| Global Research | 7 September 2017

Offshore Renminbi – New dynamics at play

- **We add an RGI parameter that captures rising foreign access to onshore markets by tracking holdings**
- **This new dimension of Renminbi internationalisation supported the RGI rebound in July**
- **CNY could stay strong ahead of the 19th Party Congress; Dim Sum bond market is set to shrink further**

Click for Infographic

Introducing a new RGI parameter

Kelvin Lau +852 3983 8565
Kelvin.KH.Lau@sc.com
Senior Economist, Greater China
Standard Chartered Bank (HK) Limited

Chidu Narayanan +65 6596 7004
Chidambarathanu.Narayanan@sc.com
Economist, Asia
Standard Chartered Bank, Singapore Branch

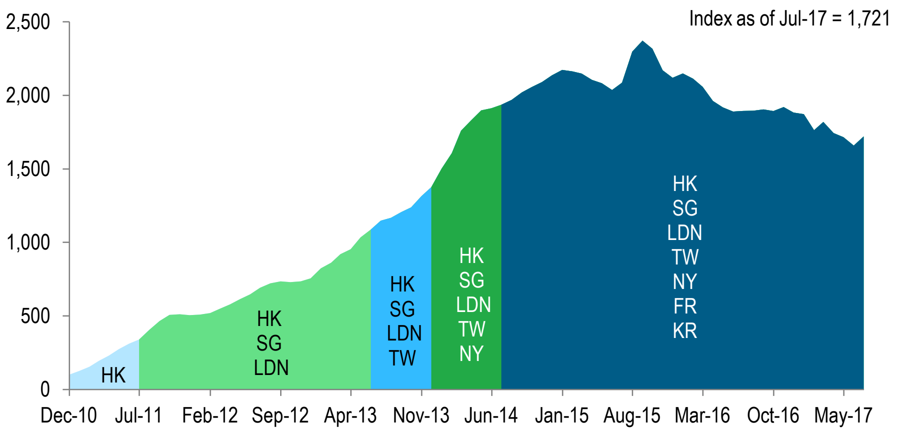
Eddie Cheung +852 3983 8566
Eddie.Cheung@sc.com
Asia FX Strategist
Standard Chartered Bank (HK) Limited

Becky Liu +852 3983 8563
Becky.Liu@sc.com
Head, China Macro Strategy
Standard Chartered Bank (HK) Limited

We add a fifth index parameter^ – foreign holdings of onshore assets – to the *Standard Chartered Renminbi Globalisation Index* (RGI), the first addition since its 2012 launch. With the new parameter, the RGI is no longer just a measure of offshore Renminbi (CNH) activity across key offshore centres, but also of foreign investors' growing access to China's onshore markets. Onshore market liberalisation has become China's preferred way of promoting Renminbi internationalisation lately, as more investor inflows are needed to offset capital outflows. Initiatives like the Stock Connect and China Interbank Bond Market (CIBM) programmes have yet to boost CNH activity, but they are necessary channels for the continued international ascent of the Chinese yuan (CNY). Tracking foreign investors' holdings via such channels should make the RGI even more representative.

Foreign holdings of onshore assets are on the rise, boosted most recently by the launch of the Bond Connect programme on 1 July. The RGI rose to 1,721 in July from a revised 1,659 in June (Figure 1). Of the 3.7% m/m headline increase – the biggest in almost two years – the new parameter contributed 0.45ppt, the fifth straight month of positive contributions. The bulk of the m/m improvement in July, however, came from cross-border payments and CNH FX turnover (Figure 2). We expect CNH activity (outside of the still-shrinking Dim Sum bond market) to stabilise further in the short term, as the CNY is likely to stay well supported ahead of the 19th Party Congress in mid-October.

Figure 1: RGI rose 3.7% m/m in July after shrinking c.9% in Q2



Note: RGI (Bloomberg: SCGRRGI <Index>) is a comprehensive index that tracks CNH internationalisation across markets and geographies; our interactive data visualisation tool enables exploration of the evolution of the sub-components: *https://www.sc.com/BeyondBorders/infographics/rgi-tracker*; Source: Standard Chartered Research

^ The four existing RGI parameters are: (1) CNH deposits, (2) cross-border CNY payments, (3) Dim Sum bonds and certificates of deposit (CDs) outstanding, and (4) CNH FX turnover

RGI now tracks foreign holdings of onshore assets

Adding a new parameter to the model

Model revamp captures a new dimension of Renminbi internationalisation

For the new parameter, we primarily use the 'domestic Renminbi financial assets held by overseas entity' data series published by the People's Bank of China (PBoC), which encompasses equities, bonds, loans and deposits. We also use data from China Central Depository & Clearing (CCDC) and Shanghai Clearing House (SHC) for more timely estimates. The aim is to capture this growing dimension of CNY international usage as the massive foreign investor base – which is still largely under-invested in China onshore assets – gains greater market access over time. In line with the other RGI components, a three-month moving average is applied and the weight of foreign holdings of onshore assets is inversely proportional to its variance.

Contributing positively to internationalisation

New parameter shows improving overseas investor interest in onshore assets

Figure 3 shows the impact of the methodology change on the index's performance. We have added the new parameter retroactively starting from January 2016 – after the market had stabilised following the shock of the August 2015 FX daily fixing reform, and before the launch of the CIBM programme in February 2016. The new RGI underperformed the old model for much of 2016 – foreign investors' appetite for China assets was not immune to Renminbi depreciation, or to the sell-off in the onshore bond market in Q4, when monetary conditions started to tighten to defend the currency from Fed hikes and to promote domestic deleveraging.

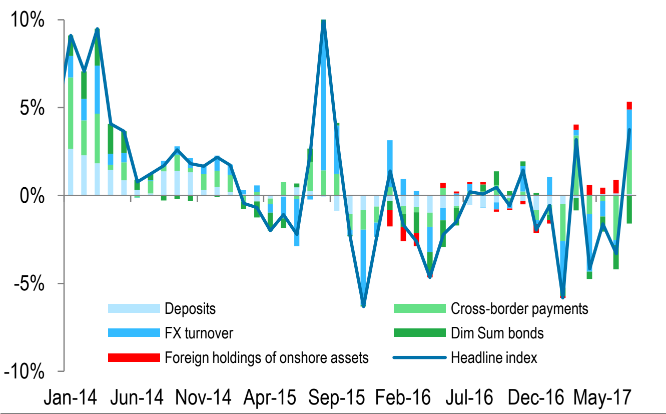
Against this backdrop, the YTD outperformance of the revamped RGI is even more encouraging, reflecting a genuine return of investor interest. Figure 4 shows foreign holdings of onshore bonds as reported by CCDC and SHC – up more than 10% in the first seven months of 2017. Onshore equities held by overseas entities rose an even stronger 34% between end-2016 and June 2017, according to PBoC data. Northbound investment flows have contributed positively to the headline RGI for five straight months.

More diverse and balanced flows are needed

However, the new component alone is unlikely to be enough to reverse the RGI downtrend that began in Q3-2015. That would also require (1) persistent CNY stability to underpin the still-fragile recovery in CNH sentiment; and (2) a reversal of capital controls now that depreciation expectations and outflow pressure have dissipated. The latter is particularly important to reviving two-way cross-border flows and lifting CNH usage sustainably, in our view.

Figure 2: Positive contribution from the new parameter

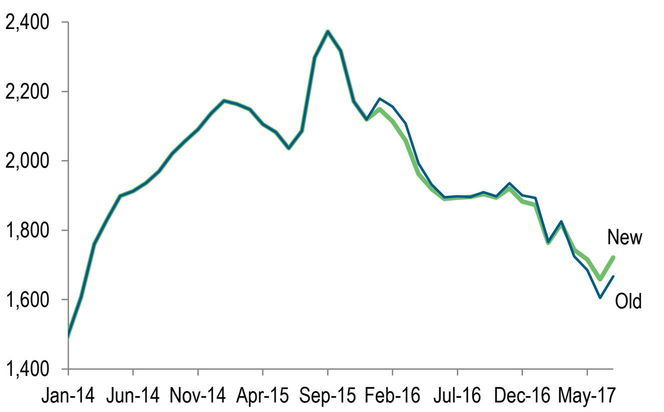
Contributions of RGI components to % m/m change



Source: Standard Chartered Research

Figure 3: Revising the RGI retroactively to Jan-2016

Headline RGI with and without the new parameter



Source: Standard Chartered Research

We see more uncertainty on the horizon, capping any RGI rebound in the coming months

We believe it is still too early to call the bottoming out of the RGI. First, it remains to be seen whether the prevailing CNY strength can be sustained after the 19th Party Congress. Second, even without depreciation headwinds, some proxies for genuine CNY usage by corporates remain disappointing. For example, Renminbi-denominated goods trade fell to 10.3% of China's total goods trade in July, a 46-month low, reflecting a slow pick-up in CNY despite the recovery in broader economic activity (Figure 5). Third, we think the rebound in CNH deposits will be limited without fresh southbound flows to replenish offshore liquidity. Recent softness in CNH HIBOR has been primarily a function of weak CNH demand.

CNY – PBoC mind tricks

The CNY has been strengthening not only against the USD, but also against the basket

After trading above the 6.8 level for most of H1-2017, USD-CNY entered a markedly different dynamic in July and August, with spot retreating from 6.80 to below 6.50 in just two months. It is striking that the recent bout of USD weakness has seen CNY appreciation against both the USD and the basket. On a basket basis, the CNY effective exchange rate (EER) rose from a low of just above 92.00 at the end of May to above 95.00 in early September, a high for 2017 and a rise of close to 3.5% over three months.

The CNY has benefited from increased corporate hedging and safe-haven flows

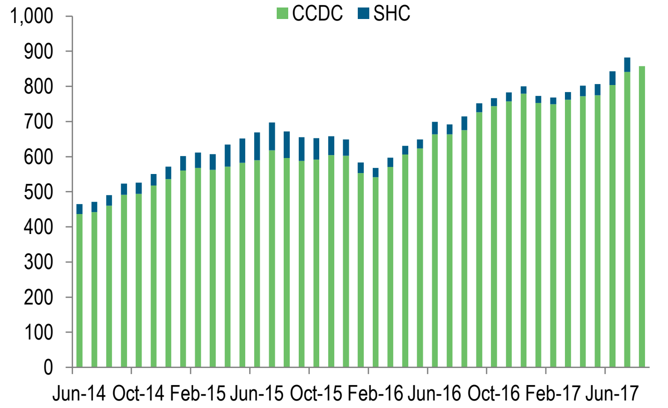
Two main factors have driven the recent bout of CNY strength. First, the weaker USD outlook continues to drive currency gains. Doubts over US policy and the future Fed outlook weigh on the USD. Second, policy considerations ahead of the 19th Party Congress may have supported recent CNY gains. This has led to increased corporate hedging, as well as safe-haven flows into the CNY as market players see the CNY as an 'island of stability' amid elevated geopolitical tensions on the Korean peninsula.

We do not see a fundamental economic need to persistently appreciate the CNY against the basket. As in the rest of EM Asia, China's growth/inflation mix does not decisively favour a stronger currency. Therefore, while the CNY can continue to strengthen against the USD under a weaker USD, its move against the basket appears to be a short-term bout of CNY strength, perhaps to achieve a policy goal around the 19th Party Congress (rather than an economic goal).

We believe the authorities remain focused on the basket level rather than on the outright level of USD-CNY. Therefore, in an environment of further USD weakness, it is possible for USD-CNY to move even lower in the near term. This would pose risks to our year-end forecast of 6.82 for USD-CNY.

Figure 4: Foreign holdings of onshore bonds

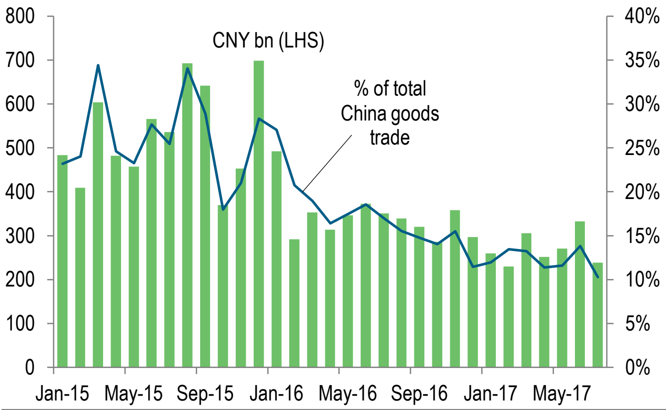
CCDC and SHC settled bonds, CNY bn



Source: Wind Info, Standard Chartered Research

Figure 5: Renminbi invoicing lags behind trade rebound

China's Renminbi-denominated goods trade



Source: CEIC, Standard Chartered Research

Dim sum bond market continues to shrink

We expect the Dim Sum bond market to shrink further, despite strong demand near-term

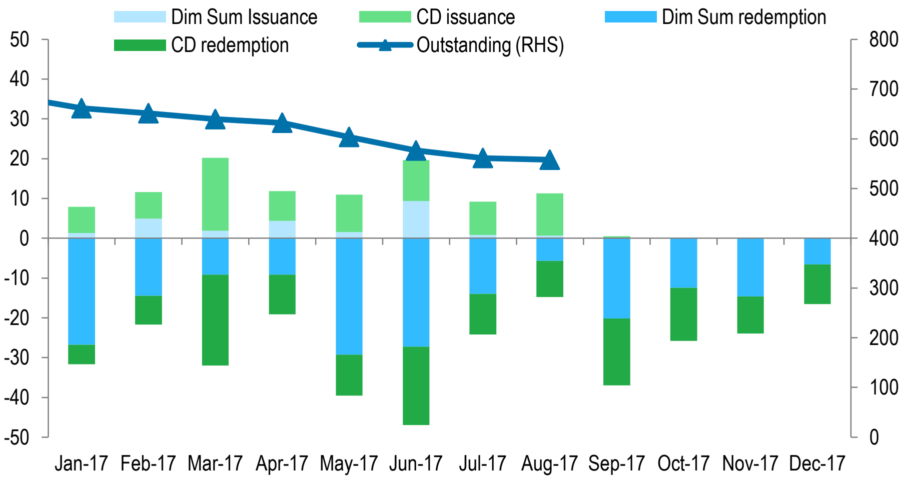
Net issuance in the Dim Sum bond market remained negative in August, despite strong momentum for the Renminbi. Gross issuance stood at CNY 11.3bn; bond issuance slid to CNY 632mn, the lowest level since August 2013, while issuance of certificates of deposit (CDs) picked up slightly to CNY 10.6bn. Net issuance narrowed to -CNY 6bn from -CNY 15bn in July, and the outstanding market declined further to CNY 554bn as of end-August, down 19% YTD.

We expect demand for Dim Sum bonds to stay strong as re-investment needs rise in September. But the lack of primary issuance suggests that the bulk of secondary liquidity is in offshore China government bonds (CNH CGBs), which have been trading at only a small premium over onshore peers. Moreover, improved access to the domestic market and the availability of short-dated, high-yielding negotiable certificates of deposit (NCDs) in the domestic market are likely to drive diversification from the offshore market. For example, the 3M NCD in the onshore market is now issued at c.4.7%, higher than the 1Y CNH CD issuance rate of 4.0-4.3% in August.

As such, we expect net issuance to stay negative for the remainder of 2017, and expect the overall market to decline further to CNY 515-525bn by year-end.

Figure 6: Dim sum bond market down 19% YTD as of end-August

Dim Sum bond and CD issuance, redemptions, and outstanding (CNY bn)



Source: Bloomberg, Standard Chartered Research

Disclosures appendix

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. On a general basis, the efficacy of recommendations is a factor in the performance appraisals of analysts.

Global Disclaimer: Standard Chartered Bank and/or its affiliates ("SCB") makes no representation or warranty of any kind, express, implied or statutory regarding this document or any information contained or referred to in the document (including market data or statistical information). The information in this document, current at the date of publication, is provided for information and discussion purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices, or represent that any such future movements will not exceed those shown in any illustration. The stated price of the securities mentioned herein, if any, is as of the date indicated and is not any representation that any transaction can be effected at this price. SCB does not represent or warrant that this information is accurate or complete. While reasonable care has been taken in preparing this document and data obtained from sources believed to be reliable, no responsibility or liability is accepted for errors of fact or for any opinion expressed herein. This document does not purport to contain all the information an investor may require and the contents of this document may not be suitable for all investors as it has not been prepared with regard to the specific investment objectives or financial situation of any particular person. Any investments discussed may not be suitable for all investors. Users of this document should seek professional advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to in this document and should understand that statements regarding future prospects may not be realised. Opinions, forecasts, assumptions, estimates, derived valuations, projections and price target(s), if any, contained in this document are as of the date indicated and are subject to change at any time without prior notice. Our recommendations are under constant review. The value and income of any of the securities or financial instruments mentioned in this document can fall as well as rise and an investor may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred. Foreign-currency denominated securities and financial instruments are subject to fluctuation in exchange rates that could have a positive or adverse effect on the value, price or income of such securities and financial instruments. Past performance is not indicative of comparable future results and no representation or warranty is made regarding future performance. While we endeavour to update on a reasonable basis the information and opinions contained herein, we are under no obligation to do so and there may be regulatory, compliance or other reasons that prevent us from doing so. Accordingly, information may be available to us which is not reflected in this document, and we may have acted upon or used the information prior to or immediately following its publication. SCB is acting on a principal-to-principal basis and not acting as your advisor, agent or in any fiduciary capacity to you. SCB is not a legal, regulatory, business, investment, financial and accounting and/or tax adviser, and is not purporting to provide any such advice. Independent legal, regulatory, business, investment, financial and accounting and/or tax advice should be sought for any such queries in respect of any investment. SCB and/or its affiliates may have a position in any of the securities, instruments or currencies mentioned in this document. SCB and/or its affiliates or its respective officers, directors, employee benefit programmes or employees, including persons involved in the preparation or issuance of this document may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities or financial instruments referred to in this document and on the SCB Research website or have a material interest in any such securities or related investments, or may be the only market maker in relation to such investments, or provide, or have provided advice, investment banking or other services, to issuers of such investments and may have received compensation for these services. SCB has in place policies and procedures and physical information walls between its Research Department and differing public and private business functions to help ensure confidential information, including 'inside' information is not disclosed unless in line with its policies and procedures and the rules of its regulators. Data, opinions and other information appearing herein may have been obtained from public sources. SCB expressly disclaims responsibility and makes no representation or warranty as to the accuracy or completeness of such information obtained from public sources. SCB also makes no representation or warranty as to the accuracy nor accepts any responsibility for any information or data contained in any third party's website. You are advised to make your own independent judgment (with the advice of your professional advisers as necessary) with respect to any matter contained herein and not rely on this document as the basis for making any trading, hedging or investment decision. SCB accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental, consequential, punitive or exemplary damages) from the use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services. This document is for the use of intended recipients only. In any jurisdiction in which distribution to private/retail customers would require registration or licensing of the distributor which the distributor does not currently have, this document is intended solely for distribution to professional and institutional investors. This communication is subject to the terms and conditions of the SCB Research Disclosure Website available at *https://research.sc.com/Portal/Public/TermsConditions*. The disclaimers set out at the above web link applies to this communication and you are advised to read such terms and conditions / disclaimers before continuing. Additional information, including analyst certification and full research disclosures with respect to any securities referred to herein, will be available upon request by directing such enquiries to *scgr@sc.com* or clicking on the relevant SCB research report web link(s) referenced herein.

Country-Specific Disclosures – This document is not for distribution to any person or to any jurisdiction in which its distribution would be prohibited. If you are receiving this document in any of the countries listed below, please note the following:

United Kingdom and European Economic Area: SCB is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This communication is not directed at Retail Clients in the European Economic Area as defined by Directive 2004/39/EC. Nothing in this document constitutes a personal recommendation or investment advice as defined by Directive 2004/39/EC. **Australia:** The Australian Financial Services Licence for Standard Chartered Bank is Licence No: 246833 with the following Australian Registered Business Number (ARBN: 097571778). Australian investors should note that this communication was prepared for "wholesale clients" only and is not directed at persons who are "retail clients" as those terms are defined in sections 761G and 761GA of the Corporations Act 2001 (Cth). **Bangladesh:** This research has not been produced in Bangladesh. The report has been prepared by the research analyst(s) in an autonomous and independent way, including in relation to SCB. THE SECURITIES MENTIONED IN THIS REPORT HAVE NOT BEEN AND WILL NOT BE REGISTERED IN BANGLADESH AND MAY NOT BE OFFERED OR SOLD IN BANGLADESH WITHOUT PRIOR APPROVAL OF THE REGULATORY AUTHORITIES IN BANGLADESH. Any subsequent action(s) of the Recipient of these research reports in this area should be subject to compliance with all relevant law & regulations of Bangladesh; specially the prevailing foreign exchange control regulations. **Botswana:** This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited which is a financial institution licensed under the Section 6 of the Banking Act CAP 46.04 and is listed in the Botswana Stock Exchange. **Brazil:** SCB disclosures pursuant to the Securities Exchange Commission of Brazil ("CVM") Instruction 483/10: This research has not been produced in Brazil. The report has been prepared by the research analyst(s) in an autonomous and independent way, including in relation to SCB. THE SECURITIES MENTIONED IN THIS REPORT HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE COMMISSION OF BRAZIL AND MAY NOT BE OFFERED OR SOLD IN BRAZIL EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS AND IN COMPLIANCE WITH THE SECURITIES LAWS OF BRAZIL. **China:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by China Banking Regulatory Commission (CBRC), State Administration of Foreign Exchange (SAFE), and People's Bank of China (PBoC). **Germany:** In Germany, this document is being distributed by Standard Chartered Bank Germany Branch which is also regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). **Hong Kong:** This document (except any part advising on or facilitating any decision on futures contracts trading) is being distributed in Hong Kong by, and any part hereof authored by an analyst licensed in Hong Kong is attributable to, Standard Chartered Bank (Hong Kong) Limited 渣打銀行（香港）有限公司 which is regulated by the Hong Kong Monetary Authority. Insofar as this document advises on or facilitates any decision on futures contracts trading, it is being distributed in Hong Kong by, and any part hereof authored by an analyst licensed in Hong Kong is attributable to, Standard Chartered Securities (Hong Kong) Limited 渣打證券（香港）有限公司 which is regulated by the Securities and Futures Commission. **India:** This document is being distributed in India by Standard Chartered Bank, India Branch ("SCB India"). SCB India is a branch of SCB, UK and is licensed by the Reserve Bank of India to carry on banking business in India. SCB India is also registered with Securities and Exchange Board of India in its capacity as Merchant Banker, Investment Advisor, Depository Participant, Bankers to an Issue, Custodian etc. For details on group companies operating in India, please visit *https://www.sc.com/in/india_result.html*. **Indonesia:** The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or represent that any such future movements will not exceed those shown in any illustration. **Japan:** This document is being distributed to Specified Investors, as defined by the Financial Instruments and Exchange Law of Japan (FIEL), for information only and not for the purpose of soliciting any Financial Instruments Transactions as defined by the FIEL or any Specified Deposits, etc. as defined by the Banking Law of Japan. **Kenya:** Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya. The information in this document is provided for information purposes only. The document is intended for use only by Professional Clients and should not be relied upon by or be distributed to Retail Clients. **Korea:** This document is being distributed in Korea by, and is attributable to, Standard Chartered Bank Korea Limited which is regulated by the Financial Supervisory Service and Financial Services Commission. **Macau:** This document is being distributed in Macau Special Administrative Region of the Peoples' Republic of China, and is attributable to, Standard Chartered Bank (Macau Branch) which is regulated by Macau Monetary Authority. **Malaysia**: This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad only to institutional investors or corporate customers. Recipients in Malaysia should contact Standard Chartered Bank Malaysia Berhad in relation to any matters arising from, or in connection with, this document. **Mauritius:** Standard Chartered Bank (Mauritius) Limited is regulated by both the Bank of Mauritius and the Financial Services Commission in Mauritius. This document should not be construed as investment advice or solicitation to enter into securities transactions in Mauritius as per Securities Act 2005. **New Zealand:** New Zealand Investors should note that this document was prepared for "wholesale clients" only within the meaning of section 5C of the Financial Advisers Act 2008. This document is not directed at persons who are "retail clients" as defined in the Financial Advisers Act 2008. NOTE THAT STANDARD CHARTERED BANK (incorporated in England) IS NOT A "REGISTERED BANK" IN NEW ZEALAND UNDER THE RESERVE BANK OF NEW ZEALAND ACT 1989, and it is not therefore regulated or supervised by the Reserve Bank of New Zealand. **Pakistan:** The securities mentioned in this report have not been, and will not be, registered in Pakistan, and may not be offered or sold in Pakistan, without prior approval of the regulatory authorities in Pakistan. **Philippines:** This document may be distributed in the Philippines by, Standard Chartered Bank (Philippines) which is regulated by the Bangko Sentral ng Pilipinas (Telephone No. (+63) 708-7701, Website: www.bsp.gov.ph). This document is for information purposes only and does not constitute, and should not be construed as an offer to sell or distribute in the Philippines securities that are not registered with the Securities and Exchange Commission unless such securities are exempt under Section 9 of the Securities Regulation Code or such offer or sale qualifies as an exempt transaction under Section 10 thereof. **Singapore:** This document is being distributed in Singapore by SCB Singapore branch and/or Standard Chartered Bank (Singapore) Limited, provided that research reports relating to certain products may be distributed only to accredited investors, expert investors or institutional investors, as defined in the Securities and Futures Act, Chapter 289 of Singapore. Recipients in Singapore should contact SCB Singapore branch or Standard Chartered Bank (Singapore) Limited (as the case may be) in relation to any matters arising from, or in connection with, this document. **South Africa:** Standard Chartered Bank, Johannesburg Branch ("SCB Johannesburg Branch") is licensed as a Financial Services Provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act 37 of 2002. SCB Johannesburg Branch is a Registered Credit Provider in terms of the National Credit Act 34 of 2005 under registration number NCRCP4. **Thailand:** This document is intended to circulate only general information and prepare exclusively for the benefit of Institutional Investors with the conditions and as defined in the Notifications of the Office of the Securities and Exchange Commission relating to the exemption of investment advisory service, as amended and supplemented from time to time. It is not intended to provide for the public. **UAE:** For residents of the UAE – Standard Chartered Bank UAE does not provide financial analysis or consultation services in or into the UAE within the meaning of UAE Securities and Commodities Authority Decision No. 48/r of 2008 concerning financial consultation and financial analysis. **UAE (DIFC):** Standard Chartered Bank, Dubai International Financial Centre (SCB DIFC) having its offices at Dubai International Financial Centre, Building 1, Gate Precinct, P.O. Box 999, Dubai, UAE is a branch of Standard Chartered Bank and is regulated by the Dubai Financial Services Authority ("DFSA"). This document is intended for use only by Professional Clients and is not directed at Retail Clients as defined by the DFSA Rulebook. In the DIFC we are authorized to provide financial services only to clients who qualify as Professional Clients and Market Counterparties and not to Retail Clients. As a Professional Client you will not be given the higher retail client protection and compensation rights and if you use your right to be classified as a Retail Client we will be unable to provide financial services and products to you as we do not hold the required license to undertake such activities. **United States:** Except for any documents relating to foreign exchange, FX or global FX, Rates or Commodities, distribution of this document in the United States or to US persons is intended to be solely to major institutional investors as defined in Rule 15a-6(a)(2) under the US Securities Exchange Act of 1934. All US persons that receive this document by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities. Any US recipient of this document wanting additional information or to effect any transaction in any security or financial instrument mentioned herein, must do so by contacting a registered representative of Standard Chartered Securities (North America) Inc., 1095 Avenue of the Americas, New York, N.Y. 10036, US, tel + 1 212 667 0700. WE DO NOT OFFER OR SELL SECURITIES TO U.S. PERSONS UNLESS EITHER (A) THOSE SECURITIES ARE REGISTERED FOR SALE WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION AND WITH ALL APPROPRIATE U.S. STATE AUTHORITIES; OR (B) THE SECURITIES OR THE SPECIFIC TRANSACTION QUALIFY FOR AN EXEMPTION UNDER THE U.S. FEDERAL AND STATE SECURITIES LAWS NOR DO WE OFFER OR SELL SECURITIES TO U.S. PERSONS UNLESS (i) WE, OUR AFFILIATED COMPANY AND THE APPROPRIATE PERSONNEL ARE PROPERLY REGISTERED OR LICENSED TO CONDUCT BUSINESS; OR (ii) WE, OUR AFFILIATED COMPANY AND THE APPROPRIATE PERSONNEL QUALIFY FOR EXEMPTIONS UNDER APPLICABLE U.S. FEDERAL AND STATE LAWS. Any documents relating to foreign exchange, FX or global FX, Rates or Commodities to US Persons, Guaranteed Affiliates, or Conduit Affiliates (as those terms are defined by any Commodity Futures Trading Commission rule, interpretation, guidance, or other such publication) are intended to be distributed only to Eligible Contract Participants are defined in Section 1a(18) of the Commodity Exchange Act. **Zambia:** Standard Chartered Bank Zambia Plc (SCB Zambia) is licensed and registered as a commercial bank under the Banking and Financial Services Act Cap 387 of the laws of Zambia and as a dealer under the Securities Act, No. 41 of 2016. SCB Zambia is regulated by the Bank of Zambia, the Lusaka Stock Exchange and the Securities and Exchange Commission.

Document approved by
Shuang Ding
Head, Greater China Economic Research

Document is released at
11:45 GMT 07 September 2017