

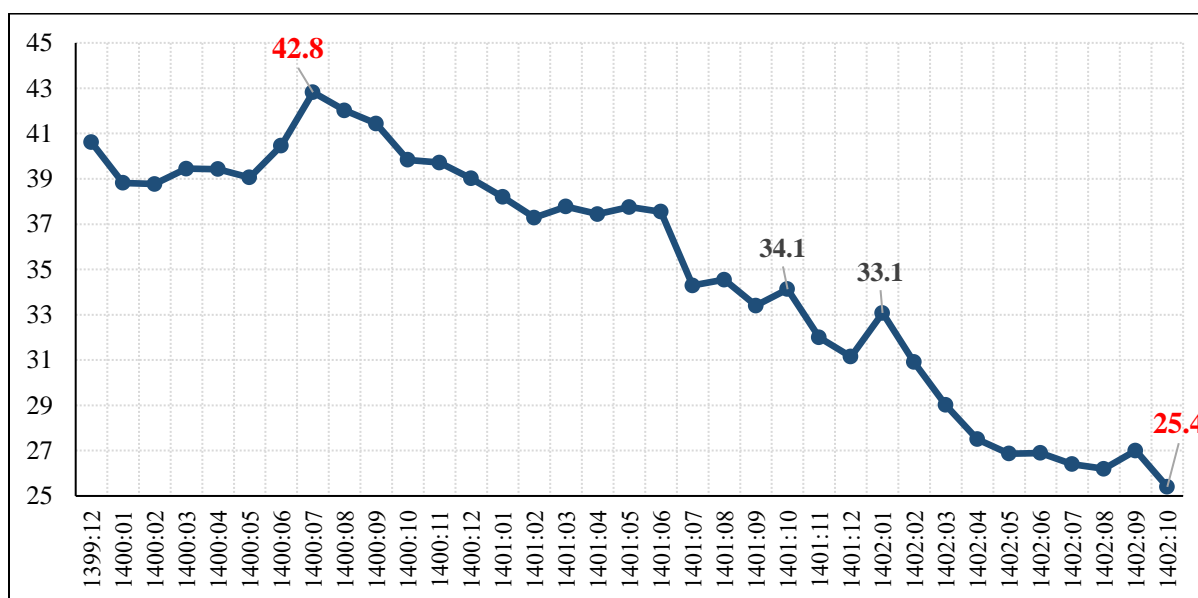
Selected Economic Indicators

Analysis on Developments of Monetary and Credit Aggregates

➤ Broad Money (M2)

Broad money (M2) amounted to 75,719.0 trillion rials at the end of Dey 1402 (January 2024), indicating an increase of 19.5 percent compared with end-Esfand 1401 (March 2023). The twelve-month growth rate of broad money decreased from 34.1 percent at the end of Dey 1401 (January 2023) to 25.4 percent in January 2024, 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)



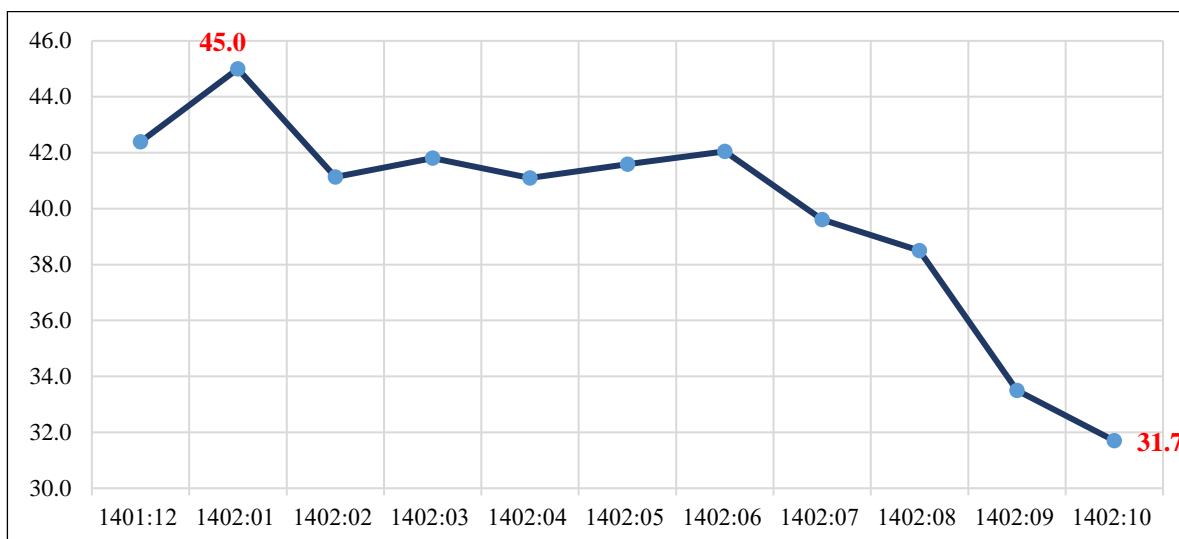
➤ Monetary Base

The monetary base increased by 20.2 percent compared with March 2023, to reach 10,335.1 trillion rials in January 2024. The amount of the banks' debt to the CBI had a positive share of 33.7 percentage points in growth of the monetary base in January 2024 as compared with March 2023. The major 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 January 2024 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 -24.5 percentage points in the 20.2 percent growth of the monetary base in January 2024 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 -8.7 percentage points in growth of the monetary base in January 2024 compared with March 2023. Accordingly, the twelve-month growth rate of the monetary base fell from 45.0 percent in April 2023 to 31.7 percent in January 2024.

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



➤ Money Multiplier

The money multiplier amounted to 7.326 in January 2024. This was indicative of a decrease of 0.6 percent compared with March 2023.

Prepared by the Economic Research and Policy Department, CBI