

20.02.2017

## Monetary indicators in January 2017

In January 2017, **monetary base** The monetary base includes money 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, increased by MDL 247.5 million (0.7 percent) compared to December 2016 and accounted for MDL 33524.0 million. The increase of the monetary base was determined by the increase of net foreign assets by MDL 151.7 million (0.4 percent) and net domestic assets by MDL 95.8 million (2.2 percent).

**Money supply M2** Money supply M2 includes money in circulation (M0), deposits of residents in MDL and money market instruments, decreased by MDL 125.3 million during the reporting period or by 0.3 percent compared to December 2016 and accounted for MDL 46304.2 million.

**Money supply M3** Money supply M3 includes money supply M2 and deposits of residents in foreign currency expressed in MDL, increased by MDL 304.2 million (0.4 percent) during the reporting period.

The analysis of the passive components of money supply (**M3**) indicates that this increase was driven by the increase of the total balance of deposits - by MDL 1066.3 million, while the balance of **Money in circulation M0** Money in circulation M0 represents cash released in circulation by the National Bank of Moldova, except for cash in banks and NBM vault, decreased by MDL 762.1 million in September 2015 (Table no.1).

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

INDICATORS	December 2016	January 2017	January 2017	January 2017
	MDL, million	MDL, million	December 2016	January 2016
			%	%
1 Money in circulation (M0)	17274.3	16512.2	-4.4	9.6
2 Sight deposits in MDL	10816.9	10421.5	-3.7	32.8
3 <u>MONEY SUPPLY (M1) Money supply M1 includes money in circulation and sight deposits of residents in MDL</u>	28091.2	26933.7	-4.1	17.6
4 Term deposits in MDL	18338.3	19370.5	5.6	21.7

5	Money market instruments	0.0	0.0		
6	MONEY SUPPLY (M2)	46429.5	46304.2	-0.3	19.3
7	Deposits in foreign currency	24090.1	24519.6	1.8	-5.0
8	MONEY SUPPLY (M3)	70519.6	70823.8	0.4	9.6

The balance of deposits in national currency increased by MDL 636.8 million and accounted for MDL 29792.0 million, representing a share of 54.9 percent of total deposits and the balance of deposits in foreign currency (recalculated in MDL) increased by MDL 429.5 million and accounted for MDL 24519.6 million (with a share of 45.1 percent) (Table no.2).

**Table no.2. Structure of deposits** 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).

INDICATORS	December 2016	January 2017	January 2017	January 2017
	MDL, million	MDL, million	December 2016	January 2016
			%	%
I Deposits balance (Total)	53245.3	54311.6	2.0	9.5
including:				
1.0 Deposits balance (in MDL):	29155.2	29792.0	2.2	25.4
Share in deposits balance (Total) %	54.8	54.9		
1.1 Non-banking financial sector	445.0	520.2	16.9	37.2
1.2 Non-financial companies sector, which majority ownership is public	936.2	1075.3	14.9	0.4
1.3 Non-financial companies sector, which majority ownership is private	6223.2	7259.9	16.7	61.4
1.4 Other residential sectors (individuals, etc.)	21550.8	20936.6	-2.9	17.5
2.0 Balance of deposits in foreign currency (recalculated in MDL):	24090.1	24519.6	1.8	-5.0
Share in deposits balance (Total) %	45.2	45.1		

2.1	Non-banking financial sector	921.9	937.9	1.7	-15.8
2.2	Non-financial companies sector, which majority ownership is public	461.1	480.4	4.2	23.9
2.3	Non-financial companies sector, which majority ownership is private	5506.0	5476.5	-0.5	5.0
2.4	Other residential sectors (individuals, etc.)	17201.1	17624.8	2.5	-7.8

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 769.1 million (1.3 percent), while the net domestic assets of the banking system decreased by MDL 464.9 million (5.2 percent).

**Balance of credits in economy** 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). in January 2017 decreased by MDL 331.9 million (0.8 percent) due to the decrease of credits granted to economy in national currency by MDL 369.8 million (1.7 percent). The credits granted in foreign currency (recalculated in MDL) increased by MDL 37.9 million (0.2 percent) (Table no.3).

It should be mentioned that the credits granted to economy in foreign currency, expressed in USD, have decreased by USD 0.7 million. during the reporting period.

**Table no.3.** Structure of credits granted to economy

INDICATORS		December	January	January	January
		2016	2017	2017	2017
		MDL, million	MDL, million	December 2016	January 2016
				%	%
I	CREDITS GRANTED TO ECONOMY	39455.2	39123.3	-0.8	-8.6
	including:				
1	CREDITS GRANTED TO ECONOMY (in MDL):	21656.8	21287.0	-1.7	-9.7
	Share of credits granted to economy, %	54.9	54.4		
1.1	Non-banking financial sector	735.3	718.3	-2.3	0.4
1.2	Non-financial companies sector, which majority ownership is public	1049.9	990.3	-5.7	0.8

1.3	Non-financial companies sector, which majority ownership is private	12612.5	12295.9	-2.5	-17.9
1.4	Other residential sectors (individuals, etc.)	7259.1	7282.5	0.3	5.6
	including: Consumer loans	3815.0	3823.0	0.2	14.6
	Real estate loans	2156.2	2172.1	0.7	-1.6
2	CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (recalculated in MDL):	17798.4	17836.3	0.2	-7.2
	Share of credits granted to economy, %	45.1	45.6		
2.1	Non-banking financial sector	873.7	882.4	1.0	1.0
2.2	Non-financial companies sector, which majority ownership is public	676.0	660.5	-2.3	-23.5
2.3	Non-financial companies sector, which majority ownership is private	15941.8	15976.9	0.2	-6.9
2.4	Other residential sectors (individuals, etc.)	306.9	316.5	3.1	-5.3
	including: Consumer loans	8.9	8.9	0.3	-34.0
	Real estate loans	171.2	174.9	2.2	6.2

The negative evolution of the balance of credits granted to economy in national currency was determined by the decrease in the following components: the balance of credits granted to non-financial companies' sector, which majority ownership is public by MDL 59.6 million (5.7 percent), non-financial companies sector, which majority ownership is private by MDL 316.6 million (2.5 percent), non-banking financial sector by MDL 17.0 million (2.3 percent), respectively. At the same time, the balance of credits granted to other resident sectors (including individuals) increased by MDL 23.4 million (0.3 percent).

At the same time, the increase in balance of credits granted to economy in foreign currency (expressed in MDL) was influenced by the increase in the following components: the balance of credits granted to non-financial companies' sector, which majority ownership is private by MDL 35.1 million (0.2 percent), non-banking financial sector and to other resident sectors (including individuals) - by MDL 8.7 million (1.0 percent) and by MDL 9.6 million (3.1 percent), respectively. However, the balance of credits granted to non-financial companies' sector, which majority ownership is public decreased by MDL 15.5 million (2.3 percent).

M0 <sup>[2]</sup>

M1 <sup>[3]</sup>

M2 <sup>[4]</sup>

M3 <sup>[5]</sup>

money supply <sup>[6]</sup>

monetary aggregates <sup>[7]</sup>

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