

The evolution of monetary indicators in October 2012

In October 2012, the **monetary base**¹ increased by 157.6 million lei (0.8 percent) compared to September 2012 and constituted 19536.9 million lei. The increase of the monetary base was determined by the positive development in the net domestic assets of the National Bank of Moldova, which increased by 174.7 million lei (3.9 percent). At the same time, net foreign assets decreased by 17.1 million lei (0.1 percent).

Money in circulation (M0)² decreased from 12784.9 million lei in September 2012 to 12537.4 million lei in October 2012.

Money supply M2³ increased during the reporting period by 87.8 million lei or by 0.3 percent, up to 33024.0 million lei. At the same time, **money supply M3**⁴ increased by 389.3 million lei or by 0.8 percent in October 2012.

The analysis of the passive components of money supply (**M3**) denotes the fact that this increase was due to upward trend of the total balance of deposits by 636.9 million lei as compared to the previous month. At the same time, the monetary aggregate (**M0**) – money in circulation – decreased by 247.6 million lei (Table no.1).

Table no.1. Passive components of money supply

INDICATORS	Sept. 2012	Oct.2012	Oct. 2012/ Sept. 2012	Oct. 2012/ Oct. 2011
	million, lei	million, lei	%	%
Money in circulation (M0)	12784.93	12537.36	-1.9	18.7
Sight deposits in MDL	6831.73	6905.74	1.1	11.5
MONEY SUPPLY (M1)	19616.65	19443.10	-0.9	16.0
Term deposits in MDL	13319.44	13580.82	2.0	28.5
Money market instruments	0.11	0.11	0.9	-92.6
MONEY SUPPLY (M2)	32936.20	33024.03	0.3	20.9
Deposits in foreign currency	13834.46	14135.93	2.2	6.5
MONEY SUPPLY (M3)	46770.66	47159.96	0.8	16.2

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 20486.6 million lei, which share equaled to 59.2 percent of total balance of deposits and the balance of deposits in foreign currency constituted 14135.9 million lei, which share amounted to 40.8 percent (Table no.2).

*Table no.2. Deposits structure*⁵

INDICATORS	Sept. 2012	Oct. 2012	Oct. 2012/ Sept. 2012	Oct. 2012/ Oct. 2011
	million, lei	million, lei	%	%
Deposits balance (total)	33985.62	34622.48	1.9	15.3
Including:				
Deposits balance (in MDL)	20151.16	20486.55	1.7	22.2
The share in Deposits balance (total), %	59.29	59.17		
Non-banking financial sector	721.23	686.12	-4.9	-25.5
Non-financial companies sector	5774.93	5800.34	0.4	12.7
Other resident sectors (individuals, etc.)	13655.00	14000.09	2.5	30.9
Deposits balance in foreign currency (expressed in MDL)	13834.46	14135.93	2.2	6.5
The share in Deposits balance (total), %	40.71	40.83		
Non-banking financial sector	430.71	458.88	6.5	84.1
Non-financial companies sector	2513.67	2588.28	3.0	-0.8
Other resident sectors (individuals, etc.)	10890.08	11088.76	1.8	6.5

The increase of money supply M3 in the reporting period was determined by the increase in net domestic assets by 227.0 million lei (0.9 percent) and net foreign assets of the banking system by 162.3 million lei (0.8 percent) as compared to the previous month.

Domestic credit of the banking system decreased by 18.0 million lei, up to the level of 35973.2 million lei, its decrease being determined by the decrease of payment requests to the Government by 140.1 million lei, while the credits in economy increased by 122.1 million lei.

The balance of credits in economy⁶ increased by 122.1 million lei (0.4 percent) in October 2012, as compared to the previous month, at the expense of the increase of credits granted to the economy in MDL by 217.8 million lei (1.1 percent) while those in foreign currency (expressed in MDL) decrease by 95.7 million lei (0.6 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 142.7 million lei (1.1 percent), to individuals – by 47.2 million (0.9 percent) and to state enterprises – by 40.4 million lei (6.3 percent). At the same time, the balance of credits granted to other organizations performing certain financial operations decreased by 12.4 million lei (3.6 percent).

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	Sept. 2012	Oct.2012	Oct. 2012/ Sept. 2012	Oct. 2012/ Oct. 2011
	million, lei	million, lei	%	%
CREDITS GRANTED TO ECONOMY	34736.07	34858.21	0.4	14.9
Including:				
CREDITS GRANTED TO ECONOMY (in MDL)	19433.77	19651.60	1.1	15.5
The share of Credits granted to economy, %	55.95	56.38		
State enterprises	639.33	679.70	6.3	37.4
Private sector	13324.21	13466.93	1.1	25.5
Other organizations performing certain financial operations	344.91	332.48	-3.6	-71.2
Other resident sectors (individuals, etc.)	5125.33	5172.49	0.9	11.6
including : Consumer loans	2000.01	2019.50	1.0	-3.5
Real estate loans	1302.96	1328.90	2.0	46.3
CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):	15302.29	15206.61	-0.6	14.1
The share of Credits granted to economy, %	44.05	43.62		
State enterprises	677.95	645.02	-4.9	120.4
Private sector	13830.96	13793.76	-0.3	28.6
Other organizations performing certain financial operations	499.72	515.17	3.1	-62.1
Other resident sectors (individuals, etc.)	293.66	252.66	-14.0	-73.2
including : Consumer loans	0.44	0.71	61.9	0.0
Real estate loans	84.94	84.91	0.04	0.0

The structure of the balance of credits granted to economy in foreign currency (expressed in MDL) was determined by the decrease of the balance of credits granted to individuals by 41.0 million lei (14.0 percent), private sector – by 37.2 million lei (0.3 percent) and to state enterprises by 32.9 million lei (4.9 percent). At the same time, the balance of credits granted to other organizations performing certain financial operations increased by 15.4 million lei (3.1 percent).