After the US and China reached the first phase of the trade agreement, the French Foreign Trade Bank reported that it temporarily eased market concerns about the trend of the RMB, while the overall mood in the RMB market appeared to be only mildly boosted. The bank forecasts that the US and China are still far from reaching a full agreement, and that the yuan is expected to decline to 7.25 against the US dollar at the end of the year, taking into account China's economic situation, while falling further to 7.45 in the next 12 months.

The report said it did not believe that a slight easing of tensions between China and the United States would help reverse the pressure on the devaluation of the RMB. First of all, the interim agreement has no actual details, more like a temporary truce; what has been announced is only the integration of some old measures, as well as China's vague commitment to respond to the US intellectual property issue. More importantly, China's economy continues to slow down for cyclical and structural reasons, which makes it difficult to support a stronger currency.

In this context, China's policymakers are facing the reality of ineffective fiscal and monetary policies, which increase the relative importance of boosting the economy through foreign exchange policies, the report said. In other words, given the current situation of China's economy, even if a comprehensive trade agreement is possible, China will not be able to withstand the appreciation of the RMB, let alone the lack of a practical agreement.