

Monthly RMB

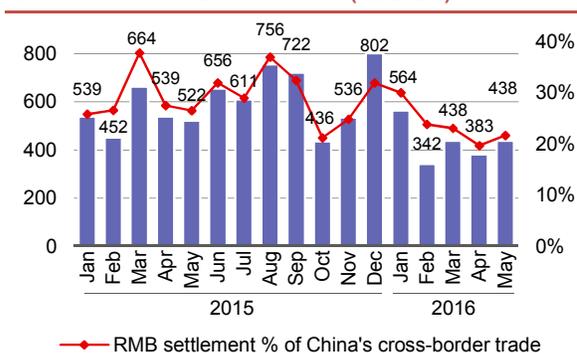
July 2016

Global RMB Development

RMB settlements maintained at the 2016 average in May

The total cross-border RMB trade settlements slowed down between 2015 and 2016, resulting in a total of RMB438bn in May. Correspondingly, in May, the total cross-border RMB trade settlements accounted for 22% of China's total trade volume, decreasing from the average share of 29% in 2015. China's total trade volume and cross-border RMB trade settlement decreased due to the economic slowdown of China and the depreciation of the RMB.

Cross-border RMB settlements (RMB Bn)



(Source) PBOC, CEIC

The United Kingdom's RMB payments largely increased by 21% from March 2014 to March 2016, accounting for 40% of all payments between the United Kingdom and China or Hong Kong in all currencies according to SWIFT. In May, the United Kingdom was still recognized as having reached a high top position with a share of 23.6% of the total offshore RMB payments, excluding Hong Kong that is ranked as the largest offshore RMB centre in the world, and followed by Singapore, Taiwan, and the United States with shares of 19.8%, 11.6%, and 10.5% respectively.

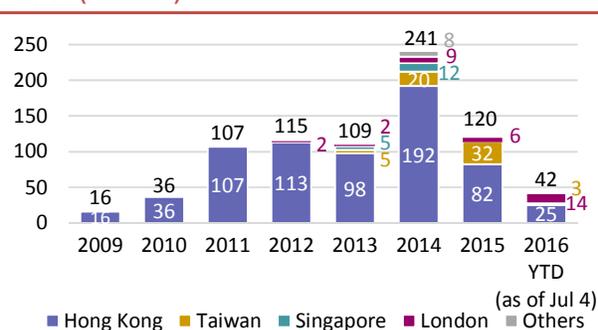
Despite encountering various economic factors worldwide, China still continues internationalizing its RMB through different channels. The United States and China held the 2016 U.S.-China Strategic and Economic Dialogue in June. Both nations mutually agreed to designate RMB clearing banks in the United States with the granted RQFII quota of RMB250bn on June 7. This is the second largest quota from China following Hong Kong's. The RQFII quota to the United States was for investments in China's domestic capital markets.

In addition to the remarkable milestones above, the China Foreign Exchange Trade System (CFETS) is now planning to establish offices in London and New York to globally support overseas institutions trading. CFETS's ultimate goal is to eventually provide 24-hour trading services 7 days a week.

Development of the RMB bond markets

The offshore RMB bond market is gaining attraction again. RMB3bn of offshore RMB bond by the Ministry of Finance of the People's Republic of China (MoF) on May 26 was the most notable deal of the year so far. This was its first offshore RMB sovereign bond in London and the largest deal YTD2016. In three months, the total volume was RMB42bn in offshore RMB bonds issued YTD2016.

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



(Source) Dealogic, MUSHK

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