

# press release

## **Standard Chartered Renminbi Globalisation Index confirms a steady Q3 for the CNH market**

*Strong foreign investment inflows to China ahead of CNY's inclusion in the SDR basket*

**8 November 2016, Hong Kong** – The Standard Chartered Renminbi Globalisation Index (RGI) (Bloomberg: SCGRRGI <index>), our proprietary measure of offshore Renminbi (CNH) activity across key offshore centres, rose to 1,936 in September, the first tangible increase (albeit a very modest one) after it had stabilised at 1,929 for three consecutive months.

Higher cross-border flows in September, combined with a low base effect as the 3-month rolling index moved on, were the primary reason for the pick-up. The rise in the contribution from Renminbi denominated cross-border payments to a one-year high (0.72 ppt) was the most encouraging. CNH deposits became less of a drag on the RGI in September thanks a 1.9% m/m increase in Hong Kong.

Payments through the UK and the US rose strongly during the month. We believe this disproportionate rise in UK and US payments likely reflects strong foreign investment inflows to China in Q3 ahead of the CNY's inclusion in the Special Drawing Rights basket. On the other hand, cross-border Renminbi trade settlement is still at 2013 levels, well below 2015 levels, despite having started the year strongly.

Senior Economist, Asia, Standard Chartered Hong Kong, Kelvin Lau, said: "CNY has seen another shaky quarterly start in Q4, having broken 6.70 against the USD in early October and staying weak since. That said, we believe some of the calm in Q3 has carried over into Q4. Market response has been sensible so far, seeing the latest USD-CNY up-move as a function of USD strength than as a new CNY depreciation trend. A steady CNY basket index has also helped anchor market confidence. Stronger October PMI numbers should also dispel macroeconomic concerns."

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## About Standard Chartered Renminbi Globalisation Index

Standard Chartered launched the RGI in November 2012. The Index covers seven markets in offshore Renminbi 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.

<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

Get the latest RGI interactive infographic in one place by visiting [Global Research's RGI tracker is on BeyondBorders](#)

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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.

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