

Monthly RMB

October 2016

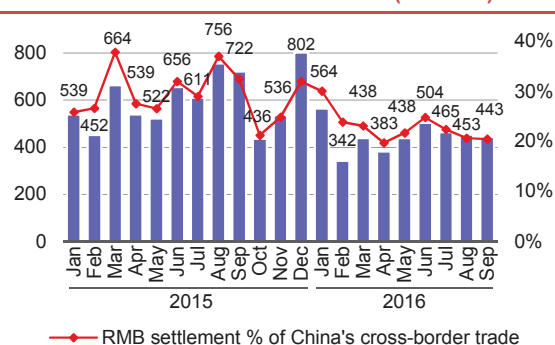
Global RMB Development

RMB trade settlements in September dropped from the average of 2016

In September, having encountered the depreciation of RMB and the decrease of China's trade volume in an economic slowdown, the total cross-border RMB trade settlements reached RMB443bn and correspondingly accounted for 20% of China's total trade volume.

According to SWIFT, in August 2016, RMB payments of the United Arab Emirates (UAE) by value increased by 44.6% from August 2015 and even 210.8% from August 2014. Furthermore, RMB accounted for 81.4% of the total payments between the UAE and China/Hong Kong by value in August 2016. According to Dubai Customs, in the first half of 2016, China was the primary trading partner of Dubai with bilateral trade at AED79bn; subsequently, India and the U.S. followed with bilateral trades at AED48bn and AED43bn respectively. In Europe, in August 2016, the United Kingdom actively used RMB to account for 67.3% of the total RMB payments between Europe and China/Hong Kong by value while France followed the United Kingdom with a market share of 14.1%. Still, RMB remained at the fifth position for the most active global payment currency by value with a market share of 1.86% in August 2016.

Cross-border RMB Trade Settlements (RMB Bn)



(Source) PBOC, CEIC

Internationalization of RMB through various channels

RMB was officially included in IMF's Special Drawing Right (SDR) on October 1; this inclusion confirmed global recognition of RMB. To continue internationalizing RMB before its inclusion in IMF's SDR basket, China further appointed banks to be the RMB clearing banks all over the world. For instance, People's Bank of China (PBOC) appointed Bank of China New York Branch as the first RMB clearing bank in the U.S. on September 20 and Industrial and Commercial Bank of China (Moscow) as the RMB clearing bank in Russia.

On September 21, China Foreign Exchange Trade System (CFETS) further announced on the granted memberships of State Bank of Pakistan, Central Bank of Jordan, Central Bank of Iraq and Arab Monetary Fund to officially access China's interbank FX market. Subsequently, CFETS also announced its approved authorization from PBOC to launch the direct RMB trading against AED and SAR on the interbank FX market with the effective date of September 26.

Development of the RMB bond markets

On October 17, Clearstream of Deutsche Börse Group officially launched its link to China Interbank Bond Market (CIBM) and was identified as the first international central securities depository to directly link to China's onshore interbank bond market. Such initiatives could further lead RMB towards becoming the international currency by giving foreign

Issuances of Panda Bonds in China's Onshore Bond Market (Over the Past One Month)

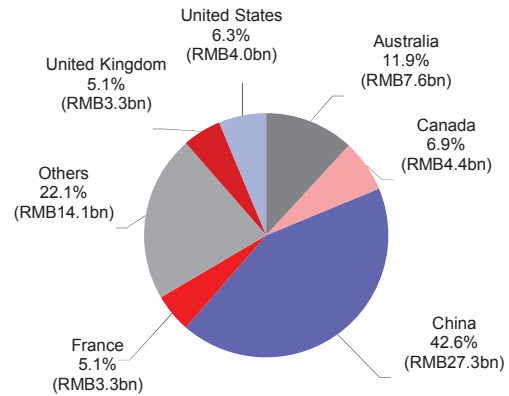
Parent Country	Issuer	Amount (CNY Bn)	Date
Hong Kong	The Wharf (Holdings)	4.0	Oct 2016
	KWG Property Holding	8.0	Oct 2016
Cayman Islands	Agile Property Holdings	3.0	Sept 2016
	Yuzhou Properties	3.0	Sept 2016
	Shimao Property Holdings	5.2	Sept 2016
Total		23.2	

(Source) GlobalRMB

investors access to China's interbank bond market.

Meanwhile, as of October 18, China's Panda Bond Market continued growing further as the total volume of issued Panda Bonds reached RMB96.5bn YTD2016. On the other hand, as of October 18, the slowly growing offshore RMB bond markets, showed a total volume of issued offshore RMB bonds reaching RMB64.1bn YTD2016 (including private placements). Chinese accounted for 42.6% of the total offshore RMB bonds, and non-Chinese accounted for 57.4%. The biggest portion of the non-Chinese issuers was still Australian, taking up 11.9% of the global issuers.

Offshore RMB Bond Issuances by Deal Nationality YTD2016 (as of October 18)



Total Volume (as of October 18): RMB64.1bn

(Source) Dealogic, MUSHK

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