

Global RMB Development

RMB settlements increased in November

In November 2015, the total amount of cross-border RMB trade settlements was RMB536bn and increased by 23% from RMB436bn in October 2015. The average amount of cross-border RMB trade settlements remained higher at RMB585bn for the past 11 months of 2015 than RMB546bn for the whole year of 2014. Additionally, the average percentage of the RMB used for trade with China YTD 2015 increased to 29% in November from the average percentage of 25% in 2014.

On November 30, while China received the good news on the approval for the inclusion of RMB in IMF's SDR basket as a remarkable milestone to further motivate China to internationalize RMB through various channels, People's Bank of China (PBoC) appointed Zurich branch of China Construction Bank as the RMB clearing bank in Switzerland. Furthermore, PBoC signed a Memorandum of Understanding (MoU) with the central bank of Russia in December to develop the bilateral financial cooperation between the two nations. This MoU will focus on the use of the counterparty's national currency in different areas, including settlements, payments and bonds.

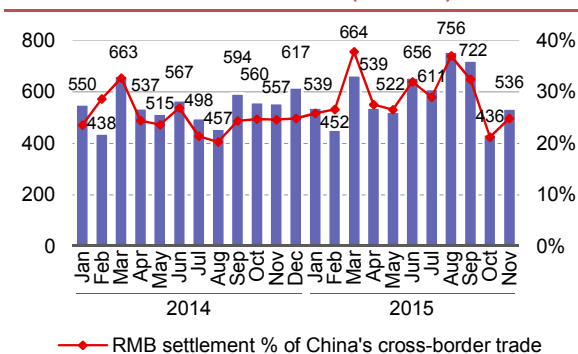
On December 23, PBoC announced to extend the trading hours of China's onshore FX market from 4:30pm to 11:30pm starting from January 4, 2016, and this initiative can let more foreign investors access to China's onshore FX market for longer trading hours.

In addition to FX market, China also opens up its RMB-denominated capital market simultaneously by continuously approving RMB Qualified Foreign Institutional Investors (RQFII) quotas, and the RQFII quotas of RMB1.1tn have been granted to the selective countries since 2012: Australia, Canada, France, Germany, Hong Kong, Qatar, Singapore, South Korea, United Kingdom, Switzerland, Luxembourg, Chile, Hungary and Malaysia. Additionally, United Arab Emirates and Thailand also received their separate RQFII quotas of RMB50bn in December.

Development of the offshore RMB bond market

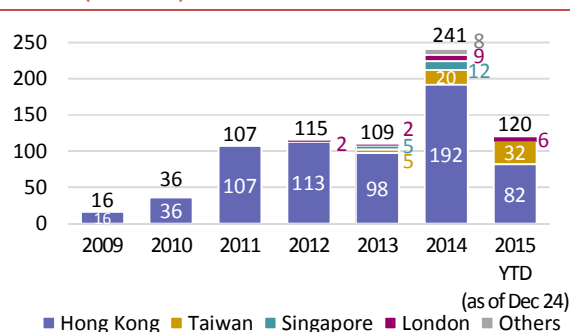
The total volume of offshore RMB bond issuances YTD 2015 was RMB120bn. In 2015, while the offshore RMB bond market grows slowly, China's onshore panda bond market gains attraction. In December, two panda bonds of RMB1bn and RMB3bn were issued by Standard Chartered as the third financial institutions and South Korean government as the first sovereign issuer respectively. Meanwhile, British Columbia was also granted the approval from PBoC for the issuance of panda bond.

Cross-border RMB settlements (RMB Bn)



(Source) PBOC, CEIC

Offshore RMB bond issuances in key offshore RMB centres (RMB Bn)



(Source) Dealogic, MUSHK

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