



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

UAE Monthly Monetary Survey - October 2012 -

Previous Monetary Surveys	
- July 2012	- September 2012
- June 2012	- August 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, August 2012
- UAE Monetary Developments Report, 2 nd 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 ^(*)

Money supply M_0 increased from AED 54.8 billion at the end of September 2012 to AED 57.2 billion at the end of October of the same year (4.4%), while M_1 increased from AED 289.8 billion to AED 293.8 billion (1.4%). M_2 decreased during the same period from AED 845.5 billion to AED 844.7 billion (-0.1%), while M_3 increased from AED 1,068.1 billion to AED 1,079.7 billion (1.1%). During the first ten months of 2012, M_0 increased by 9.8%, M_1 by 11.2%, M_2 by 2.3% and M_3 by 7.8%.

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).

The multiplier of M_2 decreased from 4.0 at the end of September 2012 to 3.9 at the end of October 2012, due mainly to an increase in Commercial Banks' Current Accounts at the Central Bank by AED 5.7 billion.

(*) The monetary aggregates are defined in footnote of Table 1

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

	December 2011	September 2012	October 2012	Change in October		Change during the first 10 months of 2012		
				In billions of Dirhams	%	In billions of Dirhams	%	Annualized in %
Money Supply M₀	52.1	54.8	57.2	2.4	4.4%	5.1	9.8%	11.9%
-Currency in Circulation	41.6	45.2	45.8	0.6	1.3%	4.2	10.1%	12.2%
-Monetary Deposits(*)	222.5	244.6	247.6	3.0	1.2%	25.1	11.3%	13.7%
Money Supply M₁	264.1	289.8	293.8	4.0	1.4%	29.7	11.2%	13.6%
-Quasi Monetary Deposits(**)	561.7	555.7	551.0	-4.7	-0.8%	-10.7	-1.9%	-2.3%
Money Supply M₂	825.8	845.5	844.7	-0.8	-0.1%	18.9	2.3%	2.8%
-Government Deposits	175.6	222.6	235.0	12.4	5.6%	59.4	33.8%	41.9%
Money Supply M₃	1,001.4	1,068.1	1,079.7	11.6	1.1%	78.3	7.8%	9.5%

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	September 2012	October 2012	Change in October 2012	
				In billions of Dirhams	% change
Monetary Base	197.9	209.8	214.7	4.9	2.3
- Currency in Circulation	41.6	45.2	45.8	0.6	1.3
- Reserve Requirements	62.8	68.8	69.9	1.1	1.6
- Banks Current Accounts at CBUAE (Net)	13.5	11.0	16.7	5.7	51.8
- Certificates of Deposits (Net of Lending)	80.0	84.8	82.3	-2.5	-3.0
Money Supply (M_1)	264.1	289.8	293.8	4.0	1.4
Money Multiplier of M_1 (M_1/Monetary Base)	1.3	1.4	1.4	-	-
Broad Money Supply (M_2)	825.8	845.5	844.7	-0.8	-0.1
Money Multiplier of M_2 (M_2/Monetary Base)	4.2	4.0	3.9	-	-