

Global RMB Updates

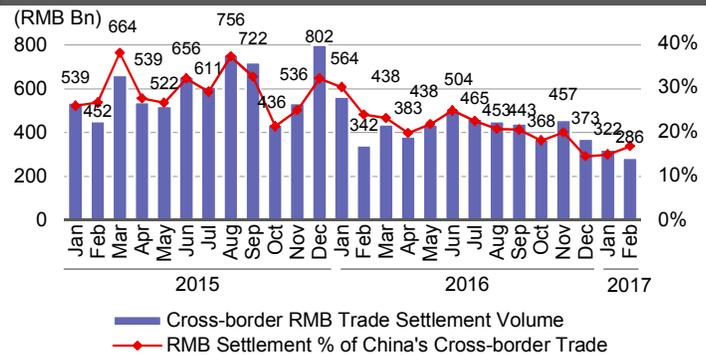
31 MAR 2017

RMB Internationalization
Business Promotion Office
(Hong Kong)

Monthly RMB trade settlements continue to decline in February 2017

In February 2017, as the right chart shows, Cross-border RMB trade settlements volume amounted to RMB286bn. This records the lowest since January 2015, accounting for 17% of Chinese cross-border trade. Though we need to take Chinese New year into account, it has been decreasing since November, greatly influenced by Chinese regulator's capital control and currency volatility. According to latest data from SWIFT, RMB is the 6th currency position in February with a share of 1.84% for international payment, followed by USD (40.86%), EUR (32.00%), GBP (7.41%), JPY (3.30%), CAD (1.89%).

Cross-border RMB Trade Settlements



(Source) PBOC, CEIC

Japanese regional banks connected to CIPS network

Japanese regional banks are coming to Cross-Border Interbank Payment System ('CIPS') network as indirect participant through BTMU (China). CIPS enables the banks to directly wire cross border money to mainland China. CIPS will be helpful to improve remittance speed, reduce the cost, and provide stability of RMB cross border payment. It contributes to upgrade the overall quality of customer service. Some Japanese regional banks have indirectly participated in CIPS from February and will start operation through its network soon. BTMU, receiving approval from PBOC as the first Japanese Direct Participant bank for CIPS, is accelerating to offer this service to support the settlement. There are 28 banks as direct CIPS participants and 544 indirect CIPS participants as of February-end.

Outline of CIPS

Institution	The Cross-border Interbank Payment and Clearing (Shanghai) Corporation Ltd regulated by PBOC
Direct Participants	<ul style="list-style-type: none"> Connect with CIPS Ltd by exclusive lines Open CIPS special account in PBOC
Indirect Participants	Connect with CIPS LTD through direct participants
Participant's Feature	Participants receive the same code with SWIFT
System Operation	<ul style="list-style-type: none"> Operation time: Beijing time 9:00-20:00 (Europe is covered) Clearing mode: RTGS Mode Message mode: ISO20022 message

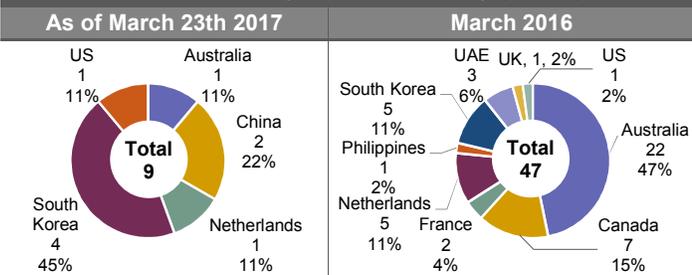
(Source) SAFE

Update of RMB bond Market

As of 23th March 2017, based on Dealogic registration, the total volume of Panda bond counted RMB7bn. Sino-Ocean Group Holdings, incorporated and listed in Hong Kong, has issued their first Panda Bond. At foreign

investors' end, Chinese regulator allowed them to hedge currency risks generated from RMB bond purchase. This publicity seems to boost the issuance of onshore bonds in the market. On the other hand Dim Sum bonds lose stream, just counting 9 deals, a decline of 81% compared to March 2016.

Offshore RMB Bonds by Deal Nationality (Deals)



(Source) Dealogic, MUFG Securities

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