

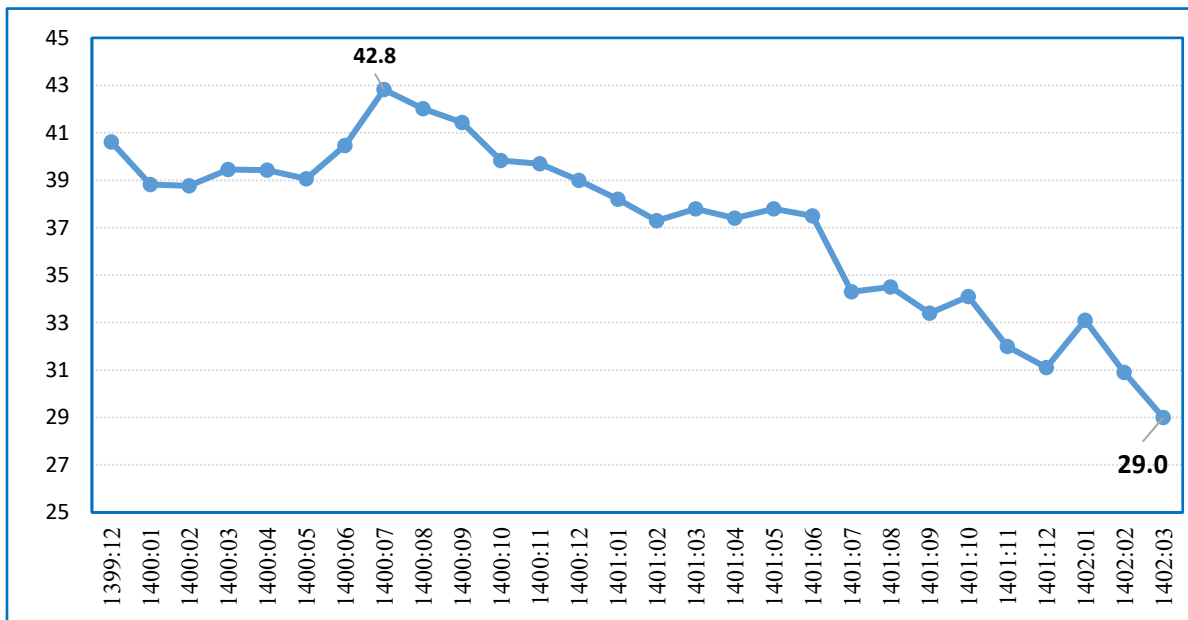
Selected Economic Indicators

Analysis on Developments of Monetary and Credit Aggregates

➤ Broad Money (M2)

Broad money (M2) amounted to 65,859.7 trillion rials at the end of Khordad 1402 (June 2023), indicating an increase of 3.9 percent compared with end-Esfand 1401 (March 2023). The twelve-month growth rate of broad money followed a decreasing trend from 37.8 percent at the end of Khordad 1401 (June 2022) to 29.0 percent in June 2023, indicating the CBI's success in actualizing its monetary plan aimed at limiting growth in banks' balance sheets.

**Figure: Twelve-month Growth of Broad Money (M2) in Recent Years
(Percent)**



➤ Monetary Base

The monetary base increased by 5.6 percent compared with March 2023, to reach 9,080.9 trillion rials in June 2023. The amount of the public debt to the CBI (net) had a share of 14.4 percentage points in the growth of the monetary base in June 2023 as compared with March 2023. The main factor behind the increase in the share of the public debt to the CBI (net) in the growth rate of the monetary base in the said period was the decrease in the deposits of the government with the CBI, indicating the government's reliance on its deposit sources rather than the revolving fund of the Treasury. Another factor responsible for the increase in the monetary base in June 2023 was the rise in the other items of the CBI (net) with a share of

3.0 percentage points in the growth rate of the monetary base in June 2023 as compared with March 2023, mainly affected by the increase in the balance of securities resulting from the implementation of the CBI's monetary policy operations and the increase in the volume of repurchase agreements (Open Market Operations). This is indicative of the CBI's efforts in devising an active monetary policy with the aim of providing the liquidity required by banks and credit institutions.

The net foreign assets of the CBI, on the other hand, had a decreasing share of -12.0 percentage points in the 5.6 percent growth of the monetary base in June 2023 as compared with March 2023. The decrease in the CBI's net foreign assets in 2023/24 is mainly due to the sales of foreign currencies purchased from the government at the end of the year before (March 2023) and the management of the foreign assets and liabilities by the CBI through the sales of some inaccessible foreign currencies, the rial equivalent of which has already been paid to the government. Thus, the CBI managed to provide the foreign exchange required by the economy and to effectively control growth of the monetary base. Accordingly, the twelve-month growth rate of the monetary base fell from 45.0 percent in April 2023 to 41.8 percent in June 2023.

➤ **Money Multiplier**

The money multiplier decreased by 1.6 percent compared with Esfand 1401 (March 2023) to reach 7.253 at the end of Khordad 1401 (June 2023).

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