



**UAE Monthly Monetary Survey
June 2019**

Monetary Developments (*)

M₁ increased by 0.1%, from AED 507.2 billion at the end of May 2019 to AED 507.9 billion at the end of June 2019. This rise was credited to a 0.5% rise in Monetary Deposits (84.8% of **M₁**), dominating the 1.7% fall in Currency in Circulation outside Banks (15.2% of **M₁**).

At the end of June 2019, **M₂** increased by 2.2%, growing from AED 1321.3 billion at the end of May 2019 to AED 1351 billion. **M₂** largely increased due to a heightened **M₁** and an AED 29 billion or 3.6% ascent in Quasi- Monetary Deposits (62.4% of **M₂**).

M₃ also grew by 1.6%, from AED 1619.1 billion at the end of May 2019 to AED 1645.4 billion at the end of June 2019. **M₃** mainly rose because of increased **M₁** and **M₂**, dominating an AED 3.4 billion or 1.1% reduction in Government Deposits at commercial banks and the Central Bank (17.9% of **M₃**).

In summary, during June 2019, Monetary Aggregates **M₁**, **M₂** and **M₃** increased by 0.1%, 2.2% and 1.6%, respectively.

The Money Multiplier

The money multiplier indicates by how much the money supply and the underlying components will grow following an increase of 1 billion Dirhams in the Monetary Base, defined as the sum of Currency issued (Currency in circulation outside banks and cash at banks), Total Banks' Reserves at the Central Bank and Certificates of Deposits held by Banks (see Table 2).

During the month of June 2019, the Monetary Base expanded by 0.2%. The Monetary Base increased primarily owing to the growth in; Banks & OFC's Excess Reserves (6.3% of the Monetary Base) by 0.4% and Certificates of Deposits purchased by Banks (39.2% of the Monetary Base) by 5.9%, overriding the reduction of Currency Issued (23% of the Monetary Base) by 6.6% and Banks' Required Reserves (31.4% of the Monetary Base) by 1.2%.

From the end of May 2019 to the end of June 2019, the multipliers of **M₂** and **M₃** increased from 3.33 to 3.40 and from 4.09 to 4.14, respectively. Whereas, the multiplier of **M₁** remained constant.

The constant multiplier of **M₁** exhibits a comparable increase in its Monetary Aggregate as compared to the expansion of the Monetary Base.

The increase in the multipliers of **M₂** and **M₃** demonstrate a faster growth in the Monetary Aggregates **M₂** and **M₃**, in comparison to an expansion of the Monetary Base.

(*) Monetary aggregates are defined in a footnote to Table 1

Table1. UAE Monthly Monetary Survey With Contribution to Aggregate Money Supply (June 2019)
(End of period, billions of Dirhams)

	Dec-17	Dec-18	Mar-19	May-19	June ¹ 2019		MoM		Contribution to Aggregate Growth ²
					In billions of Dirhams	Shares of the Aggregates	In Billions of Dirhams	% Change	
Money Supply M₁*	492.4	485.7	512.0	507.2	507.9		0.7	0.1%	
Currency in Circulation Outside Banks	67.7	70.5	73.9	78.6	77.3	15.2%	-1.3	-1.7%	-0.3%
Monetary Deposits**	424.7	415.2	438.1	428.6	430.6	84.8%	2.0	0.5%	0.4%
Money Supply M₂*	1276.2	1308.5	1328.6	1321.3	1351.0		29.7	2.2%	
Currency in Circulation Outside Banks	67.7	70.5	73.9	78.6	77.3	5.7%	-1.3	-1.7%	-0.09%
Monetary Deposits**	424.7	415.2	438.1	428.6	430.6	31.9%	2.0	0.5%	0.1%
Quasi-Monetary Deposits***	783.8	822.8	816.6	814.1	843.1	62.4%	29.0	3.6%	2.2%
Money Supply M₃*	1487.1	1602.4	1631.7	1619.1	1645.4		26.3	1.6%	
Currency in Circulation Outside Banks	67.7	70.5	73.9	78.6	77.3	4.7%	-1.3	-1.7%	-0.1%
Monetary Deposits**	424.7	415.2	438.1	428.6	430.6	26.2%	2.0	0.5%	0.1%
Quasi-Monetary Deposits***	783.8	822.8	816.6	814.1	843.1	51.2%	29.0	3.6%	1.8%
Government Deposits	210.9	293.9	303.1	297.8	294.4	17.9%	-3.4	-1.1%	-0.2%

⁽¹⁾Figures are provisional and subject to revision

⁽²⁾Contribution to aggregate growth = Shares of the sub-aggregate times percent change in each sub-aggregate, such that contribution of sub-aggregates equals percent change in the aggregate

^(*)M₁ = Currency in Circulation Outside Banks (Currency Issued - Cash at banks) + 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 + Resident Deposits in Foreign Currencies

Table 2. Money Multiplier in the UAE

(End of period, billions of Dirhams)

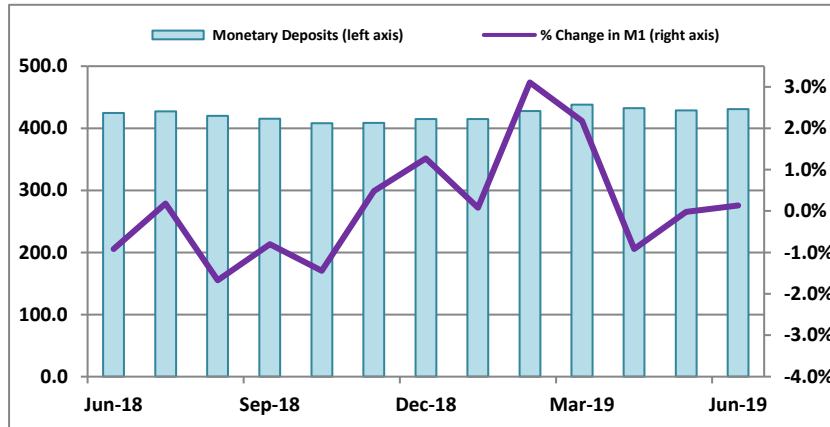
	Dec	Dec	Mar	May	Jun ¹	Change in June 2019	
	2017	2018	2019	2019	2019	In billions of Dirhams	% Change
Monetary Base	377.4	379.7	372.9	396.2	397.1	0.9	0.2%
Currency Issued*	85.4	85.8	88.3	97.7	91.3	-6.4	-6.6%
Banks' Required Reserves	121.4	120.6	123.1	126.3	124.8	-1.5	-1.2%
Banks & OFCs' Excess Reserves	35.5	35.1	22.3	25.1	25.2	0.1	0.4%
Certificates of Deposit purchased by Banks	135.1	138.2	139.2	147.1	155.8	8.7	5.9%
Money Supply (M ₁)	492.4	485.7	512.0	507.2	507.9	0.7	0.1%
Money Multiplier of M₁ (M₁/Monetary Base)	1.30	1.28	1.37	1.28	1.28		
Money Supply (M ₂)	1276.2	1308.5	1328.6	1321.3	1351.0	29.7	2.2%
Money Multiplier of M₂ (M₂/Monetary Base)	3.38	3.45	3.56	3.33	3.40		
Money Supply (M ₃)	1487.1	1602.4	1631.7	1619.1	1645.4	26.3	1.6%
Money Multiplier of M₃ (M₃/Monetary Base)	3.94	4.22	4.38	4.09	4.14		

⁽¹⁾ Figures are provisional and subject to revision

* Currency Issued = Currency in circulation outside Banks + Cash at Banks

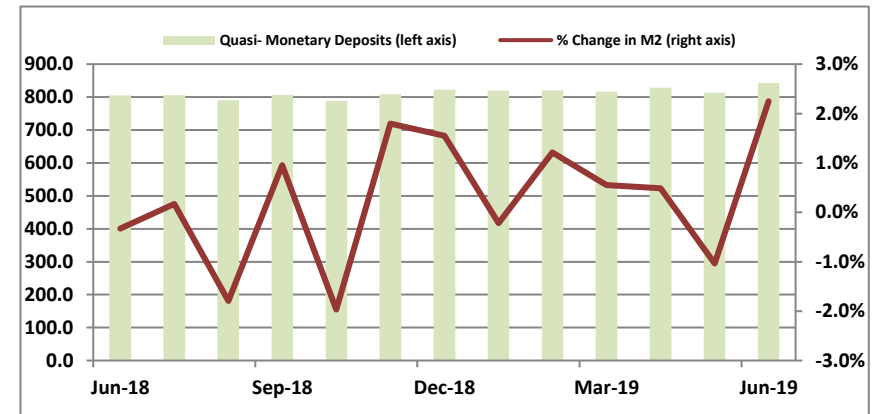
Money Supply M₁ increased by 0.1%, due to a 0.5% rise in Monetary Deposits.

(bn AED, % month-on-month)



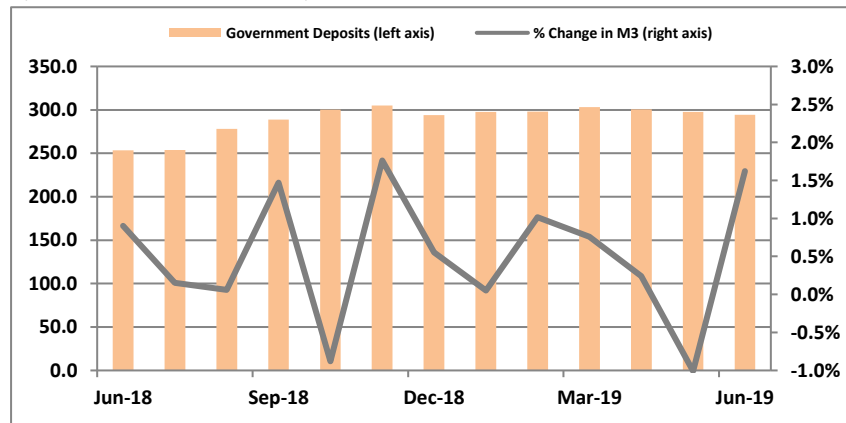
Money Supply M₂ increased by 2.2% due to an augmented M₁ and a 3.6% upsurge in Quasi-Monetary Deposits.

(bn AED, % month-on-month)



Money Supply M₃ expanded by 1.6% owing to increased M₁ & M₂, dominating a 1.1% reduction in Government Deposits.

(bn AED, % month-on-month)



The Monetary Base expanded by 0.2% during June 2019.

(bn AED, % month-on-month)

