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香港交易所

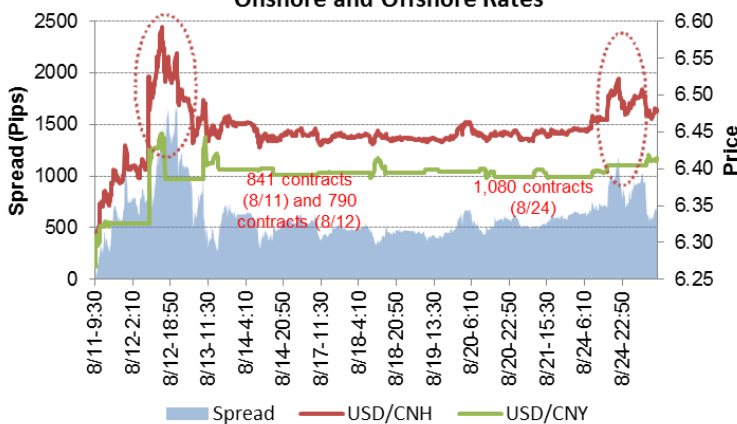
Interim Flash Report for USD/CNH Futures

25 August 2015

Highlights

- Devaluation of the RMB has triggered a broad sell-off of major asset classes, suggesting RMB-denominated assets play an increasingly important role for international investors.
- Driven by divergence of onshore and offshore rates, HKEx's USD/CNH futures recorded an after-hours turnover of 1,080 contracts (US\$108 million notional) on 24 August 2015, an all-time high.
- With greater RMB volatility and greater correlation between RMB and global asset classes, investors could manage their exposure to RMB-related risk.

After-Hours Sessions Captured Widening of Onshore and Offshore Rates

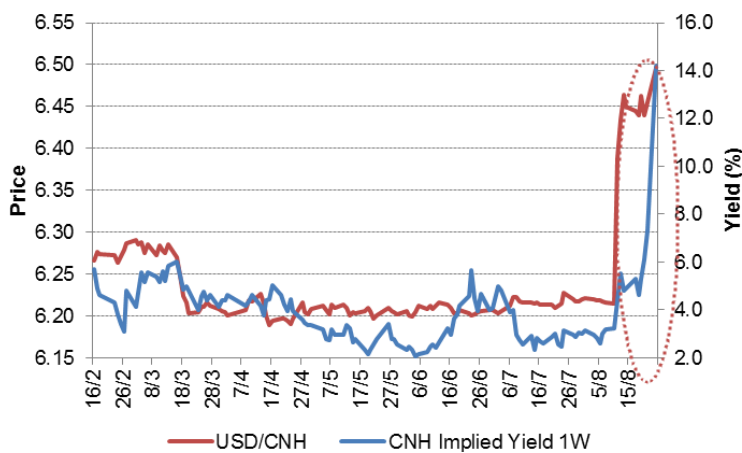


As the price level of USD/CNH rates spiked in after-hours sessions, resulting in a widening of onshore and offshore rates, the turnover of HKEx's USD/CNH futures contracts also increased.

The after-hours turnover of the USD/CNH futures contracts hit an all-time high of 1,080 contracts on 24 August, following a strong fluctuation in the CNH rate.

Recent activity in the after-hours market could also be attributable to greater needs for managing RMB currency risks when the onshore market is closed.

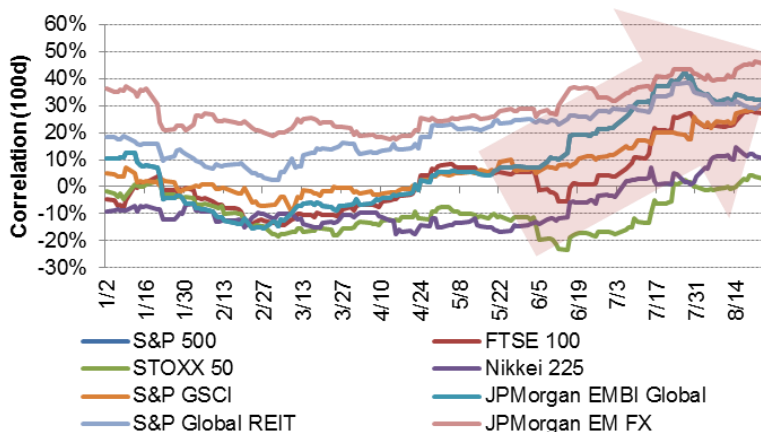
CNH Implied Yield Spike Driven by FX Movement



As indicated on the chart, following the recent RMB devaluation, CNH implied yields jumped substantially higher to more than 8 per cent, compared to an average level of 3 per cent earlier this year.

When the RMB depreciates or is expected to depreciate, the value of RMB repayment at swap transaction maturity will be less than at the time of borrowing. As a result, CNH borrowers need to pay a higher interest rate.

Correlations between RMB and Major Asset Classes



Most major asset classes, including equities, commodities, REIT, and emerging market bonds and currencies, tumbled following the RMB devaluation. The correlation between USD/CNH and major asset classes have trended higher since earlier this year.

The devaluation of the RMB this month, which triggered a broad sell-off of emerging market assets, has led to a spill-over of negative sentiment into other asset classes. This suggests that RMB-denominated assets play an increasingly important role for international investors.

For more information about the USD/CNH futures Contract Specifications,
please visit: <http://www.hkex.com.hk/rmbcurrencyfutures>

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