

press release

Standard Chartered Renminbi Globalisation Index Up 2% m/m in Dec, fastest in 3 months

Expects offshore CNY market to expand in 2015 despite RMB depreciation concerns

11 February 2015, Hong Kong – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, rose to 2,089 in December, up 2% from the previous month. The December increase was led by cross-border Renminbi payments and CNH FX. Renminbi deposits in Hong Kong rose to over CNY 1.0 trillion reflecting more favourable offshore interest rates versus onshore. However, offshore deposit growth outside of Hong Kong has been lacklustre, as liquidity drain under the capital account remains large.

Standard Chartered sees the biggest RGI drivers in 2015 will be the continued emergence of new offshore centres and further policy liberalisation by China, such as the expansion of R-QFII quota, the Stock Connect programme and onshore Free Trade Zones. The RGI is expected to reach 2,500 by end-2015, up 20% versus end-2014. The offshore CNH market is expected to continue to expand despite lingering China slowdown and Renminbi depreciation concerns.

According to SWIFT, Renminbi became the 5th most used payment currency in December, overtaking the Australian dollar and the Canadian dollar, and could challenge the 4th placed Japanese Yen in 2015. The currency, however, remains the 8th most used currency for international-only SWIFT flows. Renminbi-denominated cross-border SWIFT payments remained the top contributor to the RGI.

Direct KRW-CNY trading has gotten off to a strong start since its 1 December 2014 launch.. The average trading volume reached USD 880 million on a daily basis during the first month. In Taiwan, to the rise in the limit on issuance size for mainland

Chinese financial institutions to CNY 45 billion from CNY 25 billion should give the Formosa bond market a boost in 2015.

Standard Chartered expects the USD-CNY fixing to gradually climb higher in H1-2015 as the boarder US dollar advances. However, a resumption of appreciation in H2 is expected as the USD weakens and China benefits from strengthening growth domestically and globally. For 2015 as a whole, Standard Chartered sees mild appreciation. On Dim Sum bonds, primary issuance is likely to decline in 2015 for the first time since the market started in 2007 due to high CNH funding costs, low G3 currency yields, lower redemptions, and improving conditions in China's onshore bond market. Standard Chartered forecasts gross issuance at CNY 480 – 500 billion versus CNY 564 billion in 2014.

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 24-month normalized standard deviations

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