

# press release

## **Standard Chartered Renminbi Globalisation Index Up 6.1% in Nov on deposit, cross-border payment growth**

*Dim Sum loans likely to pick up further into 2014*

**7 Jan 2014, Hong Kong** – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, reached 1,301 in November, up 6.1% from the previous month and 78.9% year-on-year, thanks to strong growth in deposit and cross-border payment.

Rising deposits in Singapore, Hong Kong and Taiwan helped bolstered the RGI, coupled with solid growth in trade settlements across key markets. The Renminbi ranked 10<sup>th</sup> as global payment currency, and we expect the Renminbi to replace the Japanese Yen as the fourth largest payment currency by 2020.

Our 5<sup>th</sup> Offshore Renminbi Corporate Survey showed Chinese corporates generally have lower offshore Renminbi usage rates compared to Hong Kong firms and multinational corporates, but with great catch-up potential. Among our surveyed Chinese corporates, those that are focused on the onshore domestic market have the lowest CNH participation level so far, at 55%. Those that are import-focused or export-focused recorded participation rate of around 80%.

Findings also showed a lack of strong conviction using Renminbi as trade settlement currency. A material proportion of respondents expressed a “non-committal, indifferent or passive” attitude towards adopting Renminbi as trade settlement. Although few are taking a proactive stance to promoting the Renminbi’s use for trade, most respondents expect the amount of trade settled in Renminbi to increase over the next two years. Findings showed the proportion of trade settled in Renminbi by surveyed corporates is roughly 14%, and may rise to over 20% in two years’ time on back of genuine business incentives.

Survey showed that growth of Dim Sum loans is likely to pick up further into 2014 with mainland-based companies displaying the greatest interests on the back of heightened domestic Renminbi borrowing costs and likely tighter credit condition. 52% of surveyed corporate said they increased usage in Dim Sum loans of the last six months, the biggest recent increase across all product types that include FX, trade, deposits and loans. Companies, especially importers, also showed keen interest to further their exposure with 45% planning to get involved in the next six months. Over half of existing Dim Sum loan participants have RMB loans accounting for more than 5% of their total funding.

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

<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
<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:**

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