

press release

Standard Chartered Renminbi Globalisation Index Up 2.1% in Sep vs Aug on trade settlement rebound

Survey shows trade settlement to rebound; Lifts 2020 China's RMB trade forecast

7 Nov 2014, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, reached 1,992 in September, up 2.1% from the previous month and 66.7% from the year-earlier period.

The increase was mainly driven by a rebound of Renminbi-denominated cross-border payments. FX turnover and Dim Sum bonds continued to weigh on the index due to volatility and rising funding costs. Deposit growth in Hong Kong and Taiwan edged up slightly in September and is likely to continue its moderate growth as the CNH discount persists.

Findings from the 8th Offshore Renminbi Corporate Survey showed Renminbi trade settlement usage and CNH loans to accelerate over the next six months, but respondents are still hesitant in holding more Renminbi deposits.

Long-term expectations towards Renminbi trade settlement remain positive. Survey showed respondents expect the proportion of their Renminbi-denominated trade with China to go up by 11 percentage points in two year's time. This prompted the bank to revise its 2020 forecast of China's Renminbi-denominated trade to 35%, up from 28%.

CNH loan usage is also expected to rise. 40% of corporates are looking to increase their exposure to CNH loans in the next six months – up from 30% in May. Hong Kong continues to be the most active in CNH loans, followed by Europe and the US. Southeast Asian corporates are currently less involved, but showed a keen interest in increasing this in the next six months.

In the latest survey, only 23% of respondents expressed interest in increasing holding in Renminbi deposits versus 40% in the previous survey conducted in May. Findings showed level of return from holding Renminbi is the key factor in driving Renminbi deposits, rather than concerns such as China growth worries.

One year since the official launch of the Shanghai Free Trade Zone, already 30% of respondents have either established an entity in the zone or planned to do so in the next six months. 7% have already undertaken some form of transaction such as trade settlement, Renminbi cross-border cash pooling, loans and investment while 16% expressed intention to do so.

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

Standard Chartered

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