

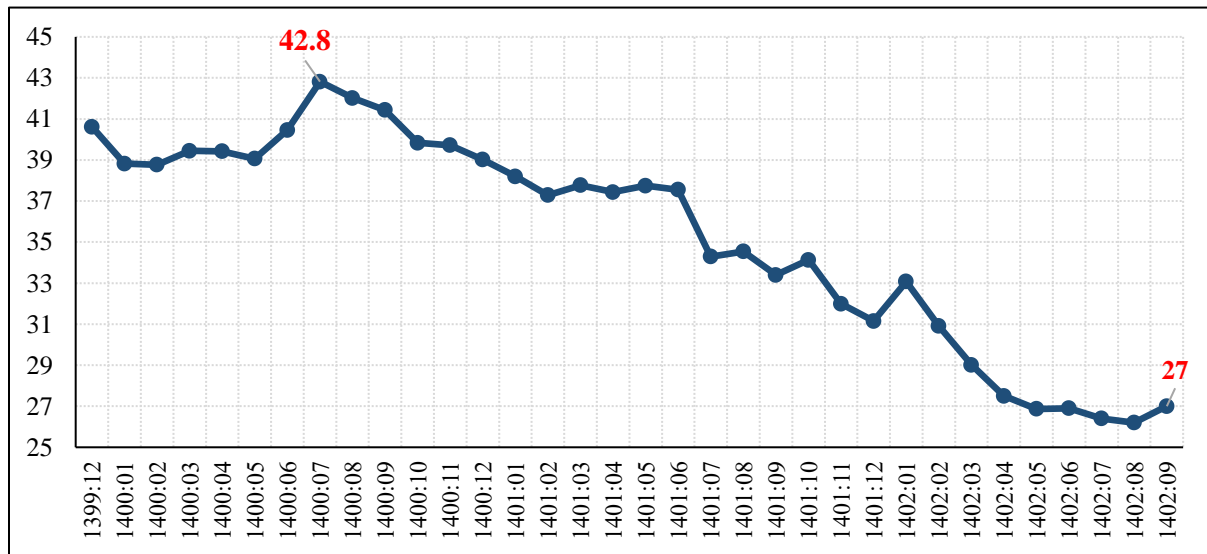
Selected Economic Indicators

Analysis on Developments of Monetary and Credit Aggregates

➤ Broad Money (M2)

Broad money (M2) amounted to 74,980.0 trillion rials at the end of Azar 1402 (December 2023), indicating an increase of 18.3 percent compared with end-Esfand 1401 (March 2023). The twelve-month growth rate of broad money decreased from 33.4 percent at the end of Azar 1401 (December 2022) to 27.0 percent in December 2023, mainly attributable to the CBI's success in actualizing its monetary plan aimed at limiting growth in banks' balance sheets.

Figure 1: Twelve-month Growth of Broad Money (M2) in Recent Years
(Percent)



➤ Monetary Base

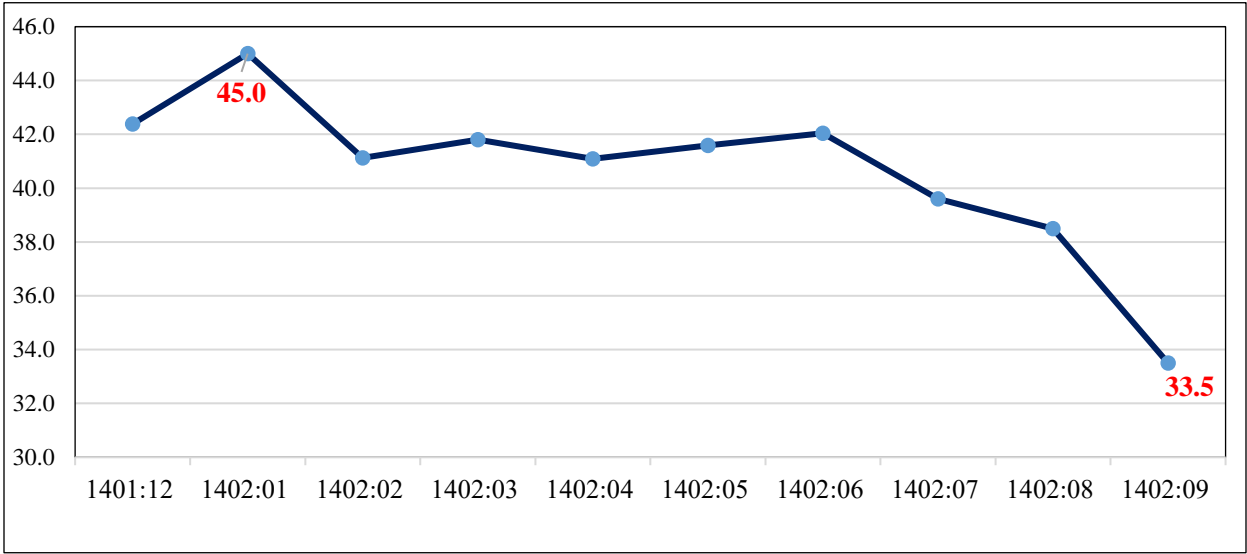
The monetary base increased by 19.0 percent compared with March 2023, to reach 10,231.9 trillion rials in December 2023. The amount of the banks' debt to the CBI had a positive share of 26.7 percentage points in growth of the monetary base in December 2023 as compared with March 2023. The main factor behind this increase was the rise in the banks' use of the CBI's overdraft facility. Another factor responsible for growth of the monetary base in December 2023 was the rise in public debt (net) to the CBI, mainly attributable to the fall in the deposits of the government with the CBI in the mentioned period. This is indicative of the government's reliance on its deposit sources rather than the revolving fund of the Treasury.

The net foreign assets of the CBI, on the other hand, had a decreasing share of -27.2 percentage points in the 19.0 percent growth of the monetary base in December 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.

In addition, the other items of the CBI (net) had a negative share of -0.9 percentage point in growth of the monetary base in December 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 twelve-month growth rate of the monetary base fell from 45.0 percent in April 2023 to 33.5 percent in December 2023.

Figure 2: Twelve-month Growth of Monetary Base in Recent Years
(Percent)



➤ **Money Multiplier**

The money multiplier amounted to 7.328 in December 2023. This was indicative of a decrease of 0.6 percent compared with March 2023.

Prepared by the Economic Research and Policy Department, CBI