit fell by 0.1% from AED 1,896.9 billion at the end of February 2023 to AED 1,895.8 billion at the end of March 2023. Gross Credit decreased due to a 1.5% decrease in Domestic Credit, overriding a 1.5% rise in Foreign Credit.
Domestic Credit shrank because of 0.4%, 0.8% and 2.3% reductions in credit to the Public Sector (Government Related Entities), Private Sector and the Non-Banking Financial Institutions, correspondingly. Whereas, credit to the Government Sector increased by 3.3%.

Total Bank Deposits increased by 2.8%, rising from AED 2,242.3 billion at the end of February 2023 to AED 2,306.0 billion at the end of March 2023. The growth in Total Bank Deposits was due to increases in Resident Deposits by 3.1% and Non-Resident Deposits by 0.2%. Resident Deposits rose owing to increases by 7.0%, 0.5%, 2.0% and 17.3% in Government Sector, Public Sector (Government Related Entities), Private Sector and Non-Banking Financial Institutions’ Deposits, respectively.

Note:

\[ M_1 = \text{Currency in circulation outside Banks} + \text{Monetary Deposits (current accounts and call accounts at banks)}. \]

\[ M_2 = M_1 + \text{Quasi-monetary Deposits (resident time and saving deposits in Dirhams and resident deposits in foreign currencies)}. \]

\[ M_3 = M_2 + \text{Government Deposits at banks operating in the UAE as well as at the Central Bank}. \]

And you are seeing the results of the local recovery in the Domestic Credit at a level of 0.4% and 2.3% in the Public Sector (Government Related Entities), Private Sector and the Non-Banking Financial Institutions, respectively. Whereas, credit to the Government Sector increased by 3.3%.

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