

FX Note

3 January 2025

CFETS Calibration

China’s Foreign Exchange Trade System (CFETS) announced on 31 Dec 2024 that it will calibrate the weights of its CFETS RMB index. Amongst the index, the ones that saw relative larger reduction in weights were KRW (-0.68%), USD (-0.56%) and JPY (-0.38%). On the other hand, the weights of HKD (+0.49%), AUD (+0.47%), RUB (+0.30%) were some of the currencies in the basket that saw larger upward adjustments.

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That said, the adjustments were relatively small (<1%). The calibration in the trade weights also did not affect the order of the currencies in the CFETS basket. While the USD’s weight was reduced by 0.56%-pts to 18.9%, it is still a substantial part of the basket. Accounting for HKD, MOP, which are pegged to the USD, the combined weight is 22.48%, largely unchanged from last year. It has also added MOP into the basket, bringing the total to 25 currencies. These changes came into effect on 1 Jan 2025.

Trade Weight Calibration; Addition of MOP to Basket

	Trade weights wef 1 Jan 2025	Old trade weights (for 2024)	Change
USD	18.90%	19.46%	-0.56%
EUR	17.90%	18.08%	-0.18%
JPY	8.58%	8.96%	-0.38%
KRW	8.37%	9.05%	-0.68%
AUD	5.95%	5.48%	0.47%
MYR	5.12%	5.11%	0.01%
RUB	4.90%	4.60%	0.30%
HKD	3.47%	2.98%	0.49%
THB	3.43%	3.41%	0.02%
SGD	2.97%	2.96%	0.01%
SAR	2.82%	2.79%	0.04%
GBP	2.71%	2.66%	0.05%
MXN	2.60%	2.45%	0.16%
AED	2.47%	2.39%	0.07%
CAD	2.40%	2.43%	-0.03%
CHF	1.55%	1.40%	0.15%
ZAR	1.44%	1.42%	0.02%
PLN	1.13%	1.12%	0.01%
TRY	1.12%	1.00%	0.13%
NZD	0.57%	0.62%	-0.05%
SEK	0.51%	0.52%	-0.01%
HUF	0.40%	0.40%	0.00%
DKK	0.37%	0.40%	-0.03%
NOK	0.21%	0.33%	-0.12%
MOP	0.11%	-	-

Source: 中汇交公告〔2024〕56号, OCBC Research

CFETS regularly reviews and updates the weights and composition of its RMB basket to reflect changes in trade patterns and provide a more accurate representation of the value of RMB relative to a diversified basket of trade partners. The current adjustments are a minor calibration and is not expected to have any impact. The last review before this was on 31 Dec 2023.

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