Date: 20/06/2023

The Central Bank announced that the Money Supply aggregate \( M_1 \) increased by 2.1%, from AED 759.3 billion at the end of March 2023 to AED 775.2 billion at the end of April 2023. This was due to AED 3.3 billion and AED 12.6 billion increases in Currency in Circulation Outside Banks and Monetary Deposits, respectively.

The Money Supply aggregate \( M_2 \) climbed by 2.0%, from AED 1,788.4 billion at the end of March 2023 to AED 1,823.7 billion at the end of April 2023. \( M_2 \) rose due to an elevated \( M_1 \) and an AED 19.4 billion rise in Quasi-Monetary Deposits.

The Money Supply aggregate \( M_3 \) also soared by 2.2%, from AED 2,195.9 billion at the end of March 2023 to AED 2,245.1 billion at the end of April 2023. \( M_3 \) increased because of a raised \( M_2 \) and an AED 13.9 billion rise in Government Deposits.

The Monetary Base grew by 5.6%, climbing from AED 568.9 billion at the end of March 2023 to AED 600.7 billion at the end of April 2023. The main drivers of this expansion of the Monetary Base were increases in Currency Issued, Reserve Account and Monetary Bills & Islamic Certificates of Deposit by 3.0%, 98.6%* and 3.2%, respectively, overriding the 49.1%* reduction in Banks & OFCs’ Current Accounts & Overnight Deposits of Banks at CBUAE.

Gross banks’ assets, including bankers’ acceptances, rose by 1.0%, from AED 3,764.7 billion at the end of March 2023 to AED 3,802.7 billion at the end of April 2023.

Gross credit increased by 0.1% from AED 1,895.8 billion at the end of March 2023 to AED 1,897.0 billion at the end of April 2023. Gross Credit rose due to 0.4% growth in Domestic Credit, overriding a 2.3% fall in Foreign Credit.

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Domestic Credit expanded because of 0.8% and 0.5% increases in credit to the Public Sector (Government Related Entities) and Private Sector, correspondingly. Whereas, credit to the Government Sector and Non-Banking Financial Institutions declined by 0.4% and 4.7%, respectively.

Total Bank Deposits increased by 1.9%, rising from AED 2,306.0 billion at the end of March 2023 to AED 2,350.9 billion at the end of April 2023. The growth in Total Bank Deposits was due to increases in Resident Deposits by 2.1% and Non-Resident Deposits by 0.9%. Resident Deposits rose owing to increases in Government Sector, Public Sector (Government Related Entities) and Private Sector Deposits by 2.7%, 9.3% and 1.4%, respectively. Non-Banking Financial Institutions’ Deposits fell by 16.4%.

Note:

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

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

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

* Effective April 2023, higher monthly movements in Reserve Account and Current Accounts & Overnight Deposits of Banks at CBUAE were mainly due to the increase in the ratio of banks’ reserve requirement on demand deposits from 7% to 11%.