

## Global RMB Updates

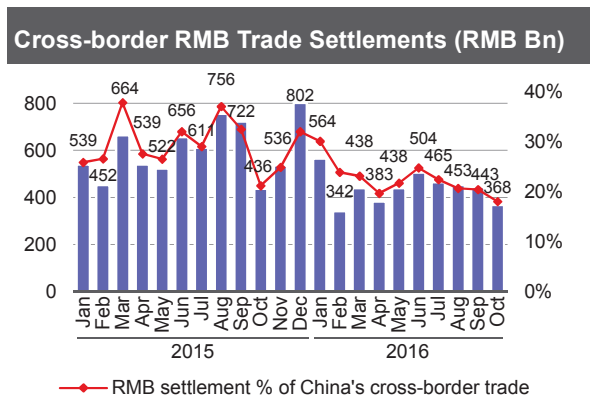
RMB Internationalization  
Business Promotion Office  
(Hong Kong)

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### Monthly RMB trade settlements continued to decrease in October

In October, the total cross-border RMB trade settlements decreased by 17% to RMB368bn compared to the previous month. In addition to the declining trend of the RMB settlements this year due to the RMB depreciation, the further decrease is the likely result of the seasonal effect of the one week Chinese holiday, Golden Week. The percentage of RMB used for cross-border trade settlement with China accounted for 18% of the total.

According to SWIFT, RMB dropped one position to 6<sup>th</sup> in the currency ranking for payments, with a share of 1.67%. When we look at the RMB usage by major countries / regions, Hong Kong still accounts for around 70%, followed by UK 6.8%, Singapore 5.2%, US 3.0%, Taiwan 2.2%, with some other countries having a smaller percentage.



(Source) PBOC, CEIC

### Internationalization of RMB through various channels

This year, China created numbers of remarkable milestones by building up its cooperation and expanding the usage of RMB in many countries under the concept of RMB internationalization. For instance, the Chinese government is encouraging the use of the Cross-Border Interbank Payment System (CIPS), which provides RMB clearing and payments services for financial institutions. Operation hours are from 9:00 to 20:00, covering time zones of the countries in Europe, Africa, Oceania, and Asia. There are 27 direct participants and 480 indirect participants (including 342 in Asia, 65 in Europe, 22 in North America, 13 in Oceania, 16 in South America, and 22 in Africa) as of November 2016.

On November 11, the China Foreign Exchange Trade System (CFETS) officially announced the launch of the direct RMB trading against the Canadian dollar on the interbank FX market with an effective date of November 14. Such a launch of direct trading was based on the agreement between China and Canada during Premier Li Keqiang's official visit to Canada in September.

Additionally, after the RMB's Inclusion in the IMF SDR in October, we are seeing more foreign central banks and similar institutions accessing the China interbank FX market.

### Development of the RMB bond markets

China's Panda bond market continued growing this year. As of November 16, the total volume of Panda Bonds issuance reached RMB109.6bn YTD2016. On November 2, National Bank of Canada (NBC) was the first North American financial institution to issue Panda bond in the amount of RMB3.5bn. The three year bond was oversubscribed and priced at a coupon rate of 3.05%. According to NBC, the proceeds will be used to support Canadian companies doing business in China and facilitate bilateral investment flows between China and Canada.

Parent Country	Date	Issuer	Amount (CNY Bn)
Canada	Nov 2	National Bank of Canada	3.5
China	Nov 14	China Traditional Chinese Medicine Holdings	2.5
	Oct 26	China Gas Holdings	2.0
	Oct 26	Yuexiu Transport Infrastructure	1.0
<b>Total</b>			<b>9.0</b>

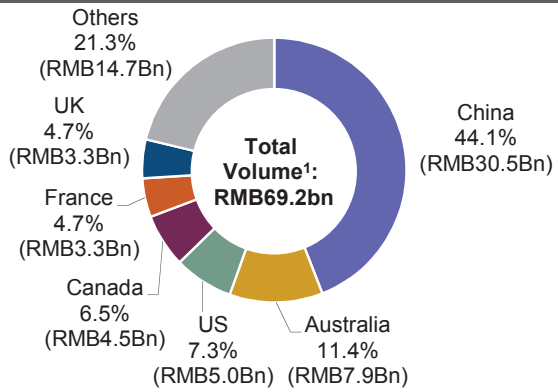
(Source) GlobalRMB

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In the offshore RMB bond market, the total volume of issued offshore RMB bonds reached RMB69.2bn YTD2016 (including private placements). The graph on the right shows that non-Chinese accounted for 55.9% of the total offshore RMB bonds, and the biggest portion of these issuers was still Australian, taking up 11.4%. On the other hand, Chinese accounted for 44.1% of the total offshore RMB bonds.

### Offshore RMB Bond Issuances by Deal Nationality YTD2016



(Source) MUFG Securities  
(Note) 1. As of November 16

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