



Whilst overall RMB volumes are up, usage with Australia is now one of the lowest in Asia.

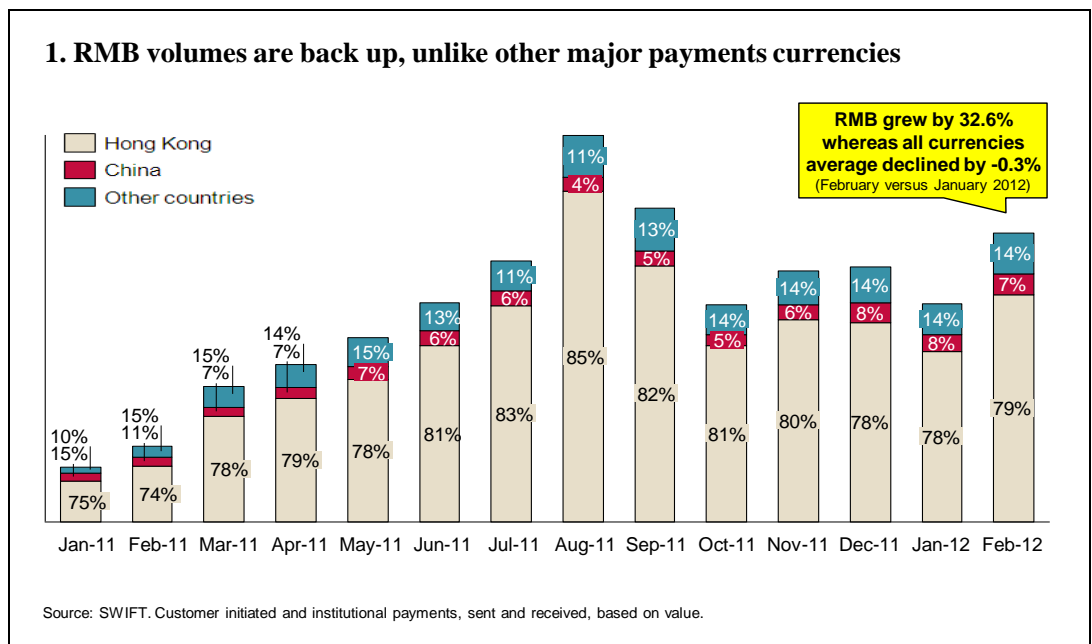
21 March 2012

This month's SWIFT RMB Tracker shows that RMB payments increased by a whopping 33% in February versus January 2012, propelling the RMB back to position #17, whereas world payments declined by -0.3% (mainly because significant drops in EUR and GBP payments). That's the good news. On the other hand, RMB payments with Australia are now one of the lowest in Asia, down to a mere 1.9% of all Australia's payments with China and Hong Kong from 3.1 % in January 2012. Ample opportunity then, for China and Australia to grow their RMB flows, especially considering the large commodities trade flows from Australia to China.

- In February, **RMB payments bounced back to position #17** (#20 in January 2012), following a **32.6% increase** whereas world payments on average declined by -0.3%. Overall, RMB share in world payments is 0.33%, up from 0.25% in January 2012.
- **RMB payments with Australia are now one of the lowest in Asia, with merely 1.9%** of payments exchanged across currencies with China and Hong Kong, well below the average of 6.6% RMB payments in Asia (excluding China and Hong Kong). On the other hand, **RMB payments with Taiwan, non-existent one year ago, increased to 11.4%**.

1. RMB volumes are back up, unlike other major payments currencies

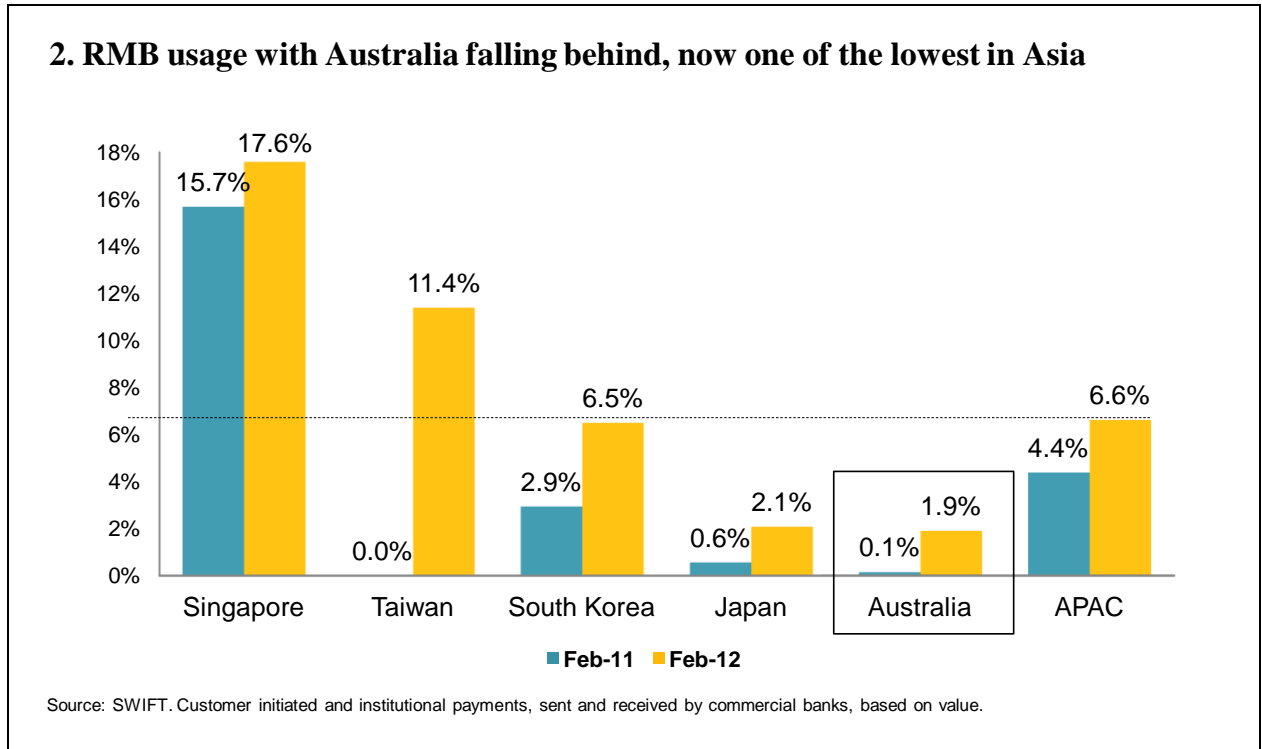
First the good news: in February, RMB payments volumes are up versus January 2012, as shown in our chart below. RMB payments grew by 32.6% whereas overall payments value declined by -0.3% (mainly because of significant drops in EUR and especially GBP payments values). This propelled the RMB back to position #17 in the list of world currencies (up from # 20 in January 2012). Overall, the share of RMB in world payments volumes is 0.33% in February up from 0.25% in January 2012. The composition of RMB payments remains roughly the same, with Hong Kong doing 79% of all RMB payments.



2. RMB usage with Australia is falling behind, now one of the lowest in Asia

Our second chart shows that amongst 5 big trading partners of China in Asia, RMB payments in February 2012 with Australia are the lowest, a mere 1.9% of payments across currencies exchanged with China and Hong Kong (and it even dropped from 3.1% in January 2012). In fact, Australia has one of the lowest RMB adoptions of Asian countries with RMB payments, well below the average 6.6% of RMB payments with Asia (excluding China and Hong Kong). On the other hand, RMB payments with Taiwan, non-existent one year ago, increased significantly over the recent months to 11.4%.

There are at least two good reasons to develop more RMB payments with Australia: 1) With nearly 20%, China is Australia's biggest trading partner (2010-11, Australian Department of Foreign Affairs and Trade), and 2) payments flows between Australia and China & Hong Kong are amongst the biggest in Asia. This should give ample opportunity for China and Australia to grow their RMB flows.



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