



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

## UAE Monthly Monetary Survey - July 2012 -

Previous Monetary Surveys	
- June 2012	
- May 2012	
- April 2012	
- March 2012	
- February 2012	
- December 2011	
- November 2011	
- June 2011	
- May 2011	
- April 2011	
- March 2011	
- February 2011	
- January 2011	

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

## **Monetary Developments <sup>(\*)</sup>**

Money supply  $M_0$  increased from AED 53.1 billion at the end of June 2012 to AED 55.1 billion at the end of July of the same year (3.8%), while  $M_1$  increased from AED 284.3 billion to AED 286.4 billion (0.7%),  $M_2$  from AED 827.1 billion to AED 832.5 billion (0.7%), and  $M_3$  increased from AED 1,028.6 billion to AED 1,033.0 billion (0.4%). During the first seven months of 2012,  $M_0$  increased by 5.8%,  $M_1$  by 8.4%,  $M_2$  by 0.8% and  $M_3$  by 3.2%.

## **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  $M_2$  increased from 3.9 at the end of June 2012 to 4.0 as at the end of July 2012, mainly as a result of a decrease in banks' current accounts at the Central Bank by AED 5.6 billion.

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

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

	December 2011	June 2012	July 2012	Change in July		Change during the first 7 months of 2012		
				In billions of Dirhams	%	In billions of Dirhams	%	Annualized in %
<b>Money Supply M<sub>0</sub></b>	<b>52.1</b>	<b>53.1</b>	<b>55.1</b>	<b>2.0</b>	<b>3.8</b>	<b>3.0</b>	<b>5.8</b>	<b>10.1</b>
-Currency in Circulation	41.6	43.4	44.1	0.7	1.6	2.5	6.0	105
-Monetary Deposits(*)	222.5	240.9	242.3	1.4	0.6	19.8	8.9	15.7
<b>Money Supply M<sub>1</sub></b>	<b>264.1</b>	<b>284.3</b>	<b>286.4</b>	<b>2.1</b>	<b>0.7</b>	<b>22.3</b>	<b>8.4</b>	<b>14.9</b>
-Quasi Monetary Deposits(**)	561.7	542.8	546.1	3.3	0.6	-15.6	-2.8	-4.7
<b>Money Supply M<sub>2</sub></b>	<b>825.8</b>	<b>827.1</b>	<b>832.5</b>	<b>5.4</b>	<b>0.7</b>	<b>6.7</b>	<b>0.8</b>	<b>1.4</b>
-Government Deposits	175.6	201.5	200.5	-1.0	-0.5	24.9	14.2	25.5
<b>Money Supply M<sub>3</sub></b>	<b>1,001.4</b>	<b>1,028.6</b>	<b>1,033.0</b>	<b>4.4</b>	<b>0.4</b>	<b>31.6</b>	<b>3.2</b>	<b>5.5</b>

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

M<sub>0</sub> = Currency in Circulation + Currency at Banks

M<sub>1</sub> = Currency in Circulation + 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. Money Multiplier in the UAE  
(End of period, billions of Dirhams)**

	December 2011	June 2012	July 2012	Change in July 2012	
				In billions of Dirhams	% change
<b>Monetary Base</b>	<b>197.9</b>	<b>211.1</b>	<b>210.3</b>	<b>-0.8</b>	<b>-0.4</b>
- Currency in Circulation	41.6	43.4	44.1	0.7	1.6
- Reserve Requirements	62.8	67.9	68.1	0.2	0.3
- Banks Current Accounts at CBUAE (Net)	13.5	20.5	14.9	-5.6	-27.3
- Certificates of Deposits (Net of Lending)	80.0	79.3	83.2	3.9	4.9
Money Supply (M <sub>1</sub> )	264.1	284.3	286.4	2.1	0.7
<b>Money Multiplier of M<sub>1</sub> (M<sub>1</sub>/Monetary Base)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	-	-
Broad Money Supply (M <sub>2</sub> )	825.8	827.1	832.5	5.4	0.7
<b>Money Multiplier of M<sub>2</sub> (M<sub>2</sub>/Monetary Base)</b>	<b>4.2</b>	<b>3.9</b>	<b>4.0</b>	-	-