

China to keep yuan basically stable: SAFE

China's foreign exchange regulator said Thursday it will keep the exchange rate of the yuan, China's currency Renminbi (RMB), basically stable at a reasonable and balanced level.

In a Q & A statement on its website, the State Administration of Foreign Exchange (SAFE), the regulator, said under the current regulation, the daily trading price of the RMB against the U.S. dollar on the inter-bank foreign exchange market is allowed to float within a band of 0.5 percent from the central parity rate, which is announced by the China Foreign Exchange Trading System each day.

The price difference between quoted non-cash U.S. dollar selling and buying prices offered by banks shall not exceed 1 percent of the central parity, the SAFE said.

The price difference between the quoted U.S. dollar cash selling and buying prices offered by banks shall not exceed 4 percent of the central parity, according to the statement.

The central parity rate of the yuan to the U.S. dollar stood at 6.7768 Thursday, according to data released by the China Foreign Exchange Trading System.

The yuan-dollar central parity rate was 6.7720 last Friday, the strongest since July 2005.

China's central bank announced on June 19 that it would further the reform of the formation mechanism of the yuan exchange rate to improve its flexibility.

The regulator said capital inflow pressures have eased since May partly due to weaker expectations for yuan appreciation.

Net foreign exchange inflows have fallen 56 percent in May compared to April's level, the SAFE added.

*Source: Xinhua*

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