

Global RMB Development

RMB settlements further increased in June

In general, the total cross-border RMB trade settlements slowed down in the first half of 2016. However, the total cross-border RMB trade settlements increased by 15% to RMB504bn and accounted for 25% of China's total trade volume, increasing 3 percentage points, in June.

Internationalization of RMB through various channels

China continues building up its relationships with other nations through various channels. On

June 25, China signed a memorandum of understanding (MoU) with Russia to enhance their mutual collaboration by arranging RMB clearing services in Russia. In July, Abu Dhabi Global Market signed an MoU with Shanghai Free Trade Zone Authority to increase the support of the two nations for the stakeholders in global expansion and opportunities.

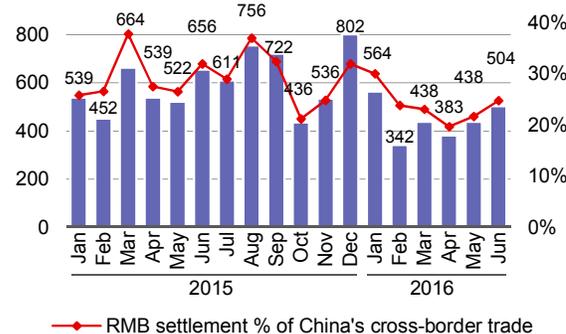
On October 1, the RMB will be officially included in IMF's Special Drawing Right (SDR) basket with the third largest weight of 10.92% of the total SDR basket. IMF will then begin reporting separately on the RMB-denominated assets on its "Currency Composition of Official Foreign Exchange Reserves" (COFER) data for the fourth quarter of 2016. Hereafter, central banks may increase their interest in holding RMB assets as official foreign exchange reserves. For instance, the Monetary Authority of Singapore began including RMB financial investments in its official foreign reserves in June.

Development of the RMB bond markets

When the topic of RMB as the official SDR currency became much more hot recently, even the World Bank expressed its interest in issuing the first SDR bond in China's interbank bond market.

As of August 3, the total volumes of issued panda bonds reached RMB45bn YTD2016 and RMB15bn over one month. Notably, Beijing Enterprises Water Group issued two panda bonds of RMB4bn on July 26 and a green panda bond of RMB700m on August 1. In the offshore market, the total volume of offshore RMB bonds increased to RMB48bn YTD2016.

Cross-border RMB settlements (RMB Bn)



(Source) PBOC, CEIC

Issuances of panda bonds in China's onshore bond market (over the past one month)

Parent Country	Issuer	Amount (CNY M)	Date
Cayman Islands	KWG Property Holding	2,000	Jul 2016
China	China Everbright Limited	4,000	Jul 2016
	Beijing Enterprises Water Group	4,000	Jul 2016
		*700	Aug 2016
	Agile Property Holdings	3,000	Jul 2016
Hong Kong	Global Logistic Properties via Iowa China Offshore Holdings	1,500	Jul 2016
Total			15,200

*Green Panda Bond

(Source) GlobalRMB

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



(Source) Dealogic, MUSHK

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