

“The Conditions, Potential and Promotion Strategy of RMB Internationalization” (in English)

Date: 13 February 2015 (Friday)

Time: 2 pm - 3:30 pm

Venue: WYL314, Dorothy Y. L. Wong Building

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Abstract:

Based on an empirical analysis on the annual panel data of eight major reserve currencies as shares of reserve holdings in world central banks and the macro economic variables of their corresponding countries from 1965 to 2012, we find that the economic size and the “network externalities” are the most important determinants for the international status of a reserve currency, that exchange rate volatility has negative impacts, and that openness of capital account is helpful. Therefore, the conditions for the RMB internationalization are basically available. A “counter-factual simulation” for the potential of RMB as an international reserve currency reveals that the international role of RMB could surpass that of the Japanese Yen and the British Pound, and get close to Euro in the coming 15 years. According to the historical experience, we suggest that, in the process of promoting RMB internationalization, China should create international RMB demand in the initial periods and dramatically release overseas RMB supply in the later periods.

Biography:

Dr. Wu received his PhD from Shanghai Jiaotong University. His research interests are China's Economy, RMB Internationalization and Currency Crisis.

All Are Welcome

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