TMA Challenge 2016

Organiser:
Treasury Markets Association

Sponsors:

Prizes
- Internship Interview Opportunities
- Presentation Training for Shortlisted Teams
- Scholarship for Winners

TMA Challenge 2016
Spot USD/CNY(HK) Fixing
(Offshore RMB)

Registration Deadline: 02 November 2015

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
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<tbody>
<tr>
<td>Briefing Session</td>
<td>Submission</td>
<td>Presentation</td>
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<tr>
<td>29 October 2015</td>
<td>16 November 2015</td>
<td>15 January 2016</td>
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Objectives
- Raise awareness of offshore RMB market in Hong Kong among university students
- Enrich students with technical knowledge on offshore RMB products
- Stimulate students' interest to work in the finance / treasury industry after graduation

Team Competition
- Each team shall consist of 1-3 students.
- Each student can only participate in one team and members of a team may be from different universities.

Eligibility
- All full-time undergraduate students of the following universities are welcome (preferably penultimate):
  - City University of Hong Kong
  - Hong Kong Baptist University
  - Hong Kong Shue Yan University
  - Lingnan University
  - Open University
  - The Chinese University of Hong Kong
  - The Hong Kong Polytechnic University
  - The Hong Kong University of Science and Technology
  - The University of Hong Kong

Briefing Session:
29 October 2015, 5:00 - 6:00 pm
Venue: Hong Kong Monetary Authority, 55/F., IFC II, Central

Enquiries
Tel.: 2543 7663
Email: TMAChallenge@tma.org.hk

Registration
Please download the registration form from TMA website www.tma.org.hk
http://www.tma.org.hk/
Council and Executive Board

**COUNCIL**

Honorary President:  
Mr Norman T. L. Chan, GBS, JP  
Chief Executive  
Hong Kong Monetary Authority

**EXECUTIVE BOARD**

Chairman:  
Mr Peter Pang, JP  
Deputy Chief Executive  
Hong Kong Monetary Authority
Mission Statement

The mission of the TMA is to further promote the professionalism and competitiveness of the treasury markets in Hong Kong through the following functions:

- Developing appropriate codes and standards for the treasury markets;
- Enhancing the professionalism of market practitioners;
- Promoting market and product development;
- Promoting the profile of Hong Kong as the preferred hub for treasury markets businesses in the Asia Pacific region.
World's largest economies

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S.</th>
<th>China</th>
<th>Japan</th>
<th>Germany</th>
<th>France</th>
<th>Brazil</th>
<th>U.K.</th>
<th>Russia</th>
<th>India</th>
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GDP in trillions of U.S. dollars.

view by size | growth

2014

timeline paused

created by Andrew Bergmann

sources: IMF, World Economic Outlook

The global economy by CNNMoney (II)
# The global economy by CNNMoney (III)

## World's largest economies

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GDP in trillions of U.S. dollars.

Created by Andrew Bergmann

Sources: IMF, World Economic Outlook
China’s growth mainly propelled by its trade

- Since accession to WTO, both imports and exports grew around 20% annually!
- World’s largest exporter
- 2nd largest importer
- Expected to be the largest importer by 2014!
- Internationalization of RMB to facilitate and serve trade
RMB is underutilized in its trade

- Only 20% of China’s total trade in RMB!
- > 30% of Japanese trade in Yen.
- > 50% of Euro area trade in EURO.
- > 80% of US trade in USD.
Market liberation is needed in China

- From export-driven market to a consumer-based market
- Growth to be driven Services
- Less reliant on a bank-lending model toward transparent and open financial market, in particular RMB capital market
- Price discovery (定價及話語權) to be in Asia, London, NY & Chicago
- Gathering momentum
HK as China’s major Offshore RMB Centre

- One country, Two Systems.
- Gateway and proximity to China.
- Simple and low tax system; the Rule of law; Free & Open economy.
- First mover advantage, but other financial centres are catching up fast!
- Talents with extensive global expertise.
Competition for students (I)

Outright CNH spot fixing forecast ~ 16 December 2015
Outright CNH spot fixing forecast value 16 December 2015, which means settling (payment) on 18 December 2015. The price (fixing rate) will be fixed (determined) on 16 December 2015 at 11:15 a.m. and published via TMA website. This is the market practice.
## Competition for students (III)

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>Submission Deadline</td>
<td>16 Nov</td>
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<tr>
<td></td>
<td>Fixing published</td>
<td>16 Dec</td>
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<tr>
<td></td>
<td>Shortlisting</td>
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<tr>
<td>2016</td>
<td>Final Presentation</td>
<td>15 Jan</td>
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</tbody>
</table>

Submitted powerpoint slides will only be allowed to use in the presentation.
Some forecasting methods (I)

- Technical analysis (charting)
  - Statistical indicators
    - Cyclical trackers – moving average indicators, directional movement indicator, oscillators etc.
  - Pattern recognition
    - Trendlines, Bollinger bands, reversal patterns etc.
  - Wave theory
    - Dow, Elliott, Fibonacci, Gann etc.
Some forecasting methods (Ila)

- Fundamental (macroeconomic) factors such as interest rates, GDP growth, trade balance and inflation etc.
- One useful tool is interest rate parity:

\[
\frac{\text{Forward}_{\text{CNH}}}{\text{Spot}_{\text{CNH}}} = \frac{1 + R_{\text{CNH}} \cdot \frac{(\text{day})}{360}}{1 + R_{\text{USD}} \cdot \frac{(\text{day})}{360}}
\]
Some forecasting methods (Ilb)

- USD interest rate can refer to various sources such as USD LIBOR rate or implied rate from Eurodollar futures.
- Day count of CNH includes public holidays in Hong Kong, New York and Beijing.
Some forecasting methods (IIc)

- All the relevant data and historical data can be found in TMA website: (http://www.tma.org.hk/en_market_info.aspx)
Some forecasting methods (Ild)

- All the relevant data and historical data can be found in TMA website: (http://www.tma.org.hk/en_market_info.aspx)
Evaluation

- The first judge panel: TMA board members.
- The second judge panel: Representatives from internship banks.
- 6 – 8 shortlisted teams will be invited to present in front of the second judge panel on 15 January 2016 at HKMA office.
- Evaluation will be based on both accuracy and reasoning.
Questions and Answers

~ Thank You ~

CONTACT US

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Website: www.tma.org.hk