

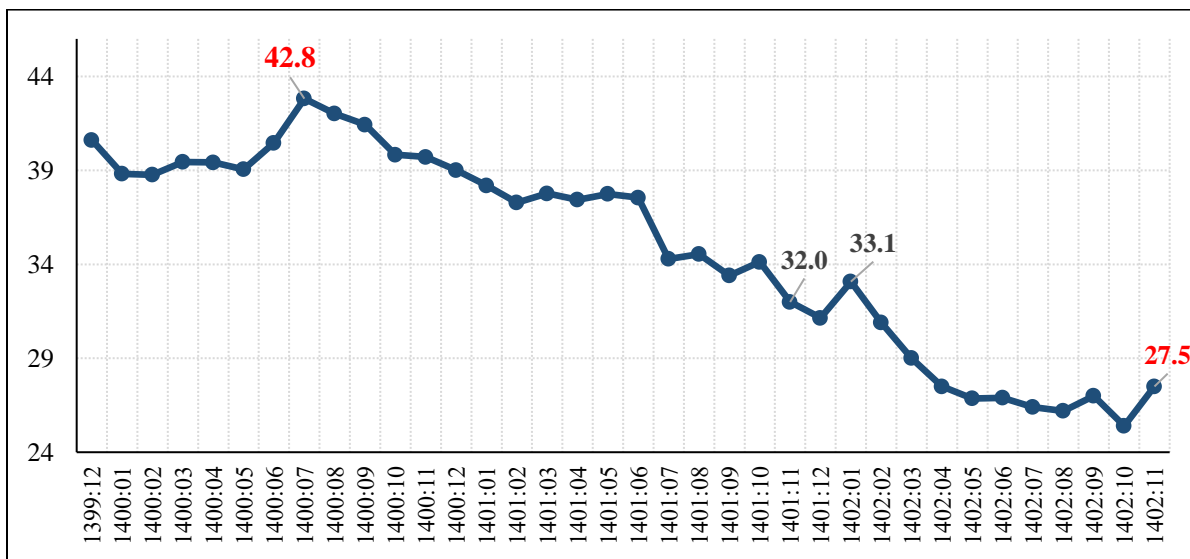
Selected Economic Indicators

Analysis on Developments of Monetary and Credit Aggregates

➤ Broad Money (M2)

Broad money (M2) amounted to 77,795.9 trillion rials at the end of Bahman 1402 (February 2024), indicating an increase of 22.8 percent compared with end-Esfand 1401 (March 2023). The twelve-month growth rate of broad money decreased from 32.0 percent at the end of Bahman 1401 (February 2023) to 27.5 percent in February 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)

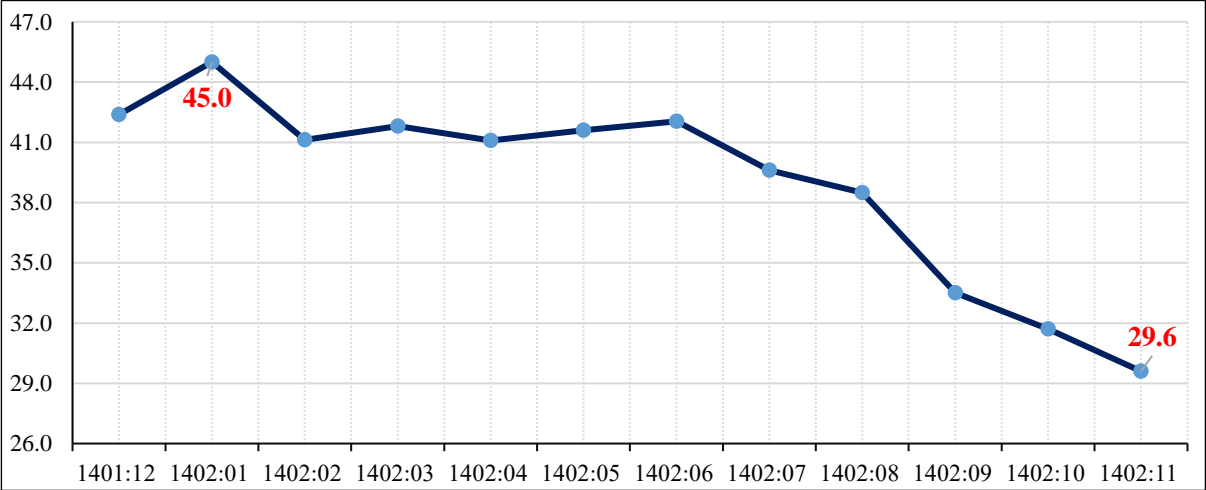


➤ Monetary Base

The monetary base increased by 21.9 percent compared with March 2023, to reach 10,482.7 trillion rials in February 2024. The amount of the banks' debt to the CBI had a positive share of 33.8 percentage points in growth of the monetary base in February 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 February 2024 was the rise in the public debt (net) to the CBI, partly attributable to the rise in the notes payable as committed by the government in order to raise Iran's quota in the IMF. As the mentioned increase has also been registered under the "other debts of the CBI" heading, it contains no monetary effects. The second factor behind the increase in the public debt (net) to the CBI was the fall in the deposits of the government with the CBI in February 2024 as compared with March 2023, 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 -20.0 percentage points in the 21.9 percent growth of the monetary base in February 2024 as compared with March 2023. The decreasing share of the net foreign assets of the CBI in growth of the monetary base was -24.5 percentage points in January 2024 as compared with March 2023. The decline in the CBI's net foreign assets in 2023/24 is mainly due to the sales by the CBI 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 -11.2 percentage points in growth of the monetary base in February 2024 as compared with March 2023. This was attributable to the rise in the other debts of the CBI, in turn due to the increase in the notes payable to the IMF and the World Bank. This rise was offset by the increase in the issuance of government bonds and securities under the "public debt to the CBI" heading, leaving no impact on the monetary base. The twelve-month growth rate of the monetary base fell from 45.0 percent in April 2023 to 29.6 percent in February 2024.

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



➤ **Money Multiplier**

The money multiplier amounted to 7.421 in February 2024. This was indicative of an increase of 0.7 percent compared with March 2023.

Prepared by the Economic Research and Policy Department, CBI