

Monthly RMB

September 2015

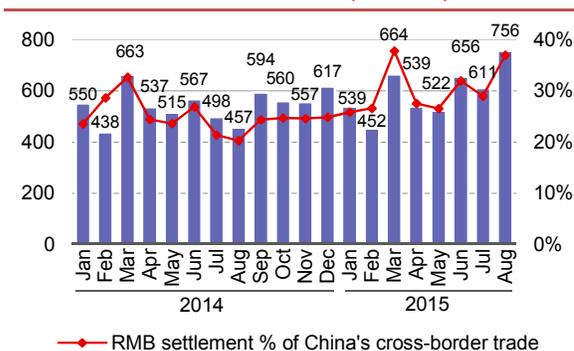
Global RMB Development

RMB settlements dramatically increased in August

In August 2015, the total amount of cross-border RMB trade settlements largely increased by 24% to RMB756bn during the month and even increased by 65% year-on-year. In comparison to the overall average percentage of 25% of the RMB used for trade with China in 2014, the average percentage YTD 2015 increased to 31% in August.

Meanwhile, China further appointed Industrial and Commercial Bank of China (ICBC) in Argentina as the 2nd RMB clearing bank in Latin America on September 18 when this newly established RMB clearing bank becomes the 19th RMB clearing banks in the world. Additionally, the expectedly upcoming launch of China International Payment System (CIPS) in 2015 is another channel of RMB internationalization by increasing the RMB usage with the reduction of transaction costs and processing time, and People's Bank of China (PBoC) released the CIPS guidelines to the first batch of selected 19 participating banks on September 11.

Cross-border RMB settlements (RMB Bn)



(Source) PBOC, CEIC

Development of the dim sum bond market

The total volume of dim sum bond issuances YTD 2015 was RMB100bn.

In the past few months, China has implemented some initiatives in bond market to increase the chance of including RMB in the Special Drawing Rights (SDR) basket of IMF. China stated to open up China's USD6tn domestic bond market in June to foreign investors (including international financial and non-financial institutions) who can hereafter issue their bonds in

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



(Source) Dealogic, MUSHK

China's domestic market, and the controls on the proceeds may also be eased. Now, while PBoC is at the stage of drafting its new rules for RMB denominated bonds (so-called panda bonds), HSBC and BOCHK have been recently approved to issue RMB1bn and RMB10bn panda bonds respectively. In the past, only International Finance Corp (IFC) and Asian Development Bank (ABD), which both issued RMB1bn panda bonds, were identified as the first two panda bond issuers in China, and their proceeds must also be in China. Subsequently, Daimler, German carmaker, who issued RMB500m panda bond in March 2014 is the first foreign and non-financial issuer in China. Furthermore, National Development and Reform Commission (NDRC) of China also released the new guidelines for the issuance of offshore RMB bonds by Chinese corporates and financial institutions on September 15, and the approval process for the offshore bond issuance under these new rules will be on a registration instead of case-by-case basis.

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