Track RMB internationalization on the Bloomberg Terminal.

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Track RMB internationalization on the Bloomberg Terminal.

A new era of liberalization is redefining the way the world engages with Chinese financial markets. Bloomberg has the data, local market expertise and the financial technology needed to help market participants access China's financial markets.

RMB as an international payment currency

Since launching its initial trade pilot program in July 2009, continuous regulatory reform has increased the attractiveness of the RMB as a payment currency. While off from its 2015 highs, the RMB remains one of the most used payment currencies as measured by SWIFT. Initiatives such as One Belt, One Road will likely boost future usage.



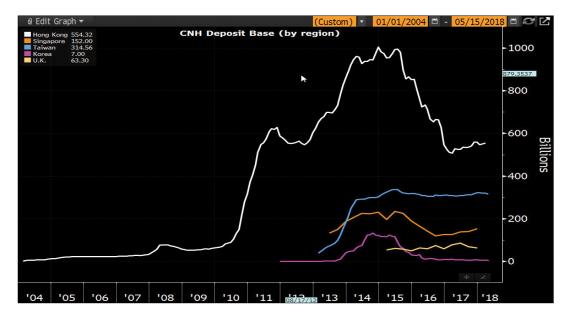
World Economic Statistics ECST <GO> – Despite the fact that the RMB is one of the most used currencies as measured by SWIFT, overall use of RMB as a payment currency remains small relative to the size of China's economy and its export sector.



Bloomberg
Intelligence Economic
Research Dashboard
BI ECONG <GO> - RMB is
the second most frequently
used Asian currency for
payments after the JPY.

Offshore RMB liquidity

Offshore RMB deposits are no longer limited to Hong Kong - increased global use of the currency has helped build balances in a variety of offshore RMB clearing centers. However, despite an improved FX outlook and increased deposit rates, offshore RMB liquidity has been reduced by curbs on currency outflows from China and because of greater investment inflows to mainland capital markets.



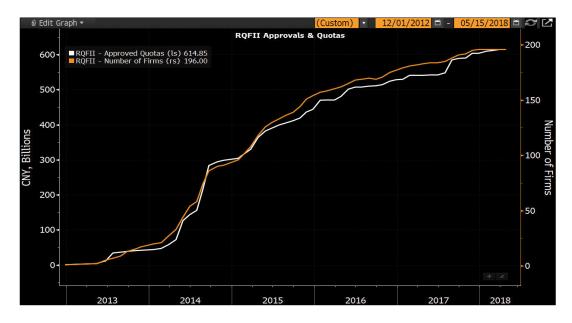
World Economic Statistics ECST <GO> – CNH deposits in Hong Kong have dropped nearly 50% from the 2014 peak as investment inflows to China's capital markets have increased pace.



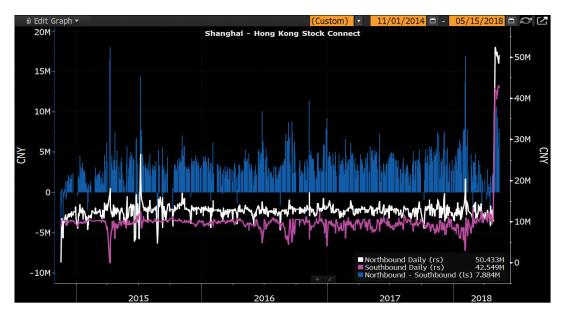
Graph Curves GC <GO> – Tight liquidity conditions in the offshore market have led to a rise in funding costs.

Investing in China's capital markets

Investment flows to mainland China will continue to rise as more index providers such as MSCI and the Bloomberg Barclays Indices include Chinese securities in their most widely used equity and fixed income benchmarks.



World Economic Statistics ECST <GO> – The number of RMB Qualified Foreign Institutional Investor (RQFII) firms is rising along with quotas as investors prepare for index inclusion.



Mutual Market Access MMA <GO> – Greater northbound flows under the Shanghai – HK Stock Connect are helping ease capital outflow pressure on the RMB.



Mutual Market Access
MMA <GO> – The inflow of
funds from Hong Kong to
Shenzhen peaked ahead of
MSCI's announcement of the list
of A shares to be included in its
MSCI Emerging Market Index.

RMB as a funding currency

RMB borrowers have a range of funding tools available to them on both sides of the border. The Panda bond market saw record new issuance volumes in 2016, but offshore rates are keeping the CNH and Formosa bond markets competitive in 2018.



Fixed Income Search SRCH <GO> — CNH bond new issue volumes are on the rise as of May 2018.



Fixed Income Search SRCH <GO> – As of May 2018, CNH Formosa bond new issue volumes have already doubled those in 2017.



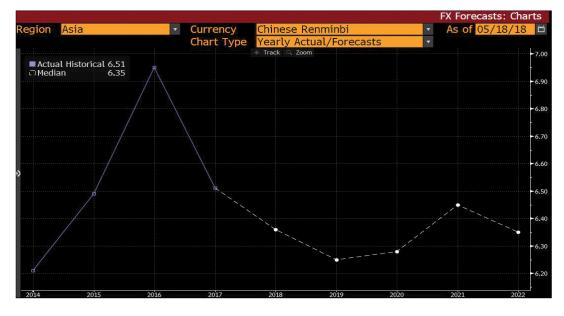
Fixed Income Search SRCH <GO> – The Panda bond market has blossomed in recent years, but remains roughly one-tenth the size of the CNH bond market.

FX market outlook

With volatility expected to return, market participants will need to carefully manage their RMB exposures. Market expectations are for the RMB to end 2018 with a slightly stronger offshore and weaker onshore FX rates.



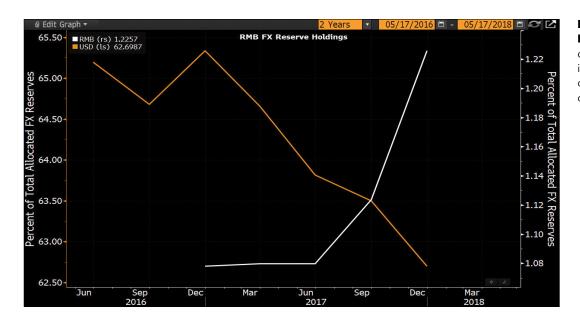
Volatility Comparison VOLC <GO> – The spread between CNH and CNY has narrowed in recent years.



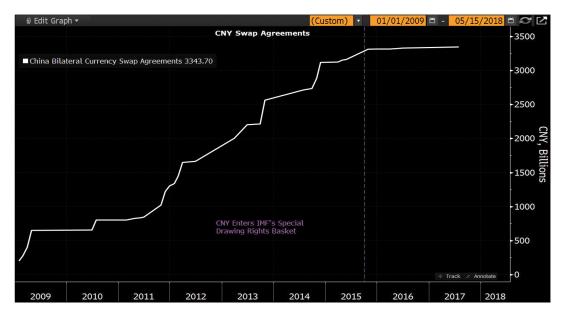
World Economic Statistics ECST <GO> – Consensus forecasts call for a slight strengthening in the CNY vs. the USD over the next 4 years.

Central bank support

RMB internationalization has received strong support from central banks with more than RMB 3 trillion of bilateral currency swap agreements in place to promote RMB business in local markets. Since joining the IMF's Special Drawing Rights (SDR) Basket in October 2015, central banks have also begun to add RMB to their foreign exchange holdings.



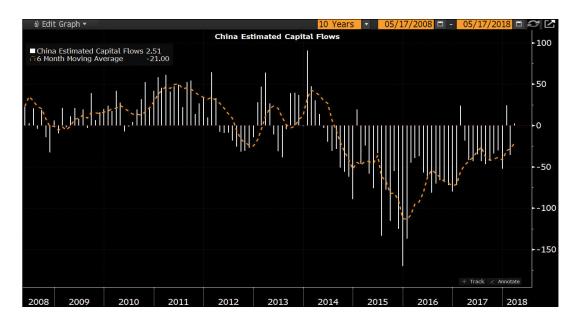
Economic Workbench
ECWB <GO> — Reserve
diversification has resulted in
increased RMB holdings, one
of the reasons the USD's share
of global reserves has dropped.



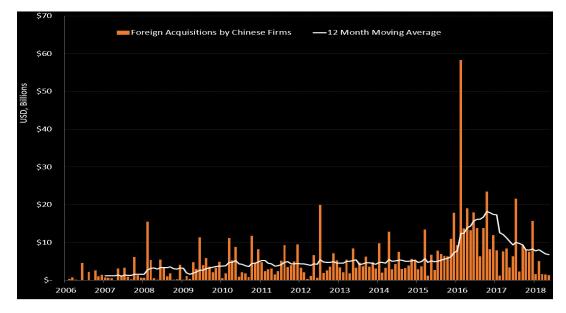
Economic Workbench ECWB <GO> – The volume and number of currency swap agreements negotiated by the PBOC rose substantially ahead of the IMF decision to include the RMB in its SDR basket.

China's capital flows and foreign investment

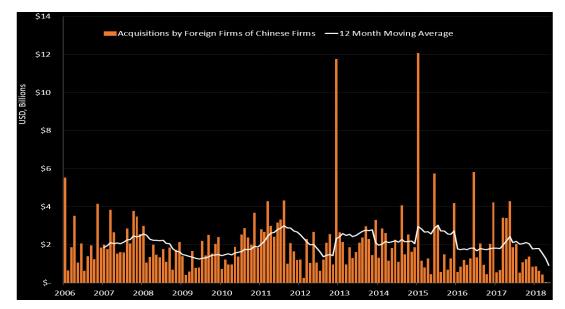
Onshore market liberalization has been key to easing capital outflows and promoting RMB internationalization. However, the government's campaign to strengthen capital controls and rein in overseas investment may have had a temporary negative impact on RMB internationalization and its "going global" strategy. Acquisition activity on both sides of the border is down from recent years.



World Economic Statistics ECST <GO> — China's capital flow gauge shows a swing to inflows.



Mergers & Acquisitions MA <GO> – Foreign acquisition by Chinese firms has slowed after a buying spree in 2016 as the Chinese government introduced stricter guidelines.



Mergers & Acquisitions
MA <GO> – Foreign
acquisition of Chinese firms
has begun to slow in 2018.

RMB internationalization - key functionality

RMB cross-border payments		RMB funding	
Supply chain analysis	SPLC <go></go>	Spread to benchmark	YAS <go></go>
RMB as % of world	SWFTCNY Index <go></go>	Asset swap calculator	ASW <go></go>
payment currencies		CNH swap calculator	SWPM <go></go>
RMB payment currency ranking	SWFTCNYR Index <go></go>	CNH bond news	NI DIMSUM <go></go>
China cross-border RMB settlement - outbound FDI	RMBSOFDI Index <go></go>	Panda bond news	NI PANDA <go></go>
		CNH investment grade bond average yield	BOCRINVY Index <go></go>
Hong Kong remittances for renminbi (RMB) cross-border trade settlement	HKRDCBTS Index <go></go>	CNH 3-year cross currency swap	CGUSSW3 Curncy <go></go>
trade settlement		China government bond tickers	GGR <go></go>
Offshore RMB liquidity		CNH loans	LSRC <go></go>
CNH deposits in Hong Kong	HKRDTTL Index <go></go>		Loan type: Dim Sum
CNH deposits in Singapore	SIRMBDEP Index <go></go>	CNH bond issuance	SRCH @DIMSUM <go></go>
CNH deposits in South Korea	KORRCNY Index <go></go>	Panda bond issuance	SRCH <go> Security type: Panda</go>
CNH deposits in Taiwan	TWRMOTTL Index <go> TWRMTTL Index <go></go></go>	Kimchi bond issuance	SRCH <go> Security type:Korea</go>
CNH deposits in the United Kingdom	RMUKDHI Index <go></go>		Kimchi bonds
CNH deposit rates curve	YCMM0199 Index <go></go>	CNH Formosa bond issuance	SRCH <go> Security type: Formosa</go>
CNH HIBOR fixing curve	GC MM227 <go></go>		Currency type: CNY
CNH rates	OTC CNY CNHRATE <go> OTC HKD CNHRATE <go></go></go>	PBOC base lending rates	CHLR12M Index <go> CHLR1-5Y Index <go> CHLR5YA Index <go></go></go></go>
		China's capital markets	
		RQFII approved quotas	CNQFRFII Index <go></go>
		RQFII number of firms	CNQFRFIN Index <go></go>
		Mutual Recognition of Funds	MRF <go></go>
		Shanghai-Hong Kong Stock Connect	MMA <go></go>
		Shenzhen-Hong Kong Stock Connect	MMA <go></go>

Foreign exchange		Central bank support	
Spot on and offshore	ALLQ <go></go>	China bilateral currency swap agreements Foreign exchange holdings in Chinese renminbi as a percentage of total allocated	CNCZSWLN Index <go></go>
Forwards on and offshore	FRD <go></go>		
CNY vs CNH	HS <go></go>		CCFRCNYP Index <go></go>
Offshore trading hubs	CNHO <go></go>		
24-hour trading activity	FX24 <go></go>	CNH commodities	
Forward and rates ARB	FXFA <go></go>	CNH gold contract	CGSE <go></go>
FX fixings	BFIX <go></go>	RMB oil futures	SCPA COMDTY <go></go>
Option vol surfaces	OVDV <go></go>		
Option pricing	OVML <go></go>	RMB indices	
Volatility comparison	VOLC <go></go>	Index browser	IN <go></go>
FX forecasts	FXFC <go></go>	China estimated capital flows	CNNMHTMY Index <go></go>
World currency ranker	WCRS <go></go>		
USD/CNY non-deliverable forward pricer	XNDF <go></go>	Renminbi Globalisation Index (RGI)	SCGRRGI Index <go></go>
Onshore trading platform	OTC CNY <go> CFETSFX <go></go></go>	FTSE - BOCHK Offshore RMB Bond Index	TRMBCNAL Index <go></go>
		Citigroup Dim Sum Bond Index	ALLX SBDS <go></go>

About the Bloomberg Terminal.

Since 1981, business and financial professionals have depended on the Bloomberg Terminal* for the real-time data, news and analytics they need to make the decisions that matter. The Terminal provides information on every asset class — from fixed income to equities, foreign exchange to commodities, derivatives to mortgages — all seamlessly integrated with on-demand multimedia content, extensive electronic-trading capabilities and a superior communications network.



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