

# press release

## **Standard Chartered Renminbi Globalisation Index RGI rebounded by 3.1% m/m in January**

*Driven by a surge in CNH FX turnover following the bout of depreciation at the beginning of the year*

**9 March 2016, Hong Kong** – Standard Chartered today announced that the Standard Chartered Renminbi Globalisation Index (Bloomberg: SCGRRGI <index>), or the RGI, rebounded by 3.1% month-on-month in January, to 2,228 from a revised 2,162 in December. The rise was predominantly driven by a surge in CNH FX turnover following the bout of depreciation at the beginning of the year. Similar to last year's experience, such boost to the RGI will likely be transitory, masking the still-weak underlying trend. Worries over further clampdowns on cross-border outflows from China might have also prompted companies to keep more Renminbi offshore while they can, breaking the fall in offshore deposits since mid-2015.

Higher CNH FX turnover in January, on the back of the increased spot volatility in the beginning of the year, made up for the drop in CNH deposits and dim sum bonds in the month. CNH FX turnover added 3.2ppt to index growth in January after having subtracted from the index for the past three months. The bumpy transition of the FX policy in January to stabilising the CNY against a basket of currencies led to increased CNY volatility and revived depreciation expectations. We believe that a sizeable drag from this later in the first half of 2016 is inevitable. Continued stabilisation in CNY fixing and spot rates, a better macro outlook and more policy reassurance are prerequisites for a more permanent turnaround in the RGI, possibly in the second half of 2016.

On 24 February, the PBoC announced to open up China's onshore interbank bond market – which covers 91% of all outstanding bonds – to nearly all foreign financial institutions. This is one of the most significant steps China has ever taken to open up its capital account to foreign investors and paves the way for potential index

inclusion by global fixed income indices. It is likely to materially increase foreign inflows in the coming quarters, in our view. We expect China's onshore bond market to reach CNY100-105 trillion by end-2020, more than double from end-2015 level of CNY48 trillion and foreign investors to own a total CNY4-7 trillion of China onshore bonds by 2020, up from CNY763 billion as of November 2015.

For 2016, we believe overall size of RMB deposit in Taiwan will likely to continue rising in 2016, albeit at slower pace, to CNY330-350 billion, as local Taiwan residents continue to exhibit preference for CNY amongst other major foreign currency. Local Taiwan authorities' continuing efforts to liberalise existing rules and regulations also help created favourable market condition for both local and foreign market participants to better manage as well as access the rapidly growing Renminbi liquidity pool.

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

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

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