

press release

Standard Chartered Renminbi Globalisation Index Up 1.2% in Nov on trade settlement

Sees end-2015 HK RMB deposits at CNY1.05T; Revises USD/CNY forecast to 6.12

7 Jan 2015, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, rose 1.2% to 2,048 in November from the previous month mainly driven by cross-border Renminbi payments; this echoes recent data showing that 22% of China's goods trade were already settled in Renminbi as of November. Three quarters of cross-border Renminbi payments came from the offshore centres of Hong Kong, London and Singapore.

The RGI is expected to rise to at least 2,500 by end-2015, with the main drivers being the continued emergence of new offshore centres and further policy liberalisation from China, especially the establishment of new onshore Free Trade Zones. But RGI growth in 2015 is likely to be slower than 2014 on concerns of a slowing Chinese economy coupled with expectations of continued mild Renminbi depreciation in the first-half of 2015.

Standard Chartered revised its USD/CNY forecast, expecting it to peak in the second quarter at 6.28, before ending 2015 at 6.12 on anticipation of weakening USD and China benefiting from strengthening domestic and global growth.

Standard Chartered sees RMB deposits in Hong Kong to reach CNY1.05 trillion by end-2015 as sentiment towards the Renminbi should gradually improve by the second half and stronger incentives to use and hold Renminbi offshore by corporates on expectation of further policy liberalisation. Also, the market could see a more balanced flow between northbound and southbound trading under the Shanghai-Hong Kong Stock Connect programme. Since the start of the programme, the Stock Connect has drained CNY66 billion of CNH liquidity or 7% of total RMB deposits in

Hong Kong. There could be more CNH liquidity drainage via the Stock Connect programme in the coming months amid an improving outlook for the A-share market, prompting Northbound flows to continue to exceed those heading southbound.

Standard Chartered launched the RGI in November 2012. The Index covered seven markets in offshore RMB business: Hong Kong, London, Singapore, Taiwan, New York, Seoul and Paris. It measures business growth in four key areas: deposits (denoting store of wealth), Dim Sum bonds and Certificate of Deposits (as vehicles for capital raising), trade settlement and other international payments (unit of international commerce) and foreign exchange (unit of exchange). As the Renminbi further internationalises, there is capacity to include additional parameters and markets.

Standard Chartered Renminbi Globalisation Index

Objective	The first industry benchmark that effectively tracks the progress of RMB business activity. Offers corporates and investors a quantifiable view of the latest trends, size and levels of offshore activity that are driving RMB adoption
Index Parameters	Deposits Dim Sum Bonds and Certificate of Deposits Trade Settlement & Other International Payments Foreign Exchange Turnover
Markets	Hong Kong London Singapore Taiwan New York Paris Seoul
Investability	Non-tradable
Frequency	Monthly
Base value and date	100 at 31 December 2010
Inception Date	14 November 2012
Methodology	Weight of each of the four parameters are inversely proportional to their 24-month normalized standard deviations

- Ends -

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Note to editors:

Standard Chartered

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