

The evolution of monetary indicators in August 2012

In August 2012, the **monetary base**¹ increased by 798.2 million lei (4.4 percent) compared to July 2012 and constituted 18911.3 million lei. The increase of the monetary base was determined by the positive development in the net foreign assets of the National Bank of Moldova, which increased by 1558.9 million lei (7.3 percent). At the same time, net domestic assets decreased by 760.6 million lei (23.3 percent).

Net domestic credit decreased by 633.3 million lei (27.5 percent), due to the decrease of payment requests to banks by 597.7 million lei (18.3 percent) and payment requests of the NBM to the Government by 35.6 million lei (3.7 percent).

Money in circulation (M0)² increased from 11760.9 million lei in July 2012 to 12417.4 million lei in August 2012. The purchase of foreign currency from individuals was the main factor behind the increase of monetary aggregates (M0) during the analyzed period. Thus, their share in the cash releases structure increased by 7.2 percentage points compared to the previous period, constituting 50.4 percent of total cash releases in banks.

Money supply M2³ increased during the reporting period by 1503.2 million lei or by 4.9 percent, up to 32196.0 million lei. At the same time, **money supply M3**⁴ increased by 1327.9 million lei or by 3.0 percent in August 2012.

The analysis of the passive components of money supply (**M3**) denotes the fact that this increase was due to the upward trend of its components as a result of increasing the total balance of deposits with 671.4 million lei and of the monetary aggregate (**M0**) with 656.5 million lei as compared to the previous month (Table no.1).

Table no.1. Passive components of money supply

INDICATORS	Jul. 2012	Aug.12	Aug. 2012	Aug. 2012
	(million, lei)	(million, lei)	Jul. 2012 (%)	Aug. 2011 (%)
Money in circulation (M0)	11760.91	12417.43	5.6	15.3
Sight deposits in MDL	6502.30	6707.49	3.2	12.4
MONEY SUPPLY (M1)	18263.20	19124.92	4.7	14.3
Term deposits in MDL	12429.48	13070.95	5.2	24.5
Money market instruments	0.11	0.11	0.9	-92.6
MONEY SUPPLY (M2)	30692.79	32195.98	4.9	18.2
Deposits in foreign currency	14060.02	13884.77	-1.2	5.9
MONEY SUPPLY (M3)	44752.81	46080.75	3.0	14.2

¹ The monetary base includes cash in circulation (outside banking system), banking reserves (banks' reserves in MDL on correspondent accounts maintained at the National Bank of Moldova and cash in banks), deposits at sight of other organizations with the National Bank of Moldova, "overnight" deposits of banks and required reserves in foreign currency.

² Money in circulation M0 represents cash in circulation put by the National Bank of Moldova, except for cash in banks and NBM vault.

³ Money supply M2 includes currency in circulation (M0), deposits in MDL and money market instruments.

⁴ Money supply M3 includes broad money M2 and deposits in foreign currency of residents expressed in MDL.



The balance of deposits in national currency constituted 19778.4 million lei, which share equaled to 58.8 percent of total balance of deposits and the balance of deposits in foreign currency constituted 13884.8 million lei, which share amounted to 41.2 percent (Table no.2).

*Table no.2. Deposits structure*⁵

INDICATORS	Jul. 2012	Aug.12	Aug.12	Aug.12
	(mil. lei)	(mil. lei)	Jul. 2012	Aug.11
			(%)	(%)
Deposits balance (total)	32991.79	33663.21	2.0	13.8
Including:				
Deposits balance (in MDL)	18931.78	19778.44	4.5	20.1
The share in Deposits balance (total), %	57.38%	58.75%		
Non-banking financial sector	699.44	726.70	3.9	-19.0
Non-financial companies sector	5339.42	5787.81	8.4	15.5
Other resident sectors (individuals, etc.)	12892.92	13263.93	2.9	25.6
Deposits balance in foreign currency (expressed in MDL)	14060.02	13884.77	-1.2	5.9
The share in Deposits balance (total), %	42.62%	41.25%		
Non-banking financial sector	414.23	426.01	2.8	46.9
Non-financial companies sector	3123.06	2757.26	-11.7	9.0
Other resident sectors (individuals, etc.)	10522.72	10701.50	1.7	4.0

The increase of money supply M3 in August 2012 was determined by the upward evolution of its components, in particular, by the increase in net foreign assets of the banking system by 947.6 million lei (4.9 percent) and net domestic assets by 380.3 million lei (1.5 percent) as compared to the previous month.

Domestic credit of the banking system increased by 562.4 million lei (1.6 percent), up to the level of 36051.4 million lei, its increase is due to the increase of credits in economy and net payments to the Government.

The balance of credits in economy⁶ increased by 538.0 million lei (1.6 percent) in August 2012, as compared to the previous month, at the expense of the increase of credits granted to the economy in MDL by 330.1 million lei (1.7 percent) and those in foreign currency (expressed in MDL) – by 207.9 million lei (1.4 percent) (Table no.3).

The balance of credits granted to the economy in MDL was determined by the increase of the balance of credits granted to private sector by 229.8 million lei (1.8 percent), to individuals – by 111.6 million lei (2.3 percent). At the same time, the balance of credits granted to other organizations performing certain financial operations and state enterprises decreased by 7.7 million lei (2.2 percent) and by 3.7 million lei (0.6 percent) respectively.

⁵ The deposits are grouped by institutional sectors in accordance with Instruction on filling out by the licensed banks of the Report on monetary statistics (Official Monitor of the Republic of Moldova no. 206-215 of December 2, 2011).

⁶ According to the IMF methodology, the interbank credits and the credits granted to the Government are excluded from the total credits in the economy (including the interest calculated for credits and for credits of banks - in liquidation process).



Table no.3. Structure of credits granted to economy

INDICATORS	Jul. 2012	Aug.12	Aug.12	Aug.12
	(mil. lei)	(mil. lei)	Jul. 2012	Aug.11
			(%)	(%)
CREDITS GRANTED TO ECONOMY	33797.58	34335.54	1.6	17.2
Including:				
CREDITS GRANTED TO ECONOMY (in MDL)	18936.58	19266.63	1.7	16.5
The share of Credits granted to economy, %	56.03%	56.11%		
State enterprises	612.09	608.39	-0.6	18.2
Private sector	13018.18	13248.00	1.8	27.9
Other organizations performing certain financial operations	351.68	343.97	-2.2	-69.7
Other resident sectors (individuals, etc.)	4954.63	5066.26	2.3	12.0
including : Consumer loans	1940.58	1974.98	1.8	-22.2
Real estate loans	1211.11	1262.71	4.3	45.1
CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):	14860.99	15068.91	1.4	18.1
The share of Credits granted to economy, %	43.97%	43.89%		
State enterprises	619.77	603.61	-2.6	109.0
Private sector	13458.76	13703.39	1.8	33.0
Other organizations performing certain financial operations	506.28	495.03	-2.2	-61.5
Other resident sectors (individuals, etc.)	276.18	266.87	-3.4	-69.6
including : Consumer loans	0.44	0.45	3.0	0.0
Real estate loans	79.82	81.97	2.7	0.0

The balance of credits granted to economy in foreign currency (expressed in MDL) recorded the following changes: the balance of credits granted to private sector increased by 244.6 million lei, while the balance of the balance of credits granted to state enterprises, other organizations performing certain financial operations and to individuals decreased by 16.2 million lei, by 11.2 million lei and by 9.3 million lei respectively.