

# press release

## **Standard Chartered Renminbi Globalisation Index Up 2.3% m/m in Jan, fastest in 8 months**

*See near-term USD/CNY upside risk; Band widening unlikely until at least H2-2015*

**10 March 2015, Hong Kong** – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, rose to 2,137 in January, up 2.3% from the previous month, fastest gain in eight months.

Cross-border Renminbi payments remained the biggest contributor to the index, followed by CNH FX turnover. The performance of CNH deposits was mixed, with Hong Kong falling 2.2% month-on-month in January while those in Taiwan and South Korea edged higher after a lacklustre fourth-quarter.

USD/CNY spot continues to climb higher in the first quarter. China's subdued growth-inflation mix, combined with monetary easing, reinforces near-term upside to USD/CNY. With spot trading close to the top of the onshore band, there has been much speculation over the possibility of a further band widening. Authorities will likely be cautious about the timing and manner of this move, with any band widening unlikely until at least the second half. Recent comments by PBoC officials suggested that the authorities see there is no "urgent need" to adjust the band in 2015.

CNH rates have been hovering around their historical high levels in recent weeks. Liquidity tightness in the CNH market is expected to persist in the near future as FX is likely to stay under pressure and leading to continuing CNH liquidity outflows with USD/CNH to continue trading at a discount over USD/CNY. Also, outflow under the capital account is likely to also persist with northbound flows under the Shanghai-Hong Kong stock connect programme exceeding southbound.

Direct KRW-CNY trading market continues to perform strongly, with daily trading volume rising to US\$974 million on average in March from US\$880 million in December. In terms of trade settlement, it is still a slow market but more participation from the corporate sector is expected on the back of more government incentives, such as the offering of transaction fee reduction benefits to market makers. This could encourage financial institutions to encourage more corporate clients to participate in the market with fewer fees involved.

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

<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 New York Paris Seoul
<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 24-month normalized standard deviations

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