

Beat: Politics

CHINESE YUAN ABOUT TO BE GIVEN A GREEN LIGHT BY THE INTERNATIONAL MONETARY FUND

FINAL DECISION IS DUE IN NOVEMBER

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USPA NEWS - The International Monetary Fund is about to give a green light to the inclusion of the Chinese yuan to the reserve basket of currencies. The final decision is due in November. The IMF will decide in November whether to expand the current composition (US dollar, euro, yen and British pound)...

The International Monetary Fund is about to give a green light to the inclusion of the Chinese yuan to the reserve basket of currencies. The final decision is due in November. The IMF will decide in November whether to expand the current composition (US dollar, euro, yen and British pound) of Special Drawing Rights (SDR) with another currency.

According to Reuters, France and the UK have already backed the yuan's inclusion in the reserve currency basket, while countries like Germany and Italy are ready for the move, saying it depends on the technical criteria.

The U.S. dollar remains the world's pre-eminent reserve currency, accounting for nearly two-thirds of all holdings. In the Special Drawing Rights (SDR) itself, there are only four currencies - the dollar, euro, sterling and Japanese yen. The Canadian and Australian dollars are not part of it. The yuan would be the fifth.

'You don't have to be in the SDR to be a reserve currency. It helps, but it doesn't particularly matter' said Simon Derrick, global head of currency strategy at Bank of New York Mellon in London.

The yuan has become the fourth most-used currency in global payments with a 2.79 percent share in August, surpassing the yen, according to the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

The US and Japan that have been the main obstacle to the yuan being included to the basket, are unlikely to thwart the deal, Eswar Prasad, a professor at Cornell University and former head of the IMF's China Division told Reuters.

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