



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

UAE Monthly Monetary Survey - August 2012 -

Previous Monetary Surveys		Related Publications	
- July 2012		- UAE Central Bank Monthly Statistical Bulletin, May 2012	
- June 2012		- UAE Monetary Developments Report, 2 nd Quarter 2012 (Arabic)	
- May 2012		- Governor's Speech on "Corporate Governance" – Abu Dhabi, 14 March 2012	
- April 2012		- Governor's Speech: First Annual World Islamic Banking Conference - Singapore, 14 June 2010	
- March 2012		- Governor's Speech on "The Regulatory Partnerships for Sustained Growth in MENASA AREA" - Dubai, 24 May 2010	
- February 2012			
- December 2011			
- November 2011			
- June 2011			
- May 2011			
- April 2011			
- March 2011			
- February 2011			
- January 2011			

Monetary Developments ^(*)

Money supply M_0 increased from AED 55.1 billion at the end of July 2012 to AED 55.7 billion at the end of August of the same year (1.1%), while M_1 decreased from AED 286.4 billion to AED 285.0 billion (-0.5%), M_2 increased from AED 832.5 billion to AED 835.0 billion (0.3%), and M_3 increased from AED 1,033.0 billion to AED 1,048.8 billion (1.5%). During the first eight months of 2012, M_0 increased by 6.9%, M_1 by 7.9%, M_2 by 1.1% and M_3 by 4.7%.

The Money Multiplier

The money multiplier indicates by how much the money supply will grow following an increase of 1 billion Dirhams in the monetary base (currency in circulation + commercial banks' reserves at the Central Bank + certificates of deposit).

This multiplier of M_2 remained at 4.0 at the end of August 2012, i.e. at the same level of the previous month.

(*) Monetary aggregates are defined in footnote of Table 1

Table 1. UAE Monthly Monetary Survey (August 2012)
(End of period, billions of Dirhams)

	December 2011	July 2012	August 2012	Change in August		Change during the first 8 months of 2012		
				In billions of Dirhams	%	In billions of Dirhams	%	Annualized in %
Money Supply M₀	52.1	55.1	55.7	0.6	1.1	3.6	6.9	10.5
-Currency in Circulation	41.6	44.1	44.8	0.7	1.6	3.2	7.7	11.8
-Monetary Deposits(*)	222.5	242.3	240.2	-2.1	-0.9	17.7	8.0	12.2
Money Supply M₁	264.1	286.4	285.0	-1.4	-0.5	20.9	7.9	12.1
-Quasi Monetary Deposits(**)	561.7	546.1	550.0	3.9	0.7	-11.7	-2.1	-3.1
Money Supply M₂	825.8	832.5	835.0	2.5	0.3	9.2	1.1	1.7
-Government Deposits	175.6	200.5	213.8	13.3	6.6	38.2	21.8	34.3
Money Supply M₃	1,001.4	1,033.0	1,048.8	15.8	1.5	47.4	4.7	7.2

N.B. Data for December 2011 and 2012 are estimates subject to revision

M₀ = Currency in Circulation + Currency at Banks

M₁ = Currency in Circulation + 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. Money Multiplier in the UAE
(End of period, billions of Dirhams)**

	December 2011	July 2012	August 2012	Change in August 2012	
				In billions of Dirhams	% change
Monetary Base	197.9	210.3	210.8	0.5	0.2
- Currency in Circulation	41.6	44.1	44.8	0.7	1.6
- Reserve Requirements	62.8	68.1	68.4	0.3	0.4
- Banks Current Accounts at CBUAE (Net)	13.5	14.9	12.6	-2.3	-15.4
- Certificates of Deposits (Net of Lending)	80.0	83.2	85.0	1.8	2.2
Money Supply (M ₁)	264.1	286.4	285.0	-1.4	-0.5
Money Multiplier of M₁ (M₁/Monetary Base)	1.3	1.4	1.4	-	-
Broad Money Supply (M ₂)	825.8	832.5	835.0	2.5	-0.3
Money Multiplier of M₂ (M₂/Monetary Base)	4.2	4.0	4.0	-	-