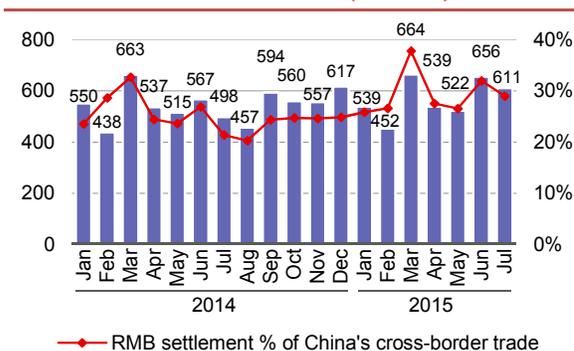


Global RMB Development

RMB settlements remain steady

In July 2015, the total amount of cross-border RMB trade settlements was RMB611bn and decreased by 7% in between June and July. Despite the decrease of cross-border RMB trade settlements in July, this total amount still increased by 23% year-on-year and 12% from the average amount of cross-border RMB trade settlements in 2014 respectively. Furthermore, the average percentage of the RMB used for trade with China YTD 2015 stably remains 30% by comparing to 2014's overall average of 25% when cross-border RMB trade settlements decreased in July.

Cross-border RMB settlements (RMB Bn)



(Source) PBOC, CEIC

China further internationalizes RMB in Africa. According to SWIFT, the total transaction number of South Africa's RMB payments increased by 33% year-on-year in June 2015 and 191% from June 2013 respectively; subsequently, People's Bank of China (PBoC) appointed Johannesburg Branch of Bank of China (BOC) as the RMB clearing bank in South Africa in July. In August, Angola, a country in Africa, signed a monetary agreement with China on the mutual acceptance of their national currencies in both countries, and China created another milestone by being the first foreign country to accept Angolan kwanza (AOA) for trade payments.

Development of the dim sum bond market

In August, the total value of dim sum bond issuances YTD is RMB94bn while Formosa bonds further reached the total value of RMB28bn YTD. As of August 25, few Formosa bonds were issued; particularly, Korea Development Bank issued its first Formosa bond of RMB1.2bn.

Dim sum bond issuances in key offshore RMB centres (RMB Bn)



(Source) Dealogic, MUSHK

New CNY fixing system

On August 11, CNY fixing decreased by 1.9% from the previous date, and such devaluation might correlate to the changes to the CNY fixing system. This new fixing system will hereafter generate the fixing rate based on the quotes from the contributing banks through the existing method with the introduction of the USD/CNY spot close from the previous date. This new fixing system may somehow impact RMB trade settlements and dim sum bond issuances.

For the inclusion of RMB in Special Drawing Rights (SDR) basket of IMF, one of the key criteria for the currency is to be "freely usable". In addition, the latest change of the fixing system is welcomed by the IMF but may probably be not sufficient to let IMF include RMB in SDR basket in this year's review.

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