

Macro & Financial

RMB Exchange Rate Appreciated Slightly Against a Basket of Currencies in July 2016

Market News

On July 29, 2016, the CFETS RMB exchange rate index closed at 95.34, gaining 0.34 percent from the end of June; the RMB exchange rate index based on the BIS basket and the RMB exchange rate index based on the SDR basket closed at 96.10 and 95.99 respectively, gaining 0.01% and gaining 0.24% from the end of June.

In the beginning of July, affected by global FX market's continued post-Brexit turbulence, purchase of foreign exchange raised from listed companies distributing dividends to overseas shareholders as well as households' oversea education and summer-vacation tourism, appreciating USD and strong foreign exchange demand both pushed the RMB exchange rate index to depreciate slightly. In middle and late July, as the Brexit effect eased, global FX market back on a steady trend, the demand-supply gap in the FX market narrowed, and the RMB exchange rate index rebounded toward the appreciation direction. From the viewpoint of the whole month of July, the RMB exchange rate index fluctuated in both directions and still remained generally stable.

[PBC News](#)(Currently Available in English)

PBC Releases 2016 Annual Report on the Internationalization of RMB

PBC recently released the 2016 Annual Report on the Internationalization of RMB, according to which the Chinese currency received rising global recognition in 2015. On November 30, 2015, the executive board of IMF decided to include RMB into the Special Drawing Rights (SDR) basket, marking a milestone in RMB's internationalization process. In 2015, the volume of cross-border RMB receipt and payment reached 12.1 trillion RMB, and according to SWIFT's statistics, the RMB had become the third most-used currency in cross-border trade and financing and took fifth place among all currencies for use in international payments and foreign exchange trading.

In the future, RMB will become more accepted in cross-border current account trading, and overseas investors will enjoy wider access to RMB-denominated investment and financing products. Bilateral currency cooperation will develop steadily and RMB is set to take up a greater share of global reserve currency assets.

[PBC News](#)(Currently Only Available in Chinese)

Statistics

CBRC Releases Main Regulatory Data for Q2 2016

In Q2 of 2016, **assets and debts in the banking industry continued to increase steadily**. At the end of the second quarter, the total domestic and foreign assets and debts of financial institutions in Chinese banking industry, both at home and abroad, stayed at 218 trillion RMB and 201.8 trillion RMB respectively, up 15.7% and 15.2% YOY, respectively. **Quality of credit assets was generally under control**. At the end of the second quarter, commercial banks' NPL balance stood at 1,437.3 billion RMB, an increase of 45.2 billion RMB from the end of last quarter, and their NPL rate was 1.75%, the same as at the end of last quarter. **Banks' profit growth slowed down**. As of the end of the second quarter, commercial banks had 899.1 billion RMB net profits accumulatively within the year, up 3.17% YOY. **The banking industry maintained a stable capability of risk resistance and compensation in general**. At the end of the second quarter, commercial banks had a loan impairment reserve balance of 2,529.1 billion RMB, an increase of 92.4 billion RMB from the end of last quarter.

[CBRC News](#)(Currently Available in Chinese)

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