

Media Release

Hong Kong SMEs engage with the RMB

(10 November 2014 – Asia) Small and Medium Enterprises (SMEs) in Hong Kong forecast that the Chinese currency the RMB will comprise one third of their FX volumes in six months' time.

This is one of the findings in the most recent Asia Business Foreign Exchange (ABFX) report from East & Partners Asia, which researched the FX trading of 1843 SME businesses in Malaysia, Hong Kong, Singapore and the Philippines in August.

For the first time in the bi-annual research, SMEs – defined as businesses turning over between US\$1-120 million each year - were asked to nominate their top trading currencies and the percentage of their total FX trading each currency comprised. They were then asked to forecast that percentage in six months' time.

Hong Kong SMEs, as expected, were most engaged with the RMB, with the currency currently representing 27.7 percent of trading volume, forecast to grow to 33.3 percent in six months. The RMB was nominated as a Top Three currency by 48.6 percent of Hong Kong SMEs.

Engagement levels in Singapore were lower, with the RMB currently representing 11.9 of FX volumes, with a six month forecast of 15.2 percent. A surprisingly low 31.6 percent of SMEs nominated the RMB as a Top Three currency.

The RMB did not feature as a Top Three currency in the Philippines or in Malaysia, where engagement levels are yet to register with the ABFX research.

In Malaysia, the top three trading currencies are the USD, the Singapore dollar and the local Malaysian Ringgit.

In the Philippines, the top three are the USD, the Philippine Peso, and the Euro, which accounted for 12.9 percent of trading volume.

Darryl Ye, senior analyst with East & Partners Asia in Singapore, said the Hong Kong and Singapore results showed that engagement with the RMB was not confined just to the largest, Institutional, segment of the market.

"A lot has been written about RMB engagement by the largest Institutional sized businesses, but the ABFX research shows that the engagement is growing through all business segments," said Ye.

"This is perhaps an even stronger indication of the traction the RMB has among Asia's trading businesses, and we wait with interest to see if the currency will appear, over time, in our research of the Malaysian and Philippines markets as well."

About the Asia Business Foreign Exchange Markets Program

The Asian Business Foreign Exchange Markets program provides industry wide rankings of banks and market participants across pivotal industry benchmarks. A bi-annual research program, it measures industry specific market share, wallet share, mind share and customer satisfaction levels in addition to Foreign Exchange (FX) volume analysis across four key Asian markets: Hong Kong, Singapore, Malaysia and the Philippines.

Business segmentations:

- Micro Businesses: US\$ 1 – 5 million annual turnover
- Small and Medium Sized Enterprises: US\$ 5 – 20 million annual turnover

For more information on this research program, or further interview based insights please contact:

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