

**MONEY DEMAND UNDER UNCERTAINTY: RECENT EVIDENCE FROM THE EURO AREA**

Stephan Kienle

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**ABSTRACT**

In times of financial turmoil and heightened risk perception, money could serve as a safeguard from potential losses. Against this background, we theoretically and empirically examine possible effects of uncertainty on currency in circulation. The empirical analysis is founded on a money-in-the-utility approach. As a main finding, uncertainty seems to contribute to the explanation increase in overall money demand in the euro area in recent years.

Keywords: *Money Demand; Uncertainty; Euro Area; Cointegration*