

**Macro& Financial**

**Market News**

**New Moving in China-Japan Financial Cooperation**

Recently, the People's Bank of China(PBC) and Bank of Japan signed a Memorandum of Cooperation on establishing RMB clearing arrangements in Japan. Under the Memorandum, the PBC decided to authorize Bank of China Tokyo Branch to serve as RMB clearing bank in Japan. The arrangements will promote the use of RMB by enterprises and financial institutions from both countries in cross-border transactions, and further facilitate bilateral trade and investment.

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

**People's Bank of China and Bank of Japan Signed Bilateral Local Currency Swap Agreement**

On October 26, 2018, with the approval of the State Council, the People's Bank of China signed a bilateral local currency swap agreement with the Bank of Japan for the purpose of safeguarding financial stability in both countries and supporting bilateral economic and financial activities and development. The size of the swap facility is RMB 200 billion/JPY 3.4 trillion. The agreement is valid for three years and can be extended upon mutual consent.

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

**Statistics**

**Financial Market Report (September 2018)**

**I. Overview of Bond Issuance**

In September, total bond issuance registered RMB 4.3 trillion. Specifically, issuance of treasury bonds, local government bonds, financial bonds, corporate credit bonds, asset-backed securities, and inter-bank certificates of deposit reached RMB 324.7 billion, RMB 748.5 billion, RMB 450.1 billion, RMB 553.9 billion, RMB 225.0 billion and RMB 2 trillion respectively.

**II. Overview of Money Market**

In September, the total turnover of inter-bank money market registered RMB 74.7 trillion, up 10.82% year on year (y-o-y) and down 19% month on month (m-o-m), including RMB 60.3 trillion of pledged repo, up 5.18% y-o-y and down 20.39% m-o-m; RMB 1 trillion of outright repo, down 66.88% y-o-y and 15.07% m-o-m and RMB 13.4 trillion of inter-bank lending, up 91.93% y-o-y and down 12.39% m-o-m.

**III. Overview of Bond Market**

In September, the turnover of cash bond in the inter-bank bond market reached RMB 14.7 trillion, daily averaging RMB 700.9 billion, up 51.15% y-o-y and down 2.77% m-o-m.

The turnover of cash bond in the exchange bond market reached RMB 476.5 billion, daily averaging RMB 25.1 billion, up 19.5% y-o-y and 11.13% m-o-m. At end-September, the inter-bank bond aggregate index stood at 184.20 points, up 0.59 points from end-August.

#### **IV. Overview of Stock Market**

At end-September, the SSE Composite Index closed at 2821.35 points, adding 96.1 points from end-August, up 3.53%; the SZSE Component Index closed at 8401.09 points, declining 64.38 points from end-August, down 0.76%. In September, the daily average turnover of SSE was RMB 114.2 billion, down 9.1% m-o-m; the daily average turnover of SZSE was RMB 148.0 billion, down 7.9% m-o-m.

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

---

**Disclaimer:** NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.