

press release

Standard Chartered Renminbi Globalisation Index up moderately in August on deposit growth

CNH expansion slowed in August, but set to reaccelerate

7 Oct 2013, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, reached 1,148 in August, up 1.8% from the previous month and 61.8% year-on-year. The moderate growth was weighed by falling Renminbi-denominated payments, the first decline in 10 months, but was offset by strong deposit growth across Singapore, Hong Kong and Taiwan.

Despite slower growth of CNH activities in the past 3 months, our 4th Offshore Renminbi Corporate Survey showed market momentum is picking up again and users are broadening their product usage. 92% of respondents are either using at least one of the six offshore Renminbi products - deposits, trade, FX, loans, bonds and portfolio investment, or may consider doing so over the next six months. This level is sharply higher than 76% from our first survey released in November 2012. The average number of CNH products currently used is 1.23 per respondent in the US, versus 2.26 in Europe and 2.52 in Hong Kong.

Findings showed 55% of eligible respondents increased their Renminbi deposits over the past six months. Those who are already holding Renminbi deposits appeared to be more sensitive to the interest they receive on Renminbi relative to other currencies, while potential users would like to see greater investment opportunities. Worries over FX volatility and sustainability of Renminbi appreciation are key factors hindering their use of Renminbi for deposits.

About 50% of respondents increased their usage of RMB loans in the past six months, and factors hindering corporate from borrowing more are high interest rates and Renminbi appreciation expectation, according to the survey.

Actual usage of FX and cross-border trade settlement still feel short of returning to March levels, in part reflecting a recovering but still fragile global demand backdrop. But respondents expect further usage pickup in both areas in the coming six months. Hedging remains the main purpose of FX use for existing users and potential companies are increasingly drawn to Renminbi FX to support their centralised FX management. This proves CNH application in regional treasury centres is gaining attention among multinationals. None of the current trade settlement users said they would decrease usage over the next six months and 49% of respondents expressed interest in increasing usage.

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