



### The evolution of monetary indicators in November 2012

In November 2012, the **monetary base**<sup>1</sup> decreased by MDL 95.2 million (0.5 percent) compared to October 2012 and constituted MDL 19441.6 million. The decrease of the monetary base was determined by the negative development in the net domestic assets of the National Bank of Moldova, which decreased by MDL 367.1 million (8.5 percent). At the same time, net foreign assets increased by MDL 271.9 million (1.1 percent).

**Money in circulation (M0)**<sup>2</sup> increased from MDL 12537.4 million in October 2012 to MDL 12670.7 million in November 2012.

**Money supply M2**<sup>3</sup> increased during the reporting period by MDL 566.2 million or by 1.7 percent, up to MDL 33590.2 million. At the same time, **money supply M3**<sup>4</sup> increased by MDL 753.9 million or by 1.6 percent in November 2012.

The analysis of the passive components of money supply (**M3**) denotes the fact that this increase was due to the increase of the total balance of deposits by MDL 620.5 million as compared to the previous month. At the same time, the monetary aggregate (**M0**) – money in circulation – increased by MDL 133.4 million (Table no.1).

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

INDICATORS	Oct. 2012	Nov. 2012	Nov. 2012/ Oct. 2012	Nov. 2012/ Nov. 2011
	million, lei	million, lei	%	%
<b>Money in circulation (M0)</b>	<b>12537.36</b>	<b>12670.73</b>	<b>1.1</b>	<b>22.8</b>
<b>Sight deposits in MDL</b>	<b>6905.74</b>	<b>6860.61</b>	<b>-0.7</b>	<b>7.4</b>
<b>MONEY SUPPLY (M1)</b>	<b>19443.10</b>	<b>19531.34</b>	<b>0.5</b>	<b>16.9</b>
<b>Term deposits in MDL</b>	<b>13580.81</b>	<b>14058.78</b>	<b>3.5</b>	<b>34.5</b>
<b>Money market instruments</b>	<b>0.11</b>	<b>0.11</b>	<b>0.8</b>	<b>-92.5</b>
<b>MONEY SUPPLY (M2)</b>	<b>33024.03</b>	<b>33590.23</b>	<b>1.7</b>	<b>23.7</b>
<b>Deposits in foreign currency</b>	<b>14135.93</b>	<b>14323.63</b>	<b>1.3</b>	<b>9.0</b>
<b>MONEY SUPPLY (M3)</b>	<b>47159.96</b>	<b>47913.86</b>	<b>1.6</b>	<b>18.9</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 MDL 20919.4 million, which share equaled to 59.4 percent of total balance of deposits and the balance of deposits in foreign currency (recalculated in MDL) constituted MDL 14323.6 million, which share amounted to 40.6 percent (Table no.2).

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

INDICATORS	Oct. 2012	Nov. 2012	Nov. 2012/ Oct. 2012	Nov. 2012/ Nov. 2011
	million, lei	million, lei	%	%
<b>Deposits balance (total)</b>	<b>34622.48</b>	<b>35243.02</b>	<b>1.8</b>	<b>17.7</b>
Including:				
<b>Deposits balance (in MDL)</b>	<b>20486.55</b>	<b>20919.39</b>	<b>2.1</b>	<b>24.2</b>
The share in Deposits balance (total), %	59.17	59.36		
Non-banking financial sector	686.12	693.98	1.1	-25.5
Non-financial companies sector	5800.34	5730.62	-1.2	14.5
Other resident sectors (individuals, etc.)	14000.09	14494.79	3.5	32.9
<b>Deposits balance in foreign currency (expressed in MDL)</b>	<b>14135.93</b>	<b>14323.63</b>	<b>1.3</b>	<b>9.0</b>
The share in Deposits balance (total), %	40.83	40.64		
Non-banking financial sector	458.88	460.78	0.4	69.5
Non-financial companies sector	2588.28	2614.29	1.0	1.0
Other resident sectors (individuals, etc.)	11088.76	11248.55	1.4	9.5

The increase of money supply M3 in the reporting period was determined by the increase in net foreign assets of the banking system by MDL 709.2 million (3.3 percent) and net domestic assets by MDL 44.7 million (0.2 percent) as compared to the previous month.

Domestic credit of the banking system increased by MDL 569.1 million, up to the level of MDL 36542.3 million lei, its increase being determined by the increase of credits in economy by MDL 679.2 million, while the net payments to the Government decreased by MDL 110.1 million.

**The balance of credits in economy**<sup>6</sup> increased by 2.0 percent in November, as compared to the previous month, at the expense of the increase of credits granted to the economy in MDL by MDL 544.9 million (2.8 percent) and those in foreign currency (expressed in MDL) by MDL 134.3 million (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	Oct. 2012	Nov. 2012	Nov. 2012/ Oct. 2012	Nov. 2012/ Nov. 2011
	million, lei	million, lei	%	%
<b>CREDITS GRANTED TO ECONOMY</b>	<b>34858.21</b>	<b>35537.35</b>	<b>2.0</b>	<b>17.6</b>
Including:				
<b>CREDITS GRANTED TO ECONOMY (in MDL)</b>	<b>19651.60</b>	<b>20196.46</b>	<b>2.8</b>	<b>19.8</b>
The share of Credits granted to economy, %	56.38	56.83		
State enterprises	679.70	676.11	-0.5	38.0
Private sector	13466.93	14040.72	4.3	32.2
Other organizations performing certain financial operations	332.48	399.53	20.2	-65.7
Other resident sectors (individuals, etc.)	5172.49	5080.10	-1.8	10.9
including : Consumer loans	2019.50	2250.45	11.4	7.5
Real estate loans	1328.90	1358.67	2.2	48.5
<b>CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):</b>	<b>15206.61</b>	<b>15340.89</b>	<b>0.9</b>	<b>14.9</b>
The share of Credits granted to economy, %	43.62	43.17		
State enterprises	645.02	661.66	2.6	133.0
Private sector	13793.76	13891.51	0.7	28.7
Other organizations performing certain financial operations	515.17	534.98	3.8	-62.4
Other resident sectors (individuals, etc.)	252.66	252.74	0.0	-70.6
including : Consumer loans	0.71	1.14	61.5	0.0
Real estate loans	84.91	85.71	0.9	0.0

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 MDL 573.8 million (4.3 percent) and the balance of credits granted to other organizations performing certain financial operations – by MDL 67.1 million (20.2 percent). At the same time, the balance of credits granted to individuals decreased by MDL 92.4 million (1.8 percent) and the balance of credits granted to state enterprises – by MDL 3.6 million (0.5 percent).

The balance of credits granted to economy in foreign currency (expressed in MDL) were determined by the increase of the balance of credits granted to private sector – by MDL 97.8 million (0.7 percent), the balance of credits granted to other organizations performing certain financial operations – by MDL 19.8 million (3.8 percent), and the balance of credits granted to state enterprises - by MDL 16.6 million (2.6 percent). At the same time, the balance of credits granted to individuals remained almost the level recorded in October, constituting MDL 252.7 million.