



### The evolution of monetary indicators in August 2013

In August 2013, the **monetary base**<sup>1</sup> was MDL 23097.6 million, increasing by MDL 1294.2 million (5.9 percent) compared to July 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 1756.0 million. The net domestic assets decreased by MDL 461.8 million.

**Money in circulation (M0)**<sup>2</sup> increased from MDL 14867.3 million in July 2013 to MDL 15626.0 million in August 2013.

**Money supply M2**<sup>3</sup> was MDL 40454.4 million, increasing during the reporting period by MDL 1653.3 million or by 4.3 percent as compared to July 2013.

**Money supply M3**<sup>4</sup> increased by MDL 2213.4 million or by 4.1 percent in August 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 758.8 million as compared to the previous month and the total balance of deposits by MDL 1454.6 million (Table no.1).

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

	INDICATORS	July 2013	August 2013	August 2013	August 2013
		million, MDL	million, MDL	July 2013 %	August 2012 %
1	Money in circulation (M0)	14867.27	15626.04	5.1	25.8
2	Sight deposits in MDL	7785.92	8197.70	5.3	22.2
3	MONEY SUPPLY (M1)	22653.19	23823.74	5.2	24.6
4	Term deposits in MDL	16147.93	16630.68	3.0	27.2
5	Money market instruments	0.01	0.01	0.0	-94.6
6	MONEY SUPPLY (M2)	38801.13	40454.43	4.3	25.7
7	Deposits in foreign currency	15264.34	15824.45	3.7	14.0
8	MONEY SUPPLY (M3)	54065.47	56278.88	4.1	22.1

<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 was MDL 24828.4 million, which share equaled to 61.1 percent of total balance of deposits and the balance of deposits in foreign currency (recalculated in MDL) was MDL 15824.4 million, which share amounted to 38.9 percent (Table no.2).

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

INDICATORS	July 2013	August 2013	August 2013	August 2013
	million, MDL	million, MDL	July 2013 %	August 2012 %
<b>Deposits balance (Total)</b>	<b>39198.19</b>	<b>40652.83</b>	<b>3.7</b>	<b>20.8</b>
Including:				
<b>Deposits balance (in MDL)</b>	<b>23933.86</b>	<b>24828.38</b>	<b>3.7</b>	<b>25.5</b>
The share in Deposits balance (total), %	<b>61.06</b>	<b>61.07</b>		
Non-banking financial sector	<b>840.67</b>	<b>846.83</b>	<b>0.7</b>	<b>16.5</b>
Non-financial companies sector	<b>6217.63</b>	<b>6667.39</b>	<b>7.2</b>	<b>15.2</b>
Other resident sectors (individuals, etc.)	<b>16875.56</b>	<b>17314.16</b>	<b>2.6</b>	<b>30.5</b>
<b>Deposits balance in foreign currency</b> (expressed in MDL)	<b>15264.34</b>	<b>15824.45</b>	<b>3.7</b>	<b>14.0</b>
The share in Deposits balance (total), %	<b>38.94</b>	<b>38.93</b>		
Non-banking financial sector	<b>516.72</b>	<b>451.06</b>	<b>-12.7</b>	<b>5.9</b>
Non-financial companies sector	<b>2860.83</b>	<b>3241.62</b>	<b>13.3</b>	<b>17.6</b>
Other resident sectors (individuals, etc.)	<b>11886.79</b>	<b>12131.77</b>	<b>2.1</b>	<b>13.4</b>

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 2505.3 million (9.7 percent). At the same time, net domestic assets of the banking system decreased by MDL 291.9 million (1.0 percent).

Domestic credit of the banking system increased by MDL 7.4 million, up to the level of MDL 40324.3 million, due to the increase of the balance of credits granted to the economy by MDL 183.5 million while the balance of net payments to the Government decreased by MDL 176.1 million.

**The balance of credits in economy<sup>6</sup>** increased by 0.5 percent in August 2013, as compared to the previous month, at the expense of the increase of credits granted to the economy in national currency by MDL 141.5 million or by 0.6 percent, and the credits granted to the economy in foreign currency (expressed in MDL) - by MDL 42.1 million or by 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 other resident sectors by MDL 97.6 million (1.7 percent) and to other organizations performing certain financial operations - by MDL 52.6 million (14.2 percent). At the same time, the balance of credits granted to state enterprises decreased by MDL 11.4 million (1.4 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	July 2013	August 2013	August 2013	August 2013
	million, MDL	million, MDL	July 2013	August 2012
			%	%
<b>CREDITS GRANTED TO ECONOMY</b>	<b>39079.58</b>	<b>39263.09</b>	<b>0.5</b>	<b>14.4</b>
Including:				
<b>CREDITS GRANTED TO ECONOMY (in MDL)</b>	<b>22528.12</b>	<b>22669.57</b>	<b>0.6</b>	<b>17.7</b>
The share of Credits granted to economy, %	57.65%	57.74%		
State enterprises	787.72	776.35	-1.4	27.6
Private sector	15694.77	15697.47	0.0	18.5
Other organizations performing certain financial operations	370.50	423.07	14.2	23.0
Other resident sectors (individuals, etc.)	5675.12	5772.69	1.7	13.9
including : Consumer loans	2493.29	2553.89	2.4	29.3
Real estate loans	1537.54	1563.01	1.7	23.8
<b>CREDITS GRANTED TO ECONOMY IN FOREIGN CURRENCY (equivalent in MDL):</b>	<b>16551.46</b>	<b>16593.52</b>	<b>0.3</b>	<b>10.1</b>
The share of Credits granted to economy, %	42.35%	42.26%		
State enterprises	856.98	843.75	-1.5	39.8
Private sector	14743.99	14791.50	0.3	7.9
Other organizations performing certain financial operations	650.89	635.67	-2.3	28.4
Other resident sectors (individuals, etc.)	299.61	322.59	7.7	20.9
including : Consumer loans	8.81	9.55	8.4	
Real estate loans	89.81	90.86	1.2	10.8

The increase in the balance of credits granted to economy in foreign currency (expressed in MDL) was influenced by the increase in the balance of credits granted to private sector by MDL 47.5 million (0.3 percent), individuals - by MDL 23.0 million (7.7 percent). At the same time, the balance of credits granted to other organizations performing certain financial operations decreased by MDL 15.2 million (2.3 percent) and to state enterprises by MDL 13.2 million (1.5 percent).