

# press release

**FOR IMMEDIATE RELEASE**

## **Survey on RMB investment appetite finds Increasing interest in RMB bonds as investors reduce holding in cash**

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Loss in RMB will eventually be recovered*

**2 November 2016, Hong Kong** – Standard Chartered Bank (Hong Kong) Limited (“Standard Chartered Hong Kong”) conducted a survey\* to understand the investment appetite for RMB financial products among local investors. The survey was done during the period 23 September to 3 October 2016, coinciding with the currency’s official inclusion into the International Monetary Fund’s Special Drawing Rights (SDR) basket of currencies. Despite the volatility of the RMB in the past year, overall, there was not a significant change in investors’ holdings of RMB products. Over half of the respondents thought that the loss in RMB would eventually be recovered, demonstrating confidence in the outlook.

The study on 521 respondents who at the time of the survey held at least one financial product in Hong Kong found that about 70% of the respondents who already held RMB investment products planned to stay invested, with a particular interest in RMB bond. On average, respondents who were currently engaged in deposits or investment products expected to raise their investment by 12% over the next 12 months, suggesting a behaviour of buying on dips.

Compared with last year, the proportion of RMB assets among total assets has slightly dropped by 2%, especially in time deposit. Amongst the RMB products, RMB savings account continued to be the asset held by the most bank users, with 43% of the respondents owning a RMB savings account; whereas RMB bond was the most popular investment product (11% out of all RMB investment products). There was also an increasing interest in RMB bond among investors aged 18-34, seeing the product as their

first step in RMB investment. Meanwhile, among the high net worth individuals, the proportion of respondents with RMB in their investment portfolio has recorded a drop of 14%.

Many investors remained confident in the China market and the RMB in the long term, although investors were cautiously optimistic about the RMB investment outlook in the short term. Over half of the respondents thought that the loss in RMB would eventually be recovered. Long-term strategy favoured by the respondents were time deposit, or waiting for the opportunity to buy low in the A-shares equities market. Moreover, 72% of RMB products investors were of the view that RMB or Chinese market products should be among an investment portfolio, in order to diversify risks.

Recently, the central government has put in place a number of schemes to facilitate investment across the border. In this survey, over 60% of respondents expressed interest in buying RMB investment products through Mutual Recognition of Funds, offshore RMB bonds and Shenzhen-Hong Kong Stock Connect.

**Kelvin Lau, Senior Economist, Standard Chartered Hong Kong**, said, “We share the same cautious optimism as our survey respondents’ towards the RMB’s outlook. Even with the recent weakness against the USD, the RMB’s basket value has actually remained within a relatively narrow range since early July 2016. We believe this is a sign of China not planning to pursue a new CNY depreciation trend. We also believe fundamental arguments do not justify a broad-based CNY depreciation, as the authorities remain focused on containing macroeconomic risks and stemming capital outflows in the near term. SDR inclusion is a significant milestone for China and should provide longer term support to its currency.”

**Will Leung, Head of Investment Strategy, Wealth Management, Standard Chartered Hong Kong**, said, “The survey shows that investors have been reacting to market movements, using their RMB holding to facilitate related investment opportunities. In particular, for RMB bonds, investors may want to focus on government bonds or high quality corporate bonds. The upcoming Shenzhen-Hong Kong Stock Connect is certainly another area to pay attention to.”

- Ends -

\* Note:

The survey was conducted online from 23 September to 3 October 2016 by Nielsen, targeting a general banking population of 521 persons aged 18-64 who currently hold at least one financial product in Hong Kong. Of the respondents surveyed, approximately 18% had RMB investment. N=100 (statistical standard error +/- 9.8%).

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