

# press release

## **Standard Chartered Renminbi Globalisation Index** **Up 0.14% m/m in Feb on lower HK deposits, cross border payments** *China's deposit insurance scheme precursor of full interest rate liberalisation*

**8 April 2015, Hong Kong** – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, rose to 2,133 in February, up 0.14% from the previous month, slowest monthly gain in 28 months, partly due to the Lunar New Year effects.

Renminbi deposits fell in Hong Kong and South Korea on the persistent CNH discount and liquidity drain. While deposit growth could remain muted for the next few months, we expect CNH deposits to rebound mildly in the second half of 2015 on a likely improvement in sentiment towards the Renminbi later this year. It was a different story in Taiwan, where deposits rose three months in a row to CNY318.8 billion in February. It suggests that the overall size of RMB deposits remains on track to reach CNY400 billion by end-2015.

Standard Chartered expects the recent slowdown in the growth of the RGI as temporary and believe that the internationalisation of the Renminbi could pick up pace on its likely inclusion in IMF's Special Drawing Rights (SDR) currency basket. The expansion of free trade zones in China, launch of the Hong Kong-Shanghai Stock Connect and increasing financial market liberalisation strengthens the case for inclusion during the review later this year. Standard Chartered estimated that global reserves allocation in Renminbi is currently at least US\$60 billion. This assumes that public sector investors hold around CNY50 billion of offshore Renminbi bonds and deposits, plus around half of the CNY672 billion of foreign-owned Renminbi bonds onshore.

China's State Council announced the long-awaited deposit insurance scheme on 31 March. Standard Chartered believes that complete interest rate liberalisation is likely

with the removal of deposit rate ceilings before the end of 2015. Increased financial reforms combined with rate cuts to boost domestic growth will likely support further use of the Renminbi as a global currency. The kick-off of the deposit insurance scheme is likely to put some pressure on market liquidity in the short-term, as premia will be collected from banks in the coming weeks.

Standard Chartered launched the RGI in November 2012. The Index covers 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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**Note to editors:**

**Standard Chartered**

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Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

The history of Standard Chartered in Hong Kong dates back to 1859. It is currently one of the Hong Kong SAR's three note-issuing banks. Standard Chartered incorporated its Hong Kong business on 1 July 2004, and now operates as a licensed bank in Hong Kong under the name of Standard Chartered Bank (Hong Kong) Limited, a wholly owned subsidiary of Standard Chartered PLC.

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