



### The evolution of monetary indicators in May 2013

In May 2013, the **monetary base**<sup>1</sup> was MDL 20515.7 million, increasing by MDL 155.2 million (0.8 percent) compared to April 2013. 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 MDL 438.6 million. The net domestic assets decreased by MDL 283.4 million.

**Money in circulation (M0)**<sup>2</sup> increased from MDL 13293.0 million in April 2013 to MDL 13523.0 million in May 2013.

**Money supply M2**<sup>3</sup> was MDL 36690.4 million, increasing during the reporting period by MDL 949.8 million or by 2.7 percent as compared to April 2013.

**Money supply M3**<sup>4</sup> increased by MDL 1211.0 million or by 2.4 percent in May 2013.

The analysis of the passive components of money supply (**M3**) denotes the fact that this increase was driven by the upward trend of its components as a result of the increase of the balance of the monetary aggregate (**M0**) – money in circulation – by MDL 230.0 million as compared to the previous month and the total balance of deposits by MDL 981.0 million (Table no.1).

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

INDICATORS	Apr. 2013	May 2013	May 2013	May 2013
	million, MDL	million, MDL	Apr. 2013	May 2012
			%	%
<b>Money in circulation (M0)</b>	<b>13292.99</b>	<b>13522.98</b>	<b>1.7</b>	<b>24.5</b>
<b>Sight deposits in MDL</b>	<b>7144.09</b>	<b>7779.85</b>	<b>8.9</b>	<b>28.7</b>
<b>MONEY SUPPLY (M1)</b>	<b>20437.08</b>	<b>21302.83</b>	<b>4.2</b>	<b>26.0</b>
<b>Term deposits in MDL</b>	<b>15303.33</b>	<b>15387.40</b>	<b>0.5</b>	<b>27.6</b>
<b>Money market instruments</b>	<b>0.12</b>	<b>0.12</b>	<b>-</b>	<b>7.5</b>
<b>MONEY SUPPLY (M2)</b>	<b>35740.53</b>	<b>36690.35</b>	<b>2.7</b>	<b>26.7</b>
<b>Deposits in foreign currency</b>	<b>14622.17</b>	<b>14883.30</b>	<b>1.8</b>	<b>16.1</b>
<b>MONEY SUPPLY (M3)</b>	<b>50362.70</b>	<b>51573.65</b>	<b>2.4</b>	<b>23.4</b>

The balance of deposits in national currency was MDL 23167.3 million, which share equaled to 60.9 percent of total balance of deposits and the balance of deposits in foreign currency (recalculated in MDL) was MDL 14883.3 million, which share amounted to 39.1 percent (Table no.2).

<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.

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

INDICATORS	Apr. 2013	May 2013	May 2013	May 2013
	million, MDL	million, MDL	Apr. 2013 %	May 2012 %
<b>Deposits balance (Total)</b>	<b>37069.59</b>	<b>38050.55</b>	<b>2.6</b>	<b>23.1</b>
Including:				
<b>Deposits balance (in MDL)</b>	<b>22447.42</b>	<b>23167.25</b>	<b>3.2</b>	<b>28.0</b>
The share in Deposits balance (total), %	60.55	60.89		
Non-banking financial sector	683.19	794.83	16.3	16.5
Non-financial companies sector	5949.12	6233.36	4.8	22.1
Other resident sectors (individuals, etc.)	15815.11	16139.06	2.0	31.1
<b>Deposits balance in foreign currency (expressed in MDL)</b>	<b>14622.17</b>	<b>14883.30</b>	<b>1.8</b>	<b>16.1</b>
The share in Deposits balance (total), %	39.45	39.11		
Non-banking financial sector	524.76	616.55	17.5	61.7
Non-financial companies sector	2833.65	2779.95	-1.9	15.0
Other resident sectors (individuals, etc.)	11263.76	11486.80	2.0	14.6

The increase of money supply M3 in the reporting period was determined by the increase in net domestic assets of the banking system by MDL 788.0 million (2.9 percent). At the same time, the net foreign assets of the banking system increased by MDL 423.0 million (1.8 percent).

Domestic credit of the banking system increased by MDL 879.1 million, up to the level of MDL 38642.5 million, due to the increase of net payments to the Government by MDL 97.8 million and the credits granted to the economy by MDL 781.3 million.

**The balance of credits in economy<sup>6</sup>** increased by 2.1 percent in May 2013, as compared to the previous month, at the expense of the increase of credits granted to the economy in national currency by MDL 825.3 million (4.1 percent), while the credits granted to the economy in foreign currency (expressed in MDL) decreased by MDL 44.0 million (0.3 percent) (Table no.3).

The positive development of the balance of credits granted to economy in MDL was determined by the increase of the balance of credits granted to private sector – by MDL 674.0 million (4.7 percent), other resident sectors - by MDL 116.9 million (2.5 percent), other organizations performing certain financial operations - by MDL 30.1 million (8.7 percent) and to state enterprises - by MDL 4.2 million (0.5 percent),

<sup>5</sup> Deposits structure is classified by institutional sectors, according to the 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	Apr. 2013	May 2013	May 2013	May 2013
	million, MDL	million, MDL	Apr. 2013 %	May 2012 %
<b>CREDITS GRANTED TO ECONOMY</b>	<b>36529.42</b>	<b>37310.68</b>	<b>2.1</b>	<b>16.3</b>
Including:				
<b>CREDITS GRANTED TO ECONOMY (in MDL)</b>	<b>20268.94</b>	<b>21094.22</b>	<b>4.1</b>	<b>15.9</b>
The share of Credits granted to economy, %	55.49	56.54		
State enterprises	788.10	792.33	0.5	61.6
Private sector	14424.77	15098.78	4.7	19.5
Other organizations performing certain financial operations	347.81	377.95	8.7	10.3
Other resident sectors (individuals, etc.)	4708.25	4825.16	2.5	1.9
including : Consumer loans	2357.42	2404.82	2.0	30.5
Real estate loans	1418.56	1447.02	2.0	25.5
<b>CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):</b>	<b>16260.48</b>	<b>16216.46</b>	<b>-0.3</b>	<b>16.9</b>
The share of Credits granted to economy, %	44.51	43.46		
State enterprises	805.43	817.18	1.5	34.0
Private sector	14690.71	14623.09	-0.5	17.0
Other organizations performing certain financial operations	570.47	581.77	2.0	21.7
Other resident sectors (individuals, etc.)	193.87	194.42	0.3	-32.1
including : Consumer loans	6.11	7.13	16.8	
Real estate loans	87.02	87.78	0.9	18.3

The negative development of the balance of credits granted to the economy in foreign currency was determined by the decrease of the balance of credits granted to private sector by MDL 67.6 million (0.5 percent). At the same time, the balance of credits granted to state enterprises increased by MDL 11.7 million (1.5 percent), other organizations performing certain financial operations - by MDL 11.3 million (2.0 percent) and to individuals - by MDL 0.6 million (0.3 percent).