

press release

Standard Chartered Renminbi Globalisation Index Up 0.85% m/m in July, uptrend better but still slow

Lowers end-2014 HK RMB Deposits Forecast to CNY980 Billion

8 Sep 2014, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, reached 1,911 in July, up 0.85% from the previous month and 69% year-on-year. Lacklustre index growth was a result of mild detraction of FX turnover and Renminbi deposits, which partly offset a rise in cross-border Renminbi payments.

Hong Kong remained as the leader for offshore Renminbi payments, followed by London and Singapore. Cross-border Renminbi payments rebounded slightly in July, but the Renminbi's share of China trade dropped. We do expect Renminbi trade settlement and its share of China total trade to eventually rebound in Q4, on the back of rekindling market confidence in the Renminbi. The bank retains its year-end USD/CNY forecast of 6.09.

Contribution of offshore Renminbi deposits to the increase in the index was the smallest in 21 months as deposit growth remained muted. There could be more headwinds for offshore Renminbi accumulation in the coming months. CNH liquidity could stay on the tight side as new and expanded cross-border Renminbi remittance channels, such as Shanghai-Hong Kong Stock Connect, two-way sweeping programmes and cross-border loans, could favour net outflows in the near-term. The bank revised down Hong Kong's end-2014 Renminbi deposit to CNY980 billion from its original forecast of CNY1.15-1.20 trillion. But offshore deposits in other emerging centres, especially Taiwan and South Korea, will likely grow strongly.

Dim Sum bond primary issuance slid to the lowest this year to just CNY14 billion in August, including Certificate of Deposits of CNY8 billion and bonds of CNY6 billion, bringing gross issuance to CNY426 billion, or 114% of 2013's total. Although primary issuance could pick up in September after the summer lull, second half will remain

subdue in general. The bank expects second-half primary issuance slowing to a monthly average of CNY30-35 billion from CNY62 billion in the first half, on the back of higher swap rates, improving onshore financing conditions and low USD funding costs. Standard Chartered maintains full-year Dim Sum issuance forecasts at CNY550-580 billion.

Standard Chartered launched the RGI in November 2012. The Index covered five markets in offshore RMB business: Hong Kong, London, Singapore, Taipei and New York. 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

- Ends -

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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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