

### The evolution of monetary indicators in December 2012

In December 2012, the **monetary base**<sup>1</sup> increased by MDL 1089.5 million (5.6 percent) compared to November 2012 and constituted MDL 20531.1 million. The increase of the monetary base was determined by the positive development in the net foreign assets and net domestic assets of the National Bank of Moldova, which increased by MDL 549.7 million (2.3 percent) and by MDL 539.8 million (11.5 percent).

**Money in circulation (M0)**<sup>2</sup> increased from MDL 12670.7 million in November 2012 to MDL 13240.8 million in December 2012. **Money supply M2**<sup>3</sup> increased during the reporting period by MDL 1324.4 million or by 3.9 percent, up to MDL 34914.6 million. At the same time, **money supply M3**<sup>4</sup> increased by MDL 1599.4 million or by 3.3 percent in December 2012.

The analysis of the **M3** money supply passive components shows that its increase was caused by the upward trend of both its components: the total balance of deposits grew by MDL 1029.3 million as compared to the previous month, while the balance of the **M0** monetary aggregate – money in circulation – increased by MDL 570.1 million (Table no.1).

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

INDICATORS	Nov.2012	Dec.2012	Dec.2012/ Nov.2012	Dec.2012/ Dec. 2011
	million, MDL	million, MDL	%	%
<b>Money in circulation (M0)</b>	<b>12670.73</b>	<b>13240.80</b>	<b>4.5</b>	<b>21.9</b>
<b>Sight deposits in MDL</b>	<b>6860.61</b>	<b>7366.47</b>	<b>7.4</b>	<b>13.0</b>
<b>MONEY SUPPLY (M1)</b>	<b>19531.34</b>	<b>20607.27</b>	<b>5.5</b>	<b>18.5</b>
<b>Term deposits in MDL</b>	<b>14058.78</b>	<b>14307.22</b>	<b>1.8</b>	<b>31.5</b>
<b>Money market instruments</b>	<b>0.11</b>	<b>0.12</b>	<b>0.8</b>	<b>-77.9</b>
<b>MONEY SUPPLY (M2)</b>	<b>33590.23</b>	<b>34914.60</b>	<b>3.9</b>	<b>23.5</b>
<b>Deposits in foreign currency</b>	<b>14323.63</b>	<b>14598.62</b>	<b>1.9</b>	<b>14.8</b>
<b>MONEY SUPPLY (M3)</b>	<b>47913.86</b>	<b>49513.22</b>	<b>3.3</b>	<b>20.8</b>

The balance of deposits in national currency constituted MDL 21673.7 million, which share equaled to 59.8 percent of total balance of deposits and the balance of deposits in foreign currency

<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.



(recalculated in MDL) constituted MDL 14598.6 million, which share amounted to 40.2 percent (Table no.2).

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

INDICATORS	Nov.2012	Dec.2012	Dec.2012/ Nov.2012	Dec.2012/ Dec. 2011
	million, MDL	million, MDL	%	%
<b>Deposits balance (total)</b>	<b>35243.02</b>	<b>36272.31</b>	<b>2.9</b>	<b>20.5</b>
Including:				
<b>Deposits balance (in MDL)</b>	<b>20919.39</b>	<b>21673.68</b>	<b>3.6</b>	<b>24.6</b>
The share in Deposits balance (total), %	59.36	59.75		
Non-banking financial sector	693.98	730.35	5.2	-21.0
Non-financial companies sector	5730.62	5955.40	3.9	18.5
Other resident sectors (individuals, etc.)	14494.79	14987.93	3.4	30.9
<b>Deposits balance in foreign currency (expressed in MDL)</b>	<b>14323.63</b>	<b>14598.63</b>	<b>1.9</b>	<b>14.8</b>
The share in Deposits balance (total), %	40.64	40.25		
Non-banking financial sector	460.78	432.08	-6.2	85.9
Non-financial companies sector	2614.29	2834.24	8.4	6.8
Other resident sectors (individuals, etc.)	11248.55	11332.31	0.7	15.3

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 1033.4 million (4.7 percent) and net domestic assets by MDL 566.0 million (2.2 percent) as compared to the previous month.

Domestic credit of the banking system increased by MDL 410.1 million, up to the level of MDL 36952.4 million lei, its increase being determined by the increase of credits in economy by MDL 410.9 million, while the net payments requests to the Government decreased by MDL 0.8 million.

**The balance of credits in economy**<sup>6</sup> increased by 1.2 percent in December 2012, as compared to the previous month, at the expense of the increase of credits granted to the economy in MDL by MDL 427.7 million (2.1 percent), while those in foreign currency (expressed in MDL) decreased by MDL 16.8 million (0.1 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	Nov.2012	Dec.2012	Dec.2012/	Dec.2012/
	million,	million,	Nov.2012	Dec. 2011
	MDL	MDL	%	%
<b>CREDITS GRANTED TO ECONOMY</b>	<b>35537.35</b>	<b>35948.27</b>	<b>1.2</b>	<b>16.1</b>
Including:				
<b>CREDITS GRANTED TO ECONOMY (in MDL)</b>	<b>20196.46</b>	<b>20624.16</b>	<b>2.1</b>	<b>20.1</b>
The share of Credits granted to economy, %	56.83	57.37		
State enterprises	676.11	731.19	8.1	40.4
Private sector	14040.72	14268.01	1.6	33.0
Other organizations performing certain financial operations	399.53	453.14	13.4	-60.4
Other resident sectors (individuals, etc.)	5080.10	5171.82	1.8	8.2
including : Consumer loans	2250.45	2270.36	0.9	7.8
Real estate loans	1358.67	1384.13	1.9	43.3
<b>CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):</b>	<b>15340.89</b>	<b>15324.11</b>	<b>-0.1</b>	<b>11.1</b>
The share of Credits granted to economy, %	43.17	42.63		
State enterprises	661.66	783.72	18.4	162.5
Private sector	13891.51	13724.87	-1.2	20.3
Other organizations performing certain financial operations	534.98	544.67	1.8	-60.0
Other resident sectors (individuals, etc.)	252.74	270.85	7.2	-62.3
including : Consumer loans	1.14	2.58	126.0	0.0
Real estate loans	85.71	87.62	2.2	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 227.3 million (1.6 percent), to individuals by MDL 91.7 million (1.8 percent), to state enterprises by MDL 55.1 million (8.1 percent) and the balance of credits granted other organizations performing certain financial operations by MDL 53.6 million lei (13.4 percent).

The balance of credits granted to economy in foreign currency (expressed in MDL) were determined by the decrease of the balance of credits granted to private sector – by MDL 166.6 million (1.2 percent). At the same time, the balance of credits granted to state enterprises increased by MDL 122.1 million (18.4 percent), to individuals by MDL 18.1 million (7.2 percent), and the balance of credits granted to other organizations performing certain financial operations by MDL 9.7 million (1.8 percent).