

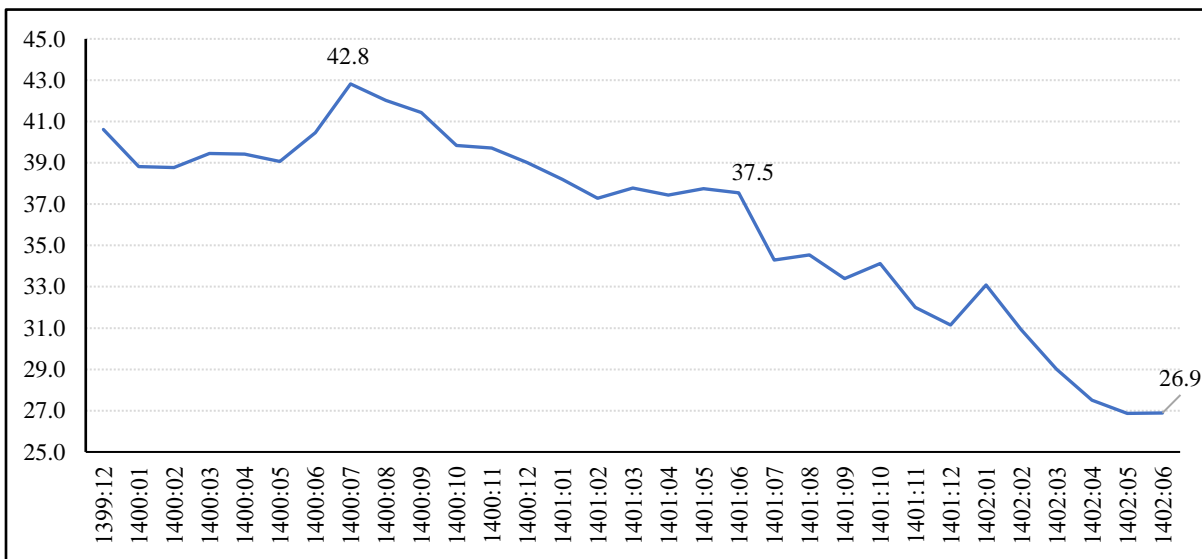
Selected Economic Indicators

Analysis on Developments of Monetary and Credit Aggregates

➤ Broad Money (M2)

Broad money (M2) amounted to 70,991.2 trillion rials at the end of Shahrivar 1402 (September 2023), indicating an increase of 12.0 percent compared with end-Esfand 1401 (March 2023). The twelve-month growth rate of broad money decreased from 37.5 percent at the end of Shahrivar 1401 (September 2022) to 26.9 percent in September 2023, mainly attributable to 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 14.1 percent compared with March 2023, to reach 9,811.3 trillion rials in September 2023. The amount of the public debt to the CBI (net) had a positive share of 24.0 percentage points in growth of the monetary base in September 2023 as compared with March 2023. The main factor behind this increase was the fall in the deposits of the government with the CBI in the mentioned period, indicating the government's reliance on its deposit sources rather than the revolving fund of the Treasury. Another factor responsible for growth of the monetary base in September 2023 was the rise in banks' debt to the CBI with a positive share of 15.1 percentage points in the rise of the monetary base compared with March 2023. This was mainly due to the increase in the banks' use of the CBI's overdraft facility. In addition, the other items of the CBI (net) had a negative share of -2.9 percentage points in growth of the monetary

base in September 2023 compared with March 2023, mainly affected by the increase in the balance of securities remaining from the implementation of the CBI's monetary policy operations and the rise 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 -22.1 percentage points in the 14.1 percent growth of the monetary base in September 2023 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 42.0 percent in September 2023.

➤ **Money Multiplier**

The money multiplier amounted to 7.236 in September 2023. This was indicative of a decrease of 1.8 percent compared with March 2023.

Prepared by the Economic Research and Policy Department, CBI