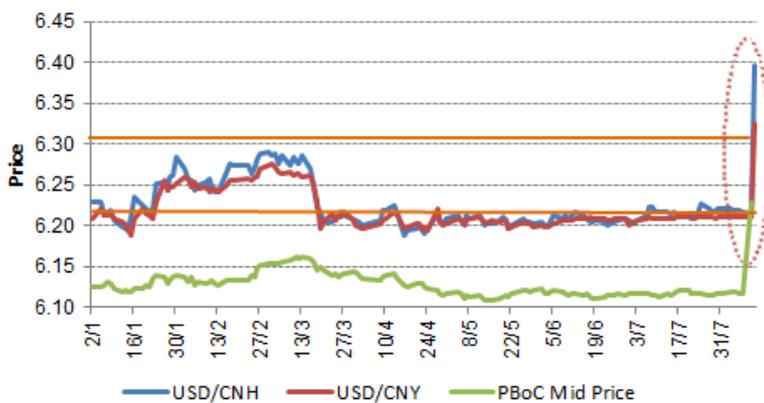


## Highlights

- PBOC cut the RMB fix reference rate by 1.9 per cent, which resulted in the RMB in the offshore market depreciating by more than 2 per cent
- The trading volume of HKEx's USD/CNH futures contracts hit a year-to-date high of 5,816 contracts (USD 581.6 million notional) on 11 August 2015
- HKEx's USD/CNH futures market continues to provide best liquidity and strong market depth in periods of unexpected USD/CNH volatility

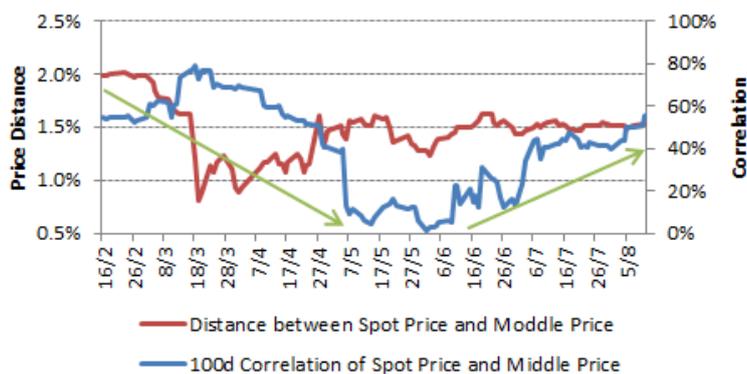
**Onshore/Offshore RMB Price Range**



USD/CNH has traded back and forth within a tight band of 6.18 to 6.28 since January. However, at 9:15 am on 11 August, the People's Bank of China allowed the yuan to depreciate almost 2 percent against the U.S. dollar to levels last seen three years ago, sending a shock through currency markets.

In the offshore FX market, the renminbi fell more than 2 per cent — the biggest one-day fall on record — to 6.3553 per dollar by noon of 11 August, the weakest rate year-to-date.

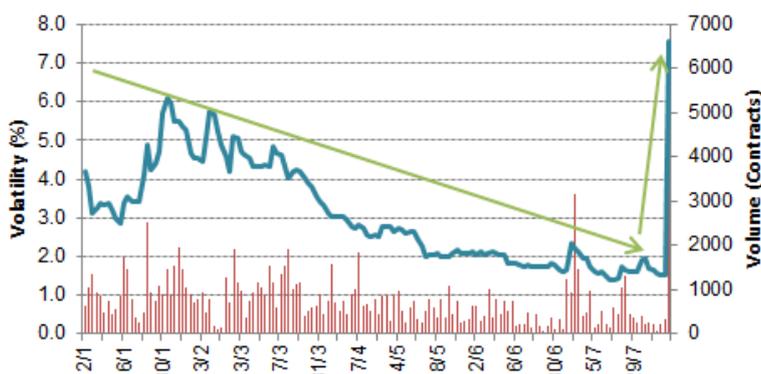
**The Guidance Effects of the PBoC Middle Price is Increasing Again**



As the RMB FX market matures, the central bank is working to improve the pricing mechanism for yuan fixing, while increasing exchange rate flexibility. As shown in the chart, the guidance effects of its middle price fixing is increasing again since June, and the price distance between the spot price and middle price is stabilising at around 1.5 per cent recently.

This is consistent with PBOC's recent message that they are looking "to keep yuan at reasonable, equilibrium level", while "strengthen the market's role in yuan fixing."

**HKEx's USD/CNH Futures Volume vs. OTC USD/CNH Options Implied Volatility 1M**



The 1-month implied volatility of OTC USD/CNH options have been trending downwards since the beginning of the year from 6.1 per cent to 1.5 per cent. However, responding to the PBoC action on 11 August, it has rebounded sharply from 1.5 per cent back to 7.5 per cent.

As the implied volatility of the OTC USD/CNH options jumped, the trading volume of HKEx's USD/CNH futures contracts hit a third high in history of 5,816 contracts on 11 August. When USD/CNH volatility increases, HKEx's USD/CNH futures market provides liquidity.

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

If you have any question, please contact us at:

**Address:** 10/F One International Finance Centre  
1 Harbour View Street, Central, Hong Kong

**Email:** [FICD@hkex.com.hk](mailto:FICD@hkex.com.hk)



## DISCLAIMER

All information contained herein is provided for reference only. While HKEx endeavours to ensure the accuracy, reliability and completeness of the information, neither it, nor any of its affiliates makes any warranty or representation, express or implied, or accept any responsibility or liability for, the accuracy, completeness, reliability or suitability of the information for any particular purpose. HKEx accepts no liability whatsoever to any person for any loss or damage arising from any inaccuracy or omission in the information or from any decision, action or non-action based on or in reliance upon the information.

The information does not, and is not intended to, constitute investment advice or a recommendation to make any kind of investment decision. Any person who intends to use the information or any part thereof should seek independent professional advice. Modification of the information in whole or in part, in any form or by any means are strictly prohibited without the prior written permission of HKEx.

Futures involve a high degree of risk. Losses from futures trading can exceed your initial margin funds and you may be required to pay additional margin funds on short notice. Failure to do so may result in your position being liquidated and you being liable for any resulting deficit. You must therefore understand the risks of trading in futures and should assess whether they are right for you. You are encouraged to consult a broker or financial adviser on your suitability for futures trading in light of your financial position and investment objectives before trading.