

## Macro & Financial

### **World Bank Group Will Issue SDR-Denominated Bonds in China's Interbank Bond Market**

#### Market News

The People's Bank of China (PBOC) has approved the International Bank for Reconstruction and Development (IBRD) of the World Bank Group to issue bonds denominated in the Special Drawing Rights (SDR) in China's interbank bond market. The bonds will amount to SDR 2 billion in total and be payable in yuan (RMB). The first such issuance is expected in the near future.

The approved issuance of SDR bonds marks a meaningful attempt in promoting SDR-denominated financial market instruments. Such efforts will help broaden the use of the SDR, as a way to enhance the stability and resilience of the international monetary system. Bonds denominated in the SDR will provide a hedge against the interest rate and exchange rate risks stemming from financial instruments denominated in a single currency. The availability of SDR bonds will also help diversify the portfolios of domestic and international investors. At the same time, by adding a new product category, SDR bonds will benefit the further openness and development of China's bond market.

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

### **CSRC and SFC Sign Joint Announcement on Shenzhen-Hong Kong Stock Connect**

On August 16, 2016, Liu Shiyu, Chairman of China Securities Regulatory Commission (CSRC), and Carlson Tong, Chairman of Securities and Futures Commission (SFC), signed the CSRC - SFC Joint Announcement in Beijing, approving in principle the establishment of Shenzhen-Hong Kong Stock Connect by Shenzhen Stock Exchange (SZSE), Stock Exchange of Hong Kong Limited (SEHK), China Securities Depository and Clearing Corporation Limited (ChinaClear) and Hong Kong Securities Clearing Company Limited (HKSCC). This marks the official kickoff of preparations for the implementation of Shenzhen-Hong Kong Stock Connect.

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

## Statistics

### **People's Bank of China Releases Report on Financial Market Operations for July 2016**

In July 2016, 2.9 trillion RMB worth of various kinds of bonds were issued in the

bond market, including 322.2 billion RMB worth of treasury bonds, 395.54 RMB billion of local government bonds, 387.81 billion RMB of financial bonds, 716.86 billion RMB of corporate credit bonds, 7.43 billion RMB of credit asset backed securities, and 1.09842 trillion RMB of interbank negotiable certificates of deposit (NCDs). Turnover in money market amounted to 69.5 trillion RMB, up 33.2% year on year and 6.8% month on month. The turnover of cash bond in the inter-bank bond market totaled 11.5 trillion yuan, with a daily turnover of 549.09 billion RMB, increasing by 40% year on year and 6.6% month on month. At the end of July, SHCOMP closed at 2979.34 points, with an increase of 49.73 points, or 1.7% over the end of last month; SZSE Component Index closed at 10329.44 points, down 160.55 points, or 1.53% from the end of last month.

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