

press release

Standard Chartered Renminbi Globalisation Index Up 3.7% m/m in May, slowest in seven months

CNY to resume appreciation trend; Formosa bond issuance likely CNY15-20B

7 July 2014, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, reached 1,882 in May, up 3.7% from the previous month and 84.4% year-on-year. The index remains on an uptrend, but at a slower pace as deposits and Dim Sum issuance face summer lull. The RGI's growth rate was slowest in seven months, but we expect the slowdown to be transient.

Our recent trip to Europe, across 10 European cities in 7 countries, confirmed strong corporate demand for Renminbi liquidity management solutions, which are now all in place – inbound or outbound, Renminbi or foreign currency. Latest SWIFT numbers confirm strong cross-border Renminbi payments with European centres. Also, Renminbi payments through the US more than doubled in the last four months, outperforming rest of the offshore centres.

In terms of CNY valuations, we expect the currency to resume its appreciation trend later into 2014 and in 2015 as China's embedded trade surplus is reflected in a seasonal upturn in net USD selling in the onshore FX market. For now, we focus on tentative signs of further liberalisations of the FX rate, such as daily CNY fixing, which may be forthcoming with the Strategic Economic Dialogue between the US and China in early July.

After a strong first half, Dim Sum issuance experienced quiet sessions amid the World Cup and the summer lull. Primary issuance declined to CNY28 billion in June from CNY65 billion the previous month. We expect issuance to stay slow in the foreseeable future, and maintain our full-year forecast at CNY550-580 billion. Offshore Renminbi bonds have been expanding their footprints. Taiwan authorities have been loosening a number of regulatory restrictions on foreign participation of

Formosa bonds – non-Taiwanese dollar denominated bonds issued in Taiwan’s onshore market. We expect Formosa bond issuance to reach CNY15-20 billion this year and Taiwan Renminbi deposits to reach CNY350 billion.

Standard Chartered launched the RGI in November 2012. Prior to adding New York, the Index covered four markets in offshore RMB business: Hong Kong, London, Singapore and Taiwan. 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
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 respective variances

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Note to editors:

Standard Chartered

We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

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