

### The evolution of monetary indicators in September 2012

In September 2012, the **monetary base**<sup>1</sup> increased by 468.0 million lei (2.5 percent) compared to August 2012 and constituted 19379.2 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 950.2 million lei (4.1 percent). At the same time, net domestic assets decreased by 482.2 million lei (12.0 percent).

Net domestic credit decreased by 354.5 million lei (12.1 percent), due to the decrease of payment requests of the NBM to the Government by 510.9 million lei (55.2 percent). At the same time, the payment requests to banks increased by 156.4 million lei (4.1 percent).

**Money in circulation (M0)**<sup>2</sup> increased from 12417.4 million lei in August 2012 to 12784.9 million lei in September 2012.

**Money supply M2**<sup>3</sup> increased during the reporting period by 740.2 million lei or by 2.3 percent, up to 32936.2 million lei. At the same time, **money supply M3**<sup>4</sup> increased by 689.9 million lei or by 1.5 percent in September 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 monetary aggregate (**M0**) – money in circulation - by 367.5 million lei and the total balance of deposits by 322.4 million lei as compared to the previous month (Table no.1).

*Table no.1. Passive components of money supply*

INDICATORS	Aug. 2012	Sept. 2012	Sept. 2012 Aug. 2012	Sept. 2012 Sept. 2011
	(million, lei)	(million, lei)	%	%
<b>Money in circulation (M0)</b>	<b>12417.43</b>	<b>12784.93</b>	<b>3.0</b>	<b>21.6</b>
<b>Sight deposits in MDL</b>	<b>6707.49</b>	<b>6831.73</b>	<b>1.9</b>	<b>11.0</b>
<b>MONEY SUPPLY (M1)</b>	<b>19124.92</b>	<b>19616.65</b>	<b>2.6</b>	<b>17.7</b>
<b>Term deposits in MDL</b>	<b>13070.95</b>	<b>13319.44</b>	<b>1.9</b>	<b>27.1</b>
<b>Money market instruments</b>	<b>0.11</b>	<b>0.11</b>	<b>0.8</b>	<b>-92.6</b>
<b>MONEY SUPPLY (M2)</b>	<b>32195.98</b>	<b>32936.20</b>	<b>2.3</b>	<b>21.4</b>
<b>Deposits in foreign currency</b>	<b>13884.77</b>	<b>13834.46</b>	<b>-0.4</b>	<b>5.1</b>
<b>MONEY SUPPLY (M3)</b>	<b>46080.75</b>	<b>46770.66</b>	<b>1.5</b>	<b>16.0</b>

<sup>1</sup> 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.

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

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

<sup>4</sup> 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 20151.2 million lei, which share equaled to 59.3 percent of total balance of deposits and the balance of deposits in foreign currency constituted 13834.5 million lei, which share amounted to 40.7 percent (Table no.2).

*Table no.2. Deposits structure*<sup>5</sup>

INDICATORS	Aug. 2012	Sept. 2012	Sept. 2012	Sept. 2012
	(million, lei)	(million, lei)	Aug. 2012	Sept. 2011
			%	%
<b>Deposits balance (total)</b>	<b>33663.21</b>	<b>33985.62</b>	<b>1.0</b>	<b>14.1</b>
Including:				
<b>Deposits balance (in MDL)</b>	<b>19778.44</b>	<b>20151.16</b>	<b>1.9</b>	<b>21.2</b>
The share in Deposits balance (total), %	58.75%	59.29%		
Non-banking financial sector	726.70	721.23	-0.8	-15.2
Non-financial companies sector	5787.81	5774.93	-0.2	9.6
Other resident sectors (individuals, etc.)	13263.93	13655.00	2.9	29.9
<b>Deposits balance in foreign currency</b> (expressed in MDL)	<b>13884.77</b>	<b>13834.46</b>	<b>-0.4</b>	<b>5.1</b>
The share in Deposits balance (total), %	41.25%	40.71%		
Non-banking financial sector	426.01	430.71	1.1	67.7
Non-financial companies sector	2757.26	2513.67	-8.8	-1.3
Other resident sectors (individuals, etc.)	10701.50	10890.08	1.8	5.1

The increase of money supply M3 in September 2012 was determined by the increase of net foreign assets of the banking system by 831.8 million lei (4.1 percent). At the same time, net domestic assets decreased by 141.9 million lei (0.6 percent) as compared to the previous month.

Domestic credit of the banking system decreased by 60.3 million lei (0.2 percent), up to the level of 35991.2 million lei, its decrease is due to the decrease of the balance of payment requests to the Government by 460.7 million lei, while the balance of credits granted to the economy increased by 400.4 million lei.

**The balance of credits in economy**<sup>6</sup> increased by 400.4 million lei (1.2 percent) in September 2012, as compared to the previous month, at the expense of the increase of credits granted to the economy in foreign currency (expressed in MDL) – by 233.4 million lei (1.5 percent) and those in MDL by 167.0 million lei (0.9 percent) (Table no.3).

<sup>5</sup> 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).

<sup>6</sup> 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	Aug. 2012	Sept.2012	Sept. 2012	Sept. 2012
	million, lei	million, lei	Aug. 2012	Sept. 2011
			%	%
<b>CREDITS GRANTED TO ECONOMY</b>	<b>34335.66</b>	<b>34736.07</b>	<b>1.2</b>	<b>15.5</b>
Including:				
<b>CREDITS GRANTED TO ECONOMY (in MDL)</b>	<b>19266.75</b>	<b>19433.77</b>	<b>0.9</b>	<b>14.7</b>
The share of Credits granted to economy, %	56.11%	55.95%		
State enterprises	608.39	639.33	5.1	27.1
Private sector	13248.00	13324.21	0.6	24.4
Other organizations performing certain financial operations	343.97	344.91	0.3	-70.0
Other resident sectors (individuals, etc.)	5066.38	5125.33	1.2	12.1
including : Consumer loans	1974.98	2000.01	1.3	-4.0
Real estate loans	1262.83	1302.96	3.2	46.7
<b>CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):</b>	<b>15068.91</b>	<b>15302.29</b>	<b>1.5</b>	<b>16.5</b>
The share of Credits granted to economy, %	43.89%	44.05%		
State enterprises	603.61	677.95	12.3	139.5
Private sector	13703.39	13830.96	0.9	30.3
Other organizations performing certain financial operations	495.03	499.72	0.9	-61.8
Other resident sectors (individuals, etc.)	266.87	293.66	10.0	-68.5
including : Consumer loans	0.45	0.44	-2.8	0.0
Real estate loans	81.97	84.94	3.6	0.0

The structure of the balance of credits granted to economy in MDL was determined by the increase of balance of credits granted to private sector by 76.2 million lei (0.6 percent), to individuals – by 59.0 million lei (1.2 percent), to state enterprises and other organizations performing certain financial operations – by 30.9 million lei (5.1 percent) and by 0.9 million lei (0.3 percent) respectively.

The structure of the balance of credits granted to economy in foreign currency (expressed in MDL) was determined by the increase of the balance of credits granted to private sector by 127.6 million lei (0.9 percent), to state enterprises – by 74.3 million lei (12.3 percent), to individuals and other organizations performing certain financial operations – by 26.8 million lei (10.0 percent) and by 4.7 million lei (0.9 percent) respectively.