

press release

Standard Chartered Renminbi Globalisation Index Adds Taiwan on growing offshore Renminbi businesses

July RGI up 65% year-on-year to 1,112

9 Sep 2013, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, added Taiwan to the index. Bolstered by Taiwan’s inclusion coupled with strong market momentum in other offshore centres, the RGI hit 1,112 in July, up 65% year-on-year and 5.1% month-on-month.

Taiwan’s inclusion came in the wake of its growing offshore Renminbi businesses, driven by a year-to-date 420% surge in Renminbi-denominated cross-border payments and a consistently fast-paced accumulation of offshore Renminbi deposits. Policy support from Beijing was another key consideration for the inclusion of Taiwan, translating into ample room for further growth in its offshore Renminbi businesses, such as Formosa bonds and FX.

We expect China’s capital account to be “basically open” by 2020. That said, there will still be some prudential controls, large flows are likely to still be closely monitored, and at times of stress, the authorities will intervene as they think necessary. On the back of China’s evolving financial policies, offshore Renminbi markets are set to maintain strong growth momentum. By 2020, we expect the share of Renminbi invoicing to double to 28%, from the current estimate of 14%, of China’s total trade; within that, about 6% of China’s commodity imports are likely to be invoiced in Renminbi. By the end of 2020, offshore Renminbi bond market is expected to reach CNY3 trillion while offshore Renminbi loans extended by Hong Kong banks could rise to HK\$2.3 trillion, or 20% of total Hong Kong bank loans. The offshore Renminbi market is poised to converge further with the onshore market, and we expect the Renminbi exchange rate to be basically free-floating by 2020.

Standard Chartered launched the RGI in November 2012. The Index covers the top 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
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:

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