

The foreign exchange and derivatives markets in Hong Kong

by the Banking Supervision Department

The results of the 2016 triennial global survey of turnover in foreign exchange (FX) and over-the-counter (OTC) interest rate derivatives markets were published in September. The results show that Hong Kong's ranking in FX market turnover moved up to fourth from fifth in the previous survey conducted in April 2013, and up to fourth from sixth when OTC interest rate derivatives were also included. The average daily turnover of FX transactions in Hong Kong increased by 59% to US\$436.6 billion, and that of OTC interest rate derivatives increased by nearly three times to US\$109.8 billion.

INTRODUCTION

In April 2016, the HKMA conducted a regular triennial survey of turnover in the Hong Kong FX and OTC interest rate derivatives markets as part of a global survey co-ordinated by the Bank for International Settlements (BIS). Fifty-two central banks and monetary authorities (including the HKMA) participated in the global survey, which aimed to collect comprehensive and internationally consistent information on the size and structure of global FX and OTC interest rate derivatives markets.

The survey collected turnover data in FX (spot, outright forwards, FX swaps, currency swaps and currency options) and OTC interest rate derivatives (forward rate agreements, interest rate swaps and interest rate options) markets.

This article presents the main results of the Hong Kong survey, which covers 59 institutions (referred to as "reporting dealers" in the survey) operating in Hong Kong, comprising 55 authorized institutions (AIs) and four licensed corporations. The article also compares the Hong Kong results with the global results.

OVERVIEW OF THE GLOBAL SURVEY RESULTS

The results of the 2016 global survey published by the BIS indicate a slight decline in FX turnover and a moderate increase in OTC interest rate derivatives turnover from April 2013 to April 2016 (Table 1).

The average daily FX turnover¹ declined by about 5% to US\$5.1 trillion in April 2016 from US\$5.4 trillion in the previous survey. The decline was mainly driven by a reduction in spot transaction turnover. FX swaps (US\$2.4 trillion per day) continued to be the most actively traded FX instruments, followed by spot transactions (US\$1.7 trillion per day). Similar to the previous survey in 2013, US dollar remained the dominant trading currency in the global FX markets, followed by euro, Japanese yen and British pound. The survey also shows a further significant rise in the turnover of renminbi which became the eighth most actively traded currency from the ninth in the 2013 survey. For currency pairs, US dollar/euro continued to be the most actively traded pair, accounting for 23% of the global FX turnover, followed by US dollar/yen (18%).

¹ The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local and cross-border dealers.

The turnover of OTC interest rate derivatives reached US\$2.7 trillion per day in April 2016, 15% higher than that in April 2013. Interest rate swaps remained the most actively traded interest rate instruments, with an average daily turnover of US\$1.9 trillion, followed by forward rate agreements (US\$0.7 trillion per day). US dollar replaced euro and became the leading currency in the global OTC interest rate derivatives market, accounting for 51% of the global turnover. Euro ranked second with a share of 24%.

By geographical distribution, Hong Kong advanced one place and ranked fourth in FX market turnover. Taking the turnover of OTC interest rate derivatives together, Hong Kong's ranking moved up two places from sixth in 2013 to fourth in 2016.

The global results and related analysis are available at the BIS website (<http://www.bis.org>).

TABLE 1

Average daily turnover of the global FX and OTC interest rate derivatives markets (by geographical distribution)

US\$ billion

Economy	Total		Foreign exchange		Interest rate derivatives	
	April 2016	April 2013	April 2016	April 2013	April 2016	April 2013
United Kingdom	3,606	4,074	2,426	2,726	1,180	1,348
United States	2,513	1,891	1,272	1,263	1,241	628
Singapore	575	420	517	383	58	37
Hong Kong SAR	546	303	437	275	110	28
Japan	455	441	399	374	56	67
France	322	335	181	190	141	146
Australia	184	248	135	182	49	66
Switzerland	165	249	156	216	8	33
Germany	148	212	116	111	31	101
Canada	118	99	86	65	33	34
Denmark	111	177	101	117	10	59
Netherlands	107	141	85	112	22	29
China	77	57	73	44	4	13
Sweden	56	61	42	44	14	17
Korea	54	55	48	48	7	8
Russia	45	61	45	61	0.1	0.2
Norway	44	27	40	21	4	6
Belgium	40	30	23	22	17	9
Spain	38	57	33	43	6	14
Luxembourg	37	52	37	51	0.4	0.4
Others	333	396	295	336	38	60
Total turnover^{1 & 2}	9,574	9,386	6,546	6,684	3,028	2,702
Estimated global turnover³	7,754	7,666	5,088	5,355	2,666	2,311

Notes:

1. Data have been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Figures may not add up to total due to rounding.
3. Data have been adjusted to exclude double counting of inter-dealer figures reported by local and cross-border dealers.

Source: The Bank for International Settlements

HONG KONG SURVEY RESULTS

Overview

The results of the Hong Kong survey show that the average daily turnover of the Hong Kong FX market in April 2016 was US\$436.6 billion, 59% higher than three years earlier. The growth was mainly attributed to increases in foreign exchange swaps (+58.4% to US\$275.9 billion) and spot transactions (+79% to US\$91.6 billion).

The average daily turnover of OTC interest rate derivatives rose markedly by 293.5% to US\$109.8 billion. The growth was largely contributed by increases in interest rate swaps (+211.6% to US\$73.8 billion) and interest rate options (+1,487.6% to US\$32.5 billion).

FX transactions involving US dollar against Japanese yen and renminbi increased significantly in the 2016 survey. Taking into account feedback from market participants, the increase was likely due to the following reasons:

- US dollar against Japanese yen: more frequent trading of swaps and spot transactions for yield seeking and portfolio rebalancing.
- US dollar against renminbi: growing demand for renminbi for trade and investment activities.

TABLE 2

Average daily turnover of the Hong Kong FX market (by instrument)

US\$ billion

	Average daily turnover in HK			Share (%)	
	April 2016	April 2013	Change (%)	April 2016	April 2013
Foreign exchange instruments					
Spot	91.6	51.2	79.0	21.0	18.6
Outright forwards	44.2	37.3	18.4	10.1	13.6
Foreign exchange swaps	275.9	174.1	58.4	63.2	63.4
Currency swaps	12.1	2.5	379.5	2.8	0.9
OTC options	12.8	9.5	34.9	2.9	3.4
Other OTC products	0.0001	0.0002	-53.0	0.0	0.0
Total foreign exchange transactions	436.6	274.6	59.0	100.0	100.0

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Figures may not add up to total due to rounding.
3. Other OTC products have not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.

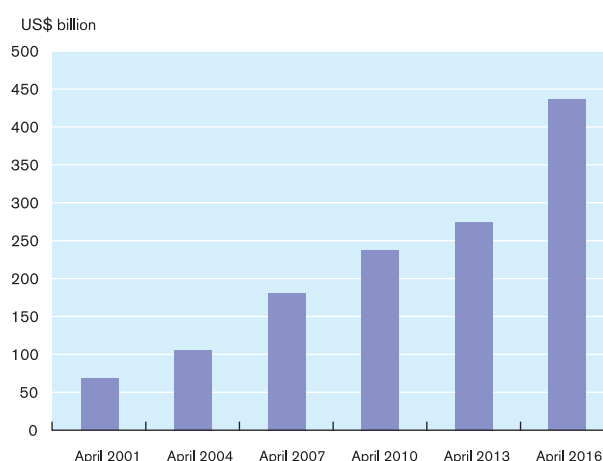
FX transactions

Turnover

The average daily FX turnover in Hong Kong grew significantly to US\$436.6 billion in April 2016 from US\$274.6 billion in April 2013, representing an increase of 59% (Chart 1).

CHART 1

Average daily turnover of the Hong Kong FX Market



Note: The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.

Instruments

Increases in the turnover of various instruments from April 2013 to April 2016 are noted (Table 2).

Specifically, the average daily turnover of FX swaps increased by 58.4% to US\$275.9 billion, and the turnover of spot transactions grew by 79% to US\$91.6 billion. FX swaps and spot transactions together continued to account for over 80% of the total FX turnover.

Maturity of forwards and swaps

The results of the 2016 survey show an upward trend in the maturity of outright forwards and FX swaps (Table 3). For instance, 77.5% of outright forward transactions had a maturity of over 7 days, compared to 74.5% in the previous survey. Similarly, FX swaps with a maturity over 7 days increased to 27.7% from 24.5% in the previous survey.

Currency composition

Table 4 provides a breakdown of FX transactions conducted in Hong Kong by currency pair. The US dollar continued to be the most widely traded currency in the Hong Kong FX market, and accounted for 96.8%² of all transactions in April 2016.

In terms of currency pair, the turnover of US dollar/Japanese yen transactions doubled and accounted for 21.2% of the total average daily turnover, up from 16.6% in April 2013. US dollar/Japanese yen surpassed US dollar/renminbi as the most heavily traded currency pair in the local market. The significant increase was attributable to frequent trading of swaps for yield seeking purpose, as well as spot transactions for the purpose of portfolio rebalancing from Japanese yen denominated assets to US dollar denominated assets.

TABLE 3

Average daily turnover of Hong Kong outright forwards and FX swaps (by maturity)

US\$ billion

	Average daily turnover			Share (%)	
	April 2016	April 2013	Change (%)	April 2016	April 2013
Outright forwards	44.2	37.3	18	100	100
Up to 7 days	10.0	9.5	5	22.5	25.5
Over 7 days and up to 1 year	33.1	24.4	36	74.9	65.3
Over 1 year	1.2	3.4	-66	2.6	9.2
Foreign exchange swaps	275.9	174.1	58	100	100
Up to 7 days	199.4	131.4	52	72.3	75.5
Over 7 days and up to 1 year	71.7	38.1	88	26.0	21.9
Over 1 year	4.8	4.6	5	1.7	2.6

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Figures may not add up to total due to rounding.

² Since two currencies are involved in each transaction, the sum of the percentage shares of individual currencies totals 200% instead of 100%.

TABLE 4

Average daily turnover of the Hong Kong FX market (by currency pair)

US\$ billion

Currency pair	Average daily turnover				
	April 2016	Share (%)	April 2013	Share (%)	Change (%)
HKD / USD	53.8	12.3	47.3	17.2	13.7
HKD / RMB	0.7	0.2	0.5	0.2	52.8
of which: HKD / CNH	0.6	0.1	0.4	0.1	58.9
HKD / CNY	0.1	0.0	0.1	0.0	26.8
HKD / EUR	0.5	0.1	0.8	0.3	-42.1
HKD / JPY	0.3	0.1	0.4	0.1	-16.8
HKD / GBP	0.2	0.1	0.2	0.1	12.2
HKD / AUD	0.2	0.0	0.5	0.2	-56.4
HKD / CAD	0.1	0.0	0.1	0.0	26.7
HKD / Other	0.2	0.0	0.2	0.1	-5.0
Subtotal	56.0	12.8	49.9	18.2	12.3
USD / JPY	92.5	21.2	45.7	16.6	102.5
USD / RMB	76.0	17.4	48.6	17.7	56.2
of which: USD / CNH	67.1	15.4	30.6	11.1	119.6
USD / CNY	8.8	2.0	18.1	6.6	-51.0
USD / EUR	57.5	13.2	33.0	12.0	74.2
USD / AUD	31.7	7.3	20.8	7.6	52.5
USD / SGD	22.7	5.2	12.2	4.5	86.0
USD / GBP	20.9	4.8	15.0	5.4	39.8
USD / KRW	15.7	3.6	8.0	2.9	96.5
USD / NZD	11.1	2.5	5.9	2.2	87.9
USD / CAD	7.4	1.7	5.7	2.1	30.9
USD / TWD	6.9	1.6	4.6	1.7	49.4
USD / INR	5.5	1.3	3.5	1.3	58.0
USD / CHF	3.6	0.8	3.5	1.3	5.6
USD / Other	17.3	4.0	10.3	3.7	68.6
Subtotal	368.9	84.5	216.7	78.9	70.2
EUR / JPY	2.6	0.6	2.4	0.9	9.1
EUR / GBP	0.8	0.2	0.6	0.2	37.7
EUR / AUD	0.5	0.1	0.3	0.1	46.2
EUR / Other	2.0	0.5	0.9	0.3	116.9
Subtotal	6.0	1.4	4.3	1.6	39.3
JPY / AUD	1.6	0.4	1.4	0.5	11.3
JPY / CAD	0.2	0.1	0.0	0.0	458.6
JPY / NZD	0.2	0.0	0.1	0.0	112.0
JPY / Other	1.8	0.4	0.6	0.2	232.8
Subtotal	3.8	0.9	2.1	0.8	83.1
Other currency pairs	1.9	0.4	1.6	0.6	12.6
All currency pairs	436.6	100.0	274.6	100.0	59.0
Other OTC products	0.0001		0.0002		-53.0
Total foreign exchange transactions	436.6		274.6		59.0

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Includes spot transactions, outright forwards, foreign exchange swaps, currency swaps and OTC currency options.
3. Other OTC products have not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
4. Figures may not add up to total due to rounding.

Trading between US dollar and renminbi also increased markedly by 56.2% over the period, and accounted for 17.4% of the total average daily turnover in April 2016, about the same level as in April 2013. The increase was mainly driven by a continuous growth in trade and investment activities denominated in renminbi, which reflects the role of Hong Kong as a leading offshore renminbi business hub.

Trading between HK dollar and US dollar increased moderately by 13.7% and accounted for 12.3% of the total average daily turnover.

Counterparties

Table 5 shows a breakdown of FX turnover by counterparty. The FX turnover between reporting dealers continued to account for a significant proportion of the total turnover, with the share increasing to 75% in April 2016 from 72% in April 2013. Trading with other financial institutions and

non-financial customers accounted for 23% and 2% respectively. Around 88% of the FX transactions were conducted with cross-border counterparties, slightly higher than the level recorded three years ago.

Activities were increasingly concentrated in a small number of dealers. The market share of the top ten reporting dealers with the highest gross FX turnover rose further to 76.3% in April 2016 from 66.9% in April 2013 (April 2010: 64.5%).

Als incorporated outside Hong Kong continued to account for the highest proportion of the FX turnover. However, their share of the turnover dropped notably to 39.1% in April 2016 from 52.3% in April 2013 (Chart 2). Over the same period, the share of locally incorporated Als increased to 33.8% from 29.8%, while that of licensed corporations increased to 27% from 17.9%. The rise in the market shares of locally incorporated Als and licensed corporations was mainly due to an increase in their use of FX swaps.

TABLE 5
Average daily turnover of the Hong Kong FX market (by counterparty)

US\$ billion

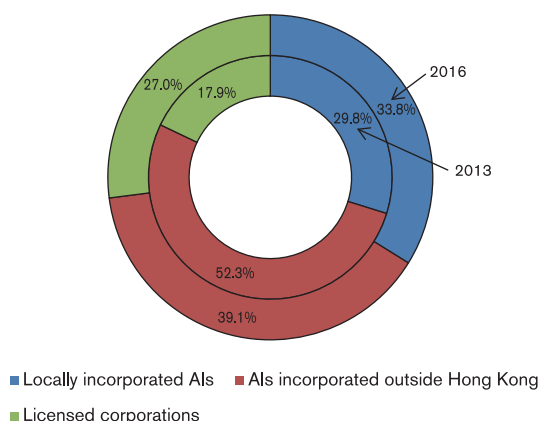
	Average daily turnover			Share (%)	
	April 2016	April 2013	Change (%)	April 2016	April 2013
With reporting dealers	325.9	197.5	65.0	74.6	71.9
Local	29.7	25.3	17.0	6.8	9.2
Cross Border	296.2	172.2	72.1	67.9	62.7
With other financial institutions	100.6	59.8	68.2	23.0	21.8
Local	16.2	7.2	124.3	3.7	2.6
Cross Border	84.3	52.6	60.4	19.3	19.1
With non-financial customers	10.1	17.3	-41.5	2.3	6.3
Local	7.1	8.7	-18.9	1.6	3.2
Cross Border	3.0	8.6	-64.5	0.7	3.1
Sub-total	436.6	274.6	59.0	100	100
Other OTC products	0.0001	0.0002	-53.0		
Total FX transactions	436.6	274.6	59.0		

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Reporting dealers refer to Als and licensed corporations participating in the 2013 and 2016 surveys.
3. Other financial institutions refer to financial institutions other than reporting dealers.
4. Other OTC products have not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
5. Figures may not add up to total due to rounding.

CHART 2

Shares of the average daily gross turnover in the Hong Kong FX market in April 2016 (by type of reporting dealers)



Notes:

1. The average daily gross turnover has not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Figures may not add up to 100% due to rounding.

OTC interest rate derivatives

Turnover

The average daily turnover of OTC interest rate derivatives in Hong Kong increased markedly by US\$81.9 billion or 2.9 times to US\$109.8 billion in April 2016, from US\$27.9 billion in April 2013 (Table 6). The increase was driven by the growing use of OTC interest rate derivatives for risk management amid increasing volatility of interest rates.

Instruments

The average daily turnover of most OTC interest rate derivatives instruments recorded significant growth from April 2013 to April 2016. The turnover of interest rate swaps rose by 211.6% to US\$73.8 billion, whereas the turnover of interest rate options and forward rate agreements increased by 1,487.6% and 68.1% respectively.

TABLE 6

Average daily turnover of the Hong Kong OTC interest rate derivatives market (by instrument)

US\$ billion

	Average daily turnover in HK			Share (%)	
	April 2016	April 2013	Change (%)	April 2016	April 2013
Forward rate agreements	3.4	2.0	68.1	3.1	7.3
Interest rate swaps	73.8	23.7	211.6	67.2	84.9
Interest rate options	32.5	2.0	1487.6	29.6	7.3
Other OTC products	0.1	0.1	-46.1	0.1	0.4
Total OTC interest rate instruments	109.8	27.9	293.5	100.0	100.0

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Other OTC products have not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
3. Figures may not add up to total due to rounding.

Currency composition

The turnover of OTC interest rate derivatives contracts denominated in most currencies recorded substantial increase, except Indian rupee and Thai baht (Table 7). The turnover of US dollar denominated contracts increased by more than 12 times to US\$47.6 billion and accounted for 43.4% of the total turnover in April 2016. The turnover of

Australian dollar denominated contracts increased by 207.1% and accounted for 20.5% of the total turnover in April 2016. The growth in the turnover of contracts denominated in US dollar and Australian dollar were driven by market-making and hedging activities. Compared with the April 2013 survey, contracts denominated in Hong Kong dollar rose by 167.7%.

TABLE 7

Average daily turnover of the Hong Kong OTC interest rate derivatives market (by currency)

US\$ billion

Currency	Average daily turnover				
	April 2016	Share (%)	April 2013	Share (%)	Change (%)
USD	47.6	43.4	3.5	12.5	1266.6
AUD	22.5	20.5	7.3	26.4	207.1
NZD	9.9	9.0	0.6	2.0	1677.4
RMB	6.2	5.7	2.0	7.3	205.4
of which: CNH	0.1	0.0	0.1	0.2	-4.7
CNY	6.2	5.6	2.0	7.1	211.0
KRW	5.7	5.2	4.1	14.8	38.6
HKD	4.7	4.3	1.8	6.4	167.7
SGD	3.0	2.7	0.6	2.0	424.6
JPY	3.0	2.7	2.4	8.6	23.8
INR	1.8	1.6	2.0	7.2	-11.3
MYR	1.6	1.5	0.8	3.0	89.4
THB	1.4	1.3	1.5	5.4	-7.6
EUR	1.1	1.0	0.9	3.3	23.1
TWD	0.8	0.7	0.1	0.5	488.1
GBP	0.3	0.3	0.1	0.3	286.4
Other	0.0	0.0	0.0	0.0	373.0
All currencies	109.7	100.0	27.8	100.0	295.0
Other OTC products	0.1		0.1		
Total OTC interest rate derivatives transactions	109.8		27.9		293.5

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Includes forward rate agreements, interest rate swaps and OTC interest rate options.
3. Other OTC products have not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
4. Figures may not add up to total due to rounding.

Counterparties

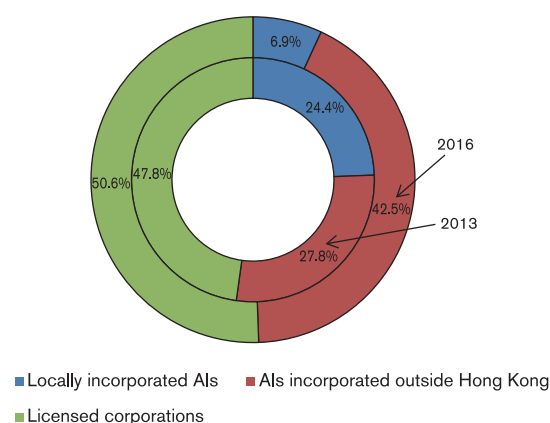
Transactions between reporting dealers made up 62.6% of the turnover in April 2016, down moderately from 68.5% in April 2013 (Table 8). Business with non-financial customers also decreased from 4.7% to 1.1% over the period. By contrast, the proportion of the turnover with other financial institutions rose to 36.3% in April 2016 from 26.8% in April 2013. Cross-border trades comprised around 98% of the OTC interest rate derivatives turnover, higher than the level recorded in the previous survey.

A concentration of OTC interest rate derivatives transactions in a small number of dealers was observed. The ten largest reporting dealers accounted for 97.7% of the gross turnover in April 2016, compared with 95.3% three years earlier. The licensed corporations remained the most active players in the OTC derivatives market with its share

grown to 50.6% in April 2016 from 47.8% in April 2013 (Chart 3). The share of AIs incorporated outside Hong Kong expanded to 42.5% from 27.8%. Meanwhile, the share of locally incorporated AIs dropped notably to 6.9% from 24.4%.

CHART 3

Shares of the average daily gross turnover of the Hong Kong OTC interest rate derivatives market in April 2016 (by type of reporting dealers)



Note: The average daily gross turnover has not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.

TABLE 8

Average daily turnover of the Hong Kong OTC interest rate derivatives market (by counterparty)

US\$ billion

	Average daily turnover			Share (%)	
	April 2016	April 2013	Change (%)	April 2016	April 2013
With reporting dealers	68.6	19.0	261.0	62.6	68.5
Local	2.0	0.7	195.1	1.8	2.5
Cross Border	66.6	18.3	263.4	60.7	66.0
With other financial institutions	39.9	7.5	434.9	36.3	26.8
Local	0.4	0.4	-19.8	0.3	1.6
Cross Border	39.5	7.0	463.3	36.0	25.3
With non-financial customers	1.2	1.3	-7.0	1.1	4.7
Local	0.2	0.2	-37.3	0.1	0.9
Cross Border	1.1	1.1	-0.1	1.0	3.8
Sub-total	109.7	27.8	295.0	100	100
Other OTC products	0.1	0.1	-46.1		
Total OTC interest rate derivatives transactions	109.8	27.9	293.5		

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Reporting dealers refer to AIs and licensed corporations participating in the 2013 and 2016 surveys.
3. Other financial institutions are financial institutions other than reporting dealers.
4. Other OTC products have not been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
5. Figures may not add up to total due to rounding.

Renminbi transactions

TABLE 9

Average daily turnover of renminbi FX and OTC interest rate derivatives in Hong Kong (by instrument)

US\$ billion

	Average daily turnover in HK		
	April 2016	April 2013	Change (%)
a. Spot			
Total renminbi transactions	18.1	7.2	150.0
of which: against Hong Kong dollar	0.5	0.3	
against US dollar	17.4	6.8	
against other currencies	0.1	0.1	
As % of total spot transactions	19.7%	14.1%	
b. Outright forwards			
Total renminbi transactions	8.1	13.9	-41.3
of which: against Hong Kong dollar	0.10	0.03	
against US dollar	8.0	13.7	
against other currencies	0.1	0.1	
As % of total outright forward transactions	18.4%	37.2%	
c. Foreign exchange swaps			
Total renminbi transactions	44.0	25.1	75.7
of which: against Hong Kong dollar	0.1	0.2	
against US dollar	43.8	24.8	
against other currencies	0.2	0.2	
As % of total FX swap transactions	16.0%	14.4%	
d. Other FX products	6.8	3.3	107.1
As % of total currency swap & currency option transactions	27.5%	27.6%	
e. Total FX transactions (a+b+c+d)	77.1	49.5	55.8
f. OTC single currency interest rate derivatives	6.2	2.0	205.4
As % of total OTC single currency interest rate transactions	5.7%	7.3%	
Total renminbi denominated transactions (e+f)	83.3	51.5	61.7

Notes:

1. The average daily turnover has been adjusted to exclude double counting of inter-dealer figures reported by local dealers.
2. Other FX products include currency swaps and currency options.
3. OTC single currency interest rate derivatives include forward rate agreements, interest rate swaps and interest rate options.
4. Figures may not add up to total due to rounding.

As the financial markets in Mainland China continued to integrate with the global market, transactions denominated in renminbi grew further (Table 9). The average daily turnover of FX instruments denominated in renminbi increased by 55.8% to US\$77.1 billion in April 2016 from US\$49.5 billion in April 2013.

FX swaps grew significantly by 75.7% to US\$44.0 billion in April 2016, representing 57.1% of the total average daily turnover of renminbi-related FX instruments. Spot transactions also recorded a significant increase, rising by 150% to US\$18.1 billion. On the contrary, outright forwards decreased by 41.3% to US\$8.1 billion in April 2016 from US\$13.9 billion in April 2013.

For OTC interest rate derivatives, the average daily turnover of renminbi-related transactions increased by more than two times to US\$6.2 billion in April 2016, representing 5.7% (7.3% in April 2013) of the total.

CONCLUSION

The 2016 survey shows that the turnover of the Hong Kong FX and OTC interest rate derivatives market continued to grow significantly over the past three years. Notable increases were observed in the turnover of transactions denominated in renminbi and other major global currencies such as the US dollar, euro and Japanese yen. The latest survey reflects Hong Kong's leading position as an international financial centre and a premier offshore renminbi business centre.