



China Sourcing Update

September 25, 2017

Price index for US imports from China

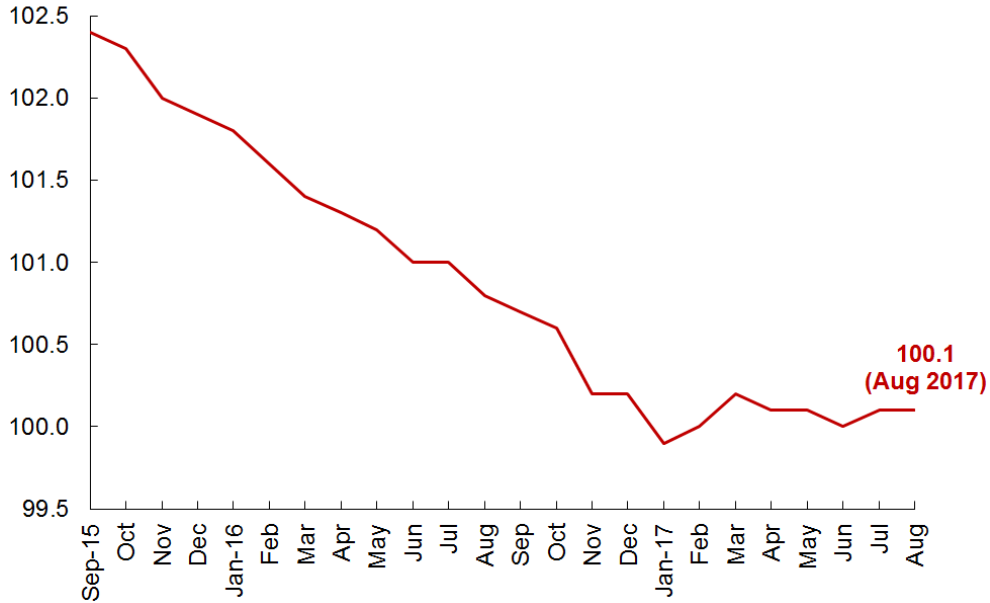
Price index for US imports from China stays stable in August

Compiled by the US Department of Labor, the price index for US imports from China stayed flat at 100.1 in August (*see exhibit 1*).

In our view, the index readings in recent months show that the prices of US imports from China have stabilized. Possible reasons include a slight appreciation of the Chinese yuan against the US dollar and the bottoming-out of the ex-factory prices of Chinese products in Renminbi terms in the last few months.

Going forward, the ex-factory prices of Chinese products are likely to rise in the near future. Therefore, we expect that the price index for US imports from China will trend slightly upward in the coming months.

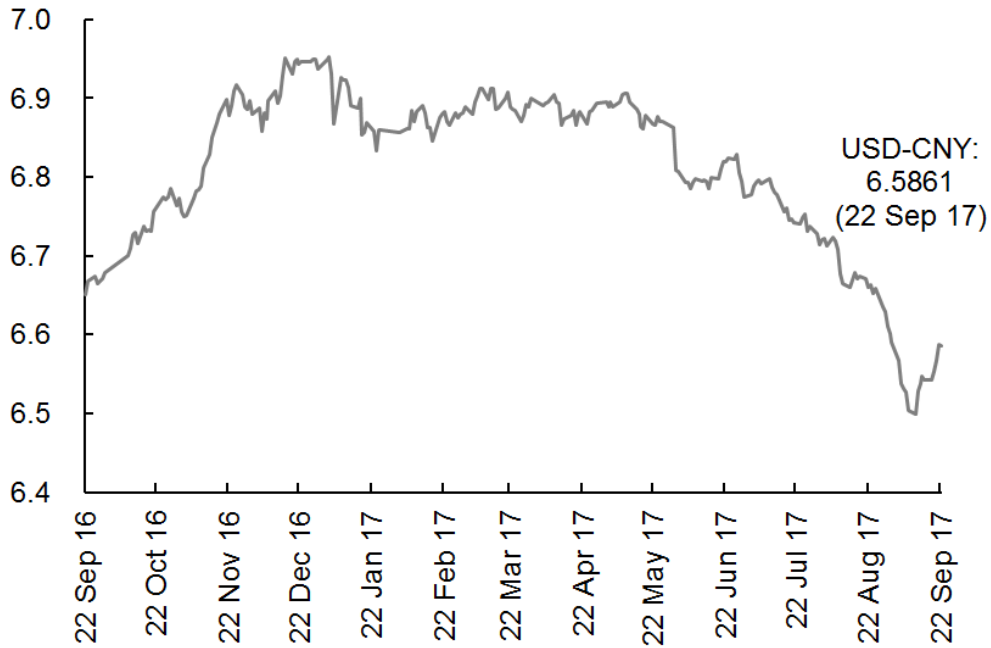
**Exhibit 1: Price index for US imports from China,
September 2015 to August 2017**



Source: US Department of Labor

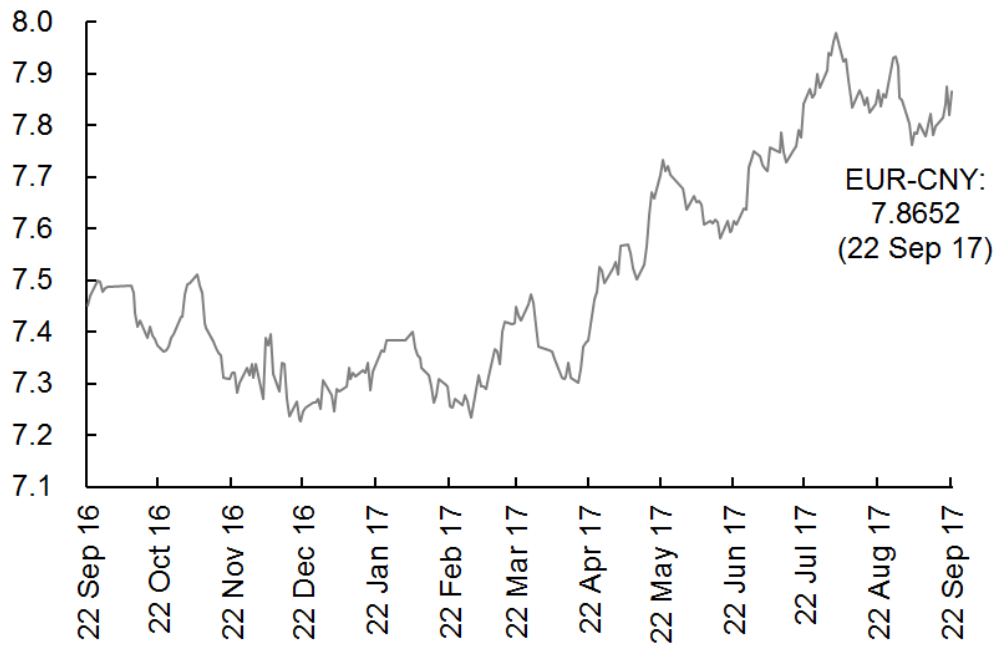
Exchange Rates

Exhibit 1: USD-CNY daily fixing rate, September 2016 to September 2017



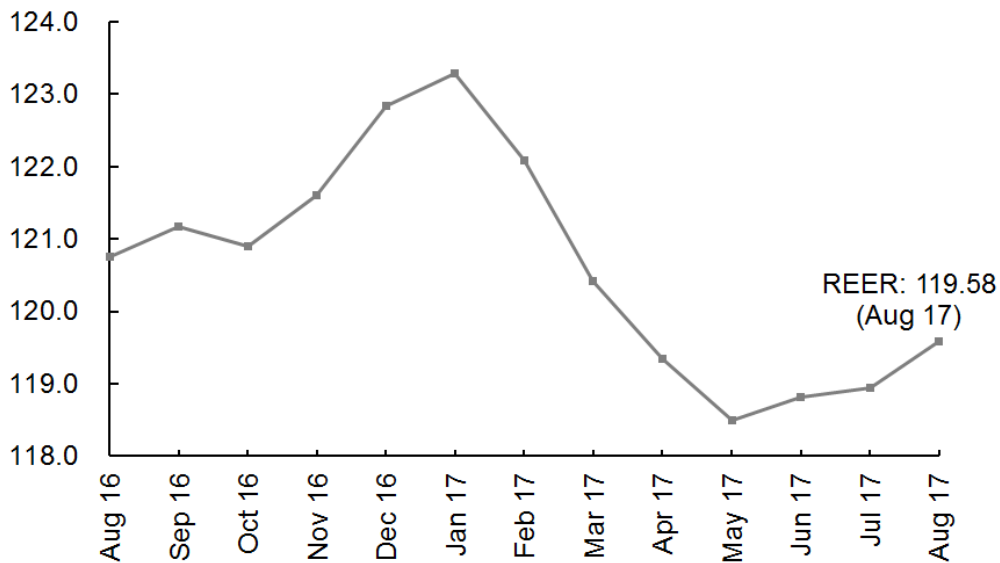
Source: State Administration of Foreign Exchange

Exhibit 2: EUR-CNY daily fixing rate, September 2016 to September 2017



Source: State Administration of Foreign Exchange

Exhibit 3: Real effective exchange rate of the Chinese yuan, August 2016 to August 2017



Source: Bank of International Settlements

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