

Global RMB Updates

RMB Internationalization
Business Promotion Office
(Hong Kong)

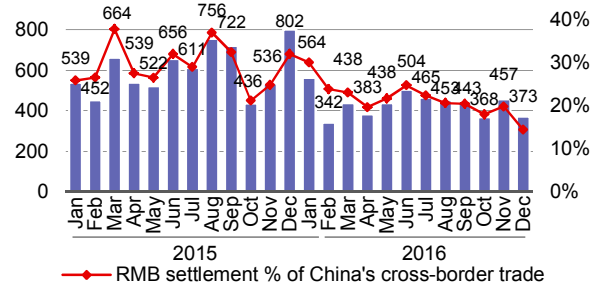
27 JAN 2017

Monthly RMB trade settlements declined in December 2016

In December, the total cross-border RMB trade settlements dropped by 18.5% to RMB373bn compared to the previous month. We believe that the drop in December was a combined result of RMB depreciation trends in 2016 and tightened controls of outflows from onshore China. As a result, the percentage of RMB used for cross-border trade settlement with China accounted for only 14.4% of the total, equal to the early 2013 level (Jan-2013, 14.4%). The total amount of cross-border RMB trade settlements in 2016 was RMB5.2trn, a 28% drop from RMB7.2trn in 2015.

According to SWIFT, RMB lost one position to the 6th in currency rankings for payments month-over-month, with a share of 1.68%.

Cross-border RMB Trade Settlements (RMB Bn)

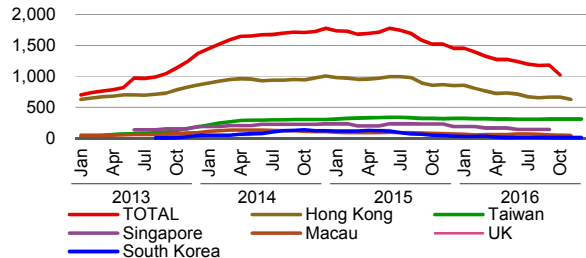


(Source) PBOC, CEIC

RMB deposits in offshore RMB centres

When we look at the RMB deposits volume in the offshore RMB centres, we see a significant drop, to approximately RMB1.0trn in 2016-end compared to RMB1.8trn in 2014-end. The volatile FX market and RMB depreciation trends have affected the depositors' stance towards holding RMB. It will likely take some time until RMB becomes more stable and offshore RMB deposits gain momentum again.

RMB Deposits in Offshore RMB Centres (RMB Bn)

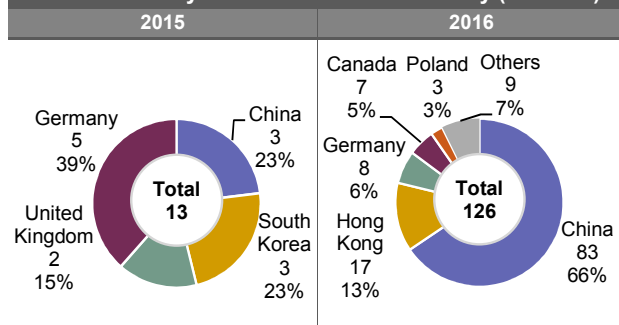


(Source) GlobalRMB, CEIC

Outcomes of Panda bonds and offshore RMB bonds in 2016

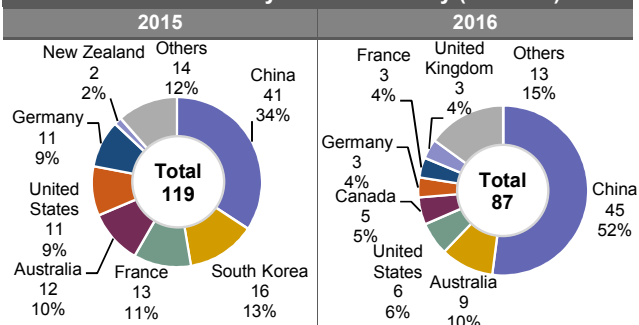
China's Panda bond market continued growing in 2016 attracting international issuers. The total issuance amount reached RMB126bn, up from RMB13bn in 2015. We expect to see more international issuers this year as the Panda bond framework becomes more clear and flexible. On the other hand, for offshore RMB bond, it has been a difficult year with a total issuance of only RMB87bn, a decline of 27% compared to the previous year. Due to the cheaper funding in the onshore market in 2016, companies with RMB funding needs went into the onshore market.

Panda Bonds by Ultimate Parent Nationality (RMB Bn)



(Source) MUFG Securities

Offshore RMB Bonds by Deal Nationality (RMB Bn)



(Source) MUFG Securities

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