

# press release

## **Standard Chartered Renminbi Globalisation Index Adds Seoul & Paris as New Centres**

*RGI up 1.4% m/m in Aug, another slow month amid lingering China macro concerns*

**7 Oct 2014, Hong Kong** – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, reached 1,949 in August, up 1.4% from the previous month supported by the inclusion of Seoul and Paris as two new centres. Excluding the inclusions, August was a slow month amid lingering China macro concerns, with the index recording the first month-on-month contraction since October 2012. But the impending launch of the Shanghai-Hong Kong Stock Connect and the likely lifting of the CNY 20,000 daily Renminbi retail conversion limit in Hong Kong could give the RGI a boost.

Paris is well-placed to cement its leading position as a Renminbi hub in the Eurozone following a slew of policy boost – the announcement of a Renminbi clearing bank and approval of its first RQFII quota. It is the fifth largest cross-border Renminbi payment centre with China/Hong Kong, facilitating more transactions than Frankfurt and Luxembourg. Paris is expected to tap the European multinationals' potential in Renminbi usage, and the direct trading of the EUR with the CNY complements Paris' emergence as a Renminbi centre.

Seoul has strong market potential, based on Korea's real-economy ties with China. Seoul seeks to diversify its trade settlement currencies given its heavy dependency on the USD. With new direct KRW/CNH trading, we expect a more stable KRW thanks to FX hedging with CNH and lower FX transaction costs; this should increase local exporters' price competitiveness. The growth of Renminbi deposits in Korea, which grew 23% month-on-month in August, has been the primary driver of foreign currency accumulation. Renminbi deposits totalled US\$19.9 billion, or 28% of total foreign currency deposits as of August 2014, up from 0.51% at the beginning of 2013.

For the incumbent centres, August was another slow month across key index parameters. Cross-border Renminbi payments fell across the board compared with July. Dim Sum bonds were also under pressure owing to the rise in cost of funding. Persistent CNH discount against CNY has weighed on Renminbi deposit accumulation offshore, especially in Hong Kong. CNH weakness reflects lingering China slowdown concerns, while CNY spot has been resilient thanks to record-high trade surpluses.

Standard Chartered launched the RGI in November 2012. Prior to the inclusion of Seoul and Paris, 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

<b>Objective</b>	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
<b>Index Parameters</b>	Deposits Dim Sum Bonds and Certificate of Deposits Trade Settlement & Other International Payments Foreign Exchange Turnover
<b>Markets</b>	Hong Kong London Singapore Taiwan New York Paris Seoul
<b>Investability</b>	Non-tradable
<b>Frequency</b>	Monthly
<b>Base value and date</b>	100 at 31 December 2010
<b>Inception Date</b>	14 November 2012
<b>Methodology</b>	Weight of each of the four parameters are inversely proportional to their respective variances

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**Note to editors:**

**Standard Chartered**

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