ASIA SOURCING UPDATE

SOUTHEAST ASIA | SOUTH AND WEST ASIA

AUGUST 2016

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HIGHLIGHTS

IN THE NEWS

CAMBODIA

APPAREL EXPORTS TO THE US FALL 14.2% YOY IN 1H16

According to the latest data released by the US Office of Textiles and Apparel (OTEXA), apparel imports by the US dropped 2.9% yoy to US$38.0 billion in the first half of 2016. Among the top ten supplier countries, Cambodia led the decline with apparel exports to the US down 14.2% yoy to US$1.04 billion in the six-month period, while five of them recorded year-on-year growths, including Vietnam (+3.2%), Bangladesh (+1.5%) and India (+0.9%). US apparel imports from China, the largest apparel supplier to the US, fell 5.2% yoy to US$12.0 billion in 1H16.

A breakdown of the import figure shows that US imports of cotton apparel and manmade fibre apparel from Cambodia declined by 18.6% yoy and 7.4% yoy, respectively, in the six-month period. These two categories accounted for 99.4% of all US apparel imports from the country.

Industry insiders projected that the downward trend in apparel exports to the US would continue through the end of this year, as Cambodia has been gradually losing its competitive edge as a low-cost production base against Bangladesh and Vietnam due to frequent labour unrest and rapid wage hikes.

CAMBODIA

US EXTENDS GSP BENEFITS TO TRAVEL GOODS MADE IN CAMBODIA

The Office of the United States Trade Representative (USTR) announced on 30 June the outcome of the Annual Product Review of the Generalized System of Preferences (GSP) program. The review extends duty-free treatment for 28 travel goods, including luggage, backpacks, handbags and wallets, originated from Least Developed Beneficiary Developing Countries (LDBDCs) and African Growth and Opportunity Act (AGOA) countries, with effect from 1 July this year.

Classified as an LDBDC under the US GSP, Cambodia is one of the four beneficiary countries in the Asia Pacific, and potentially the biggest beneficiary among the four, as the other three countries – Timor-Leste, Bhutan and Nepal – are negligible suppliers of travel goods. Prior to this duty-free privilege, travel goods usually faced import tariff of 4.5-20% in the US market.

According to Van Sou Ieng, Chairman of the Garment Manufacturers Association in Cambodia (GMAC), the trade privilege gives Cambodian manufacturers a real competitive edge and will attract more capital investment to the country. Sou Ieng added that there are currently 15 travel goods manufacturers in Cambodia, which together exported products worth US$48.3 million to the US in 2015.

As a side note, the USTR's decision, however, has sparked criticism from several US trade associations. They pointed out that the decision leaves US companies with few options to diversify their sourcing as those LDBCD or AGOA countries lack the production capabilities and capacities to produce travel goods. They urge the USTR to extend the duty-free privilege to all GSP-eligible countries, including key travel goods producing countries such as the Philippines, Indonesia, Thailand, India, Sri Lanka and Pakistan.

COMPLIANCE LEVELS IN GARMENT FACTORIES SHOW CONTINUOUS IMPROVEMENT

Working conditions and compliance in Cambodia's garment factories have improved, according to the *33rd Compliance Synthesis Report* released by the Better Factories Cambodia (BFC) programme. The report assessed 381 of the 580 factories in the BFC program between May 2015 and April 2016 on a wide range of criteria, from child labour to health conditions to trade union freedom.

The report notes that significant improvements have been made since the BFC programme resumed the practice of publicly reporting its findings in early 2014. 47% of factories comply with all 21 critical criteria in the latest review, up from the 28% recorded two years ago. For the second consecutive year, the number of confirmed cases of child labour – typically between 12-15 years old – has dropped, from 65 in 2013 to 28 in 2014 and 16 in 2015. Other areas that showed improvements include the payment of minimum wages and the provision of maternity leave.

Nonetheless, the 33rd synthesis report indicates that the top ten non-compliance issues remain the same as in the previous report, including issues related to occupational safety, overtime, and temperature levels in the factory. Specifically, 87% of factories were found lacking adequate lighting, 69% were found too hot – a common cause for mass fainting at factories – and 59% lacking sanitary drinking water. In addition, two-thirds of the factories were found violating the two-hour limit on daily overtime. ■

INDONESIA

JULY EXPORTS PLUNGE 17.0% YOY

According to the Central Statistics Agency (BPS), Indonesia's exports plunged 17.0% compared to a year earlier, or 26.7% from the previous month, to US$9.51 billion in July, marking the lowest July export value since 2009. The cumulative export value in the first seven months of 2016 reached US$79.08 billion, registering a 12.02% yoy decline.

Non-oil and gas exports, which accounted for nearly 90% of total export value, dropped by 15.2% yoy to US$8.52 billion in July, while oil and gas exports plummeted 29.8% yoy to US$998.6 million in the month. Among Indonesia's top export destinations, the country's exports to the US, Japan, China and Singapore all declined markedly in July, registering month-on-month declines of 39.0% 34.1%, 25.1% and 29.4% respectively.

The sharp decline occurred after exports recorded a strong month-on-month growth of 12.2% in June. Many analysts had previously predicted that the growth momentum in June would continue in the following months, as demand from overseas buyers was expected to increase.

In addition to the sluggish global demand, BPS Chairman Suryamin attributed July's poor export performance to seasonal fluctuations due to the Idul Fitri public holidays (which marked the end of the fasting month).

INDONESIA

MANUFACTURING PMI DECLINES SHARPLY TO 48.4 IN JULY

The Nikkei Indonesia Manufacturing Purchasing Managers' Index (PMI) fell to 48.4 in July from June's 23-month high of 51.9, according to data released by Nikkei and IHS Markit on 1 August. A PMI reading above 50 indicates economic expansion, while one below 50 points toward contraction. Although moderate, the rate of contraction in July was the fastest in the year-to-date.

July saw a marked drop in new business inflows, ending a four-month sequence of growth and marked the most pronounced contraction since last November. Consequently, manufacturers lowered output levels in July.

Buying levels among Indonesian manufacturers decreased at the quickest rate since December 2015. Subsequently, holdings of raw materials and semi-finished goods, as well as inventories of finished goods, fell moderately. Payroll numbers decreased slightly in July, which survey members attributed to the non-replacement of voluntary leavers. Meanwhile, data pointed to softer inflationary pressures as both input costs and output charges rose at slower rates that were below their respective long-run averages.

Commenting on Indonesia's July Manufacturing PMI data, Pollyanna De Lima, Economist at Markit, said "a marked drop in new work led firms to cut back production, employment, purchasing and stock levels." Nevertheless, she added that a lack of inflationary pressure provides the Bank of Indonesia with room for stimulating the economy with further rate cuts.

INDONESIA

TAX AMNESTY PLAN SHOWS SLOW PROGRESS IN THE FIRST MONTH

The tax amnesty law was approved by the House of Representatives in late June and came into effect on 18 July 2016. Scheduled to run until 31 March 2017, the tax amnesty program aims at enticing wealthy Indonesians to declare and repatriate their unreported assets parked abroad, to be invested in specific investment instruments that have been prepared by the Indonesian government.

Individuals and companies will be charged between 2% and 10% in penalty interest on the offshore assets that they declare or repatriate under the program, compared with a corporate tax rate of 25% and a maximum personal income tax rate of 30%. Those who join the program by 30 September enjoy the lowest penalty rate.

The government's targets for the program were declaration of 4,000 trillion Indonesian rupiah (approx. US$307 billion) offshore funds and repatriation of 1,000 trillion Indonesian rupiah (approx. US$77 billion), which should lead to additional state revenues of 165 trillion Indonesian rupiah.

However, a month into operation, the tax amnesty program has achieved only a tiny fraction of the targets. As of 23 August, according to the Finance Ministry, revenues from the amnesty program amounted to 954 billion Indonesian rupiah, or just 0.6% of the program target. Up to that date, taxpayers had declared 45.8 trillion Indonesian rupiah of assets and repatriated 1.52 trillion Indonesian rupiah of offshore assets under the program.

Finance Minister Sri Mulyani Indrawati told reporters that the government remained hopeful about the tax amnesty program and was considering measures such as setting up hotlines for questions and extending opening hours of tax offices to boost participation. ■

PHILIPPINES

GDP GROWS 7.0% YOY IN 2Q16

The Philippines' economy grew by 7.0% yoy in the second quarter of 2016, the fastest quarterly growth rate since 2Q13, bringing the country's GDP growth to 6.9% yoy in the first half of 2016, according to the Philippines Statistics Authority. The robust growth could be attributed to a surge in government spending ahead of the May general election and the uplift in consumer sentiments on the back of the election.

On the demand side, both private and public consumption posted faster year-on-year growths in 2Q16 than the previous quarter, while fixed capital expenditure continued to register a strong double-digit growth of 27.2% yoy in 2Q16. Exports of goods and services, however, continued to lose momentum, with growth decelerating from 7.3% yoy in 1Q16 to 6.6% yoy in 2Q16, reflecting that the external environment remains challenging.

On the supply side, both the agricultural sector and the service sector showed stronger growth momentum in the second quarter, while growth in the industrial sector slowed from 9.0% yoy in 1Q16 to 6.9% yoy in 2Q16.

Finance Secretary Carlos Dominguez commented that the strong macro-economic fundamentals will buffer the economy from external headwinds, and help the economy reach the GDP growth targets of 6-7% in 2016 and 6.5-7.5% in 2017.

PHILIPPINES

MANUFACTURING OUTPUT GROWS 8.5% YOY IN JUNE

Manufacturing output, as measured by the Volume of Production Index (VoPI), increased by 8.5% yoy in June, expanding faster than the 7.3% yoy growth rate recorded in May and reversing the 1.7% yoy decline in the same month last year, according to data released by the National Economic and Development Authority (NEDA).

Expansion in manufacturing output was propelled by higher production in basic metals, transport equipment, machinery (except electrical), rubber and plastic products, tobacco products, wood and wood products, beverages, printing, and chemical products. Nonetheless, output volume in some sectors, including textiles, footwear and wearing apparel, leather products, and furniture and fixtures, saw year-on-year contractions in June.

Similarly, the Value of Production Index (VaPI) registered a year-on-year growth of 4.7% yoy in the month. The Average Capacity Utilization Rate of the manufacturing sector stood steadily at 83.5% in June, with 11 of the 20 major industries operating at capacity utilization rates of 80% and above.

According to Ernesto Pernia, Director General of the NEDA, solid expansion of the manufacturing sector since the beginning of this year reflects sustained domestic demand. In particular, a number of large infrastructure projects underway have boosted the production of construction-related products.

PHILIPPINES

DUTERTE GOVERNMENT TO SPEED UP INFRASTRUCTURE DEVELOPMENT

The Department of Budget and Management (DBM) on 15 August submitted to the Congress the proposed 2017 national budget of 3.35 trillion pesos, which seeks to cement the Duterte administration's promise of change.

Infrastructure development is a key priority of the newly-elected Duterte government, which proposes public infrastructure spending of 860.7 billion pesos for 2017, 13.8% higher than in 2016. Of these, 355.7 billion pesos will be allocated to fix road networks, railways, seaport systems and airport systems. From a share of 5.4% of the GDP in 2017, infrastructure spending is targeted to rise further to 7% of the GDP by the end of the Duterte administration in 2022.

DBM added that infrastructure projects outside Metro Manila, particularly in Visayas and Mindanao, will be prioritized, in an effort to rebalance regional economic development. This is evidenced by higher budget allocation for the Mindanao Logistics Infrastructure Network, which seeks to reduce logistic costs by improving linkage to key ports and other production areas in Mindanao.

Inadequate infrastructure has long been criticized as a major obstacle to the country's economic growth. In the *2015-16 Global Competitiveness Report* released by the World Economic Forum, the Philippines ranked 90th among 140 economies in terms of infrastructure adequacy, pale in comparison to neighbouring ASEAN countries such as Thailand (44th), Indonesia (62nd) and Vietnam (76th). ■

THAILAND

EXPORTS FALL 0.1% YOY IN JUNE

Thailand's exports contracted by 0.1% yoy to US$18.1 billion in June, the third consecutive month that registered a year-on-year decline, according to the Ministry of Commerce (MOC). The contraction in June, however, was less than the declines of 8.0% yoy recorded in April and 4.4% yoy in May, showing signs of recovery of the country's exports. In the first half of 2016, exports dropped by 1.6% yoy to US$105.1 billion.

The MOC reported that exports of agricultural and agribusiness products fell 7.9% yoy in June, due mainly to drought and weak global demand. Exports of industrial products bounced back to the expansionary territory for the first time in three months, up by 3.1% yoy in June, driven by exports of automobiles and parts, electric circuits, air conditioners and hard-disk drives.

Prospects for exports in the second half of this year are expected to be brighter, buoyed by higher exports of key industrial products alongside a recovery of agricultural product prices, according to Deputy Commerce Minister Suvit Maesincee.

THAILAND

INVESTMENT INCENTIVES AND IMPROVED POLITICAL AND ECONOMIC SITUATION BOOST FOREIGN INVESTMENT

In January-July of 2016, Thailand's Board of Investment (BOI) received 853 foreign investment applications with investment value amounting to 320.7 billion baht, up from the 483 projects worth 100.7 billion baht in the same period of 2015, according to a BOI press release on 18 August. The number of applications rose by 76.6% yoy in the first seven months of 2016 while investment value soared by 218.5% yoy.

The influx of foreign investment was attributed to investment incentives provided by the Thai government under multiple development plans, such as industrial clusters, special economic zones and the Eastern Economic Corridor. Besides, improved investor confidence in Thailand's political and economic stability also contributed to the growth in foreign investment.

In view of the positive trend in investment applications and improved investor sentiment, the BOI raised its 2016 foreign investment target to 550 billion baht, an increase of 22% from the 450 billion baht target set previously.

THAILAND

PUBLIC REFERENDUM APPROVES MILITARY-DRAFTED CONSTITUTION

In a constitutional referendum held on 7 August, 61% of Thai voters endorsed a constitution drafted by the military-appointed committee. The old constitution was thrown out by the military coup in May 2014. Voters also supported a second measure on the ballot, which authorises the military-appointed Senate (upper house) to vote with the House of Representatives (lower house) in selecting a Prime Minister.

The outcome of the referendum brings the country a step closer to a general election, which was scheduled to be held in late 2017. It also gives the military government a popular mandate to continue its governance until the election and possibly beyond.

Critics of the new constitution, however, said it will entrench the military control on the country's politics as the military-appointed Senate and other unelected bodies will be given a decisive say during the five-year transitional period stipulated in the new constitution. ■

VIETNAM

INDEX OF INDUSTRIAL PRODUCTION UP 7.2% YOY IN JANUARY - JULY

The Index of Industrial Production (IIP) increased by 7.2% yoy in the first seven months of 2016, much lower than the 10% yoy growth registered during the same period last year, according to data released by the General Statistics Office.

The lower growth rate is attributable to contraction of the 'mining and quarrying' sector, which saw a year-on-year decline of 2.2% in output from January through July, mainly due to a 4.3% decline in output of 'crude oil and natural gas'. Decline in the sector reduced the year-on-year growth rate of the IIP by 0.6 percentage points.

During the period, output of the 'processing and manufacturing' sector grew by 9.9% yoy. Output of textiles and clothes increased by 15.2% yoy and 7.2% yoy respectively in the seven-month period, while leather goods output registered a moderate growth of 3.2% yoy. Output of the wooden furniture industry saw a robust growth of 13.7% yoy in the same period.

Industrial production of the 'electricity production and distribution' and 'water supply and sewage treatment' sectors also registered positive year-on-year growth rates of 11.6% and 7.0% respectively.

VIETNAM

NATIONAL WAGE COUNCIL PROPOSES 7.3% MINIMUM WAGE INCREASE IN 2017

On 2 August, the National Wage Council (NWC) agreed on a proposal to increase minimum wage by 7.3% in 2017, according to the Ministry of Labour - Invalids, and Social Affairs (MOLISA). The NWC, which comprises members from the MOLISA, the Vietnam General Confederation of Labour (VGCL) and employers' organizations, has submitted the proposal to Prime Minister Nguyen Xuan Phuc for approval. If signed into effect, the new minimum wages will be effective from 1 January 2017.

An average raise of 7.3% in minimum wage would equal an extra 180,000 Vietnamese dong to 250,000 Vietnamese dong (US$8-11) a month, depending on the region. Specifically, the NWC proposed to raise the monthly minimum wage for Zone 1 from 3.5 million Vietnamese dong to 3.75 million Vietnamese dong, while the minimum wage for Zone 2 was proposed to increase from 3.1 million Vietnamese dong to 3.32 million Vietnamese dong a month.

Although higher than the initial figure of 4.62% proposed by the representative of the employers', the proposed raise is much lower than the VGCL's initial demand of 11.1% and the average minimum wage increase of 12.4% in 2016.

VIETNAM

TAIWAN'S YUAN CHI GROUP SCALES UP PRESENCE IN VIETNAM

Vega Balls Vietnam, owned by the Taiwanese sporting goods manufacturer Yuan Chi Group, recently received an investment certificate for its venture into Dong Mai Industrial Park in the north-eastern province of Quang Ninh.

Accordingly, the company plans to build a large-scale sportswear manufacturing facility with an area of over 32,400 square meters in the industrial park. The first phase of the plant, with total investment of 330 billion Vietnamese dong (approximately US$15 million), is expected to come into operation in early 2017.

The Yuan Chi Group is a leading supplier of basketball in the world. The group operates three plants in China, two in Thailand.

According to a representative from the Yuan Chi Group, the decision to open a new manufacturing plant in Vietnam came in the wake of soaring order requests from global sports brands. ■

MAJOR ECONOMIC INDICATORS

CAMBODIA

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Consumer price index (yoy growth %)	2.9	3.1	2.3	2.0	2.8	3.1
Exports (yoy growth %)	26.4	4.4	26.0	13.5	12.4	7.8
Exports (fob, in Cambodian riel billion)	2,930.7	2,917.5	2,631.0	2,486.6	2,391.9	2,605.5
Of which:						
Garments (in Cambodian riel billion)	2,064.9	2,241.0	1,967.0	1,792.8	1,690.5	1,815.2
Footwear (in Cambodian riel billion)	285.0	249.3	160.4	208.7	218.5	220.4
Textiles (in Cambodian riel billion)	2.9	0.8	5.2	10.3	8.2	2.6
Imports (yoy growth %)	11.2	15.9	-22.4	14.0	11.5	16.6
Imports (fob, in Cambodian riel billion)	4,017.0	3,703.8	2,740.6	3,943.6	3,870.7	4,353.8

Note: May 2016 figures are the most up-to-date as of the date of publishing.
Source: National Bank of Cambodia

INDONESIA

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Quarterly GDP (real yoy growth %)	4.9 (1Q16)			5.2 (2Q16)		
Production index of large and medium manufacturing (yoy growth %)	7.4	2.6	0.2	7.4	9.1	-
Manufacturing PMI (Nikkei)	48.7	50.6	50.9	50.6	51.9	48.4
Real retail sales index (yoy growth %)	10.6	11.1	11.2	13.6	15.9	2.6
Consumer price index (yoy growth %)	4.4	4.4	3.6	3.3	3.5	3.2
Exports (yoy growth %)	-7.2	-13.5	-12.7	-9.8	-4.4	-17.0
Exports (FOB, US$ mn)	11,298.5	11,792.8	11,447.3	11,511.0	12,917.1	9,514.3
Of which:						
Textile and textile products (US$ mn)	977.3	1,036.1	989.8	982.1	1,290.2	-
Footwear (US$ mn)	353.2	354.9	419.5	436.0	441.2	-
Furniture (US$ mn)	145.5	153.5	134.9	133.5	153.2	-
Sports requisites (US$ mn)	28.8	32.2	36.9	39.1	48.4	-
Imports (yoy growth %)	-11.7	-10.4	-14.6	-4.1	-7.4	-11.6
Imports (US$ mn)	10,162.4	11,295.8	10,780.1	11,135.4	12,016.9	8,916.0

Source: Statistics Indonesia, Bank Indonesia, Nikkei PMI reports

PHILIPPINES

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Quarterly GDP (real yoy growth %)	6.8 (1Q16)			7.0 (2Q16)		
Value of production index, manufacturing (yoy growth %)	5.7	0.9	6.8	2.7	4.7	-
Volume of production index, manufacturing (yoy growth %)	12.1	8.2	10.8	7.3	8.5	-
Producer price index (yoy growth %)	-5.7	-6.8	-3.6	-4.3	-3.5	-
Consumer price index (yoy growth %)	0.9	1.1	1.1	1.6	1.9	1.9
Exports (yoy growth %)	-4.5	-15.1	-4.1	-3.8	-11.4	-
Exports (FOB,US$ mn)	4,310.4	4,611.3	4,254.2	4,715.0	4,754.4	-
Of which:						
Woodcrafts and furniture (US$ mn)	262.3	332.8	257.1	303.7	274.3	-
Garments (US$ mn)	83.0	92.4	95.1	78.0	89.7	-
Travel goods and handbags (US$ mn)	36.7	35.5	38.1	37.0	44.4	-
Imports (yoy growth %)	1.2	11.7	29.2	39.3	15.4	-
Imports (FOB, US$ mn)	5,414.2	6,357.9	6,529.0	6,736.1	6,852.9	-
Balance of trade (US$ mn)	-1,103.8	-1,746.6	-2,274.7	-2,021.1	-2,098.5	-

Source: National Statistics Office, National Statistical Coordination Board

THAILAND

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Quarterly GDP (real yoy growth %)	3.2 (1Q16)			3.5 (2Q16)		
Industrial production index (value added weight, not seasonally adjusted, yoy growth %)	-1.7	2.2	0.9	2.7	0.8	-
Producer price index (yoy growth %)	-3.0	-2.4	-1.7	-1.4	-1.3	-0.8
Consumer price index (yoy growth %)	-0.5	-0.5	0.1	0.5	0.4	0.1
Exports (yoy growth %)	10.3	1.3	-8.0	-4.4	-0.1	-
Exports (US$ mn)	18,993.6	19,124.6	15,545.0	17,616.9	18,146.1	-
Of which:						
Textiles and apparel (US$ mn)	522.0	583.3	515.0	554.6	583.7	-
Furniture (US$ mn)	87.9	104.8	80.2	97.3	100.4	-
Footwear (US$ mn)	45.2	56.5	49.7	58.0	60.1	-
Imports (yoy growth %)	-16.8	-6.9	-14.9	0.5	-10.1	-
Imports (US$ mn)	14,007.8	16,158.9	14,823.6	16,079.4	16,180.6	-
Trade balance (US$ mn)	4,985.8	2,965.7	721.3	1,537.5	1,965.5	-

Source: National Economic and Social Development Board, Office of Industrial Economics, Ministry of Commerce

VIETNAM

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Quarterly GDP (real yoy growth %)	5.5 (1Q16)			5.6 (2Q16)		
Industrial production index (yoy growth %)	7.9	6.2	7.9	7.8	7.4	7.2
Manufacturing PMI (Nikkei)	50.3	50.7	52.3	52.7	52.6	51.9
Retail sales of consumer goods and services (year-to-date, yoy growth %)	9.7	9.1	8.8	9.1	9.5	9.4
Price index of materials used for production (yoy growth %)	-3.4 (1Q16)			-1.6 (2Q16)		
Producer price index for industrial products (yoy growth %)	-1.0 (1Q16)			-1.3 (2Q16)		
Consumer price index (yoy growth %)	1.3	1.7	1.9	2.3	2.4	2.4
Exports (year-to-date, yoy growth %)	3.0	6.6	6.5	6.2	5.7	5.4
Exports (US$ mn)	10,099.1	15,117.1	14,350.2	14,371.7	14,724.7	14,907.8
Of which:						
Textiles & garments (US$ mn)	1,229.4	1,862.0	1,748.0	1,784.8	2,238.3	2,319.0
Footwear (US$ mn)	641.8	918.2	1,020.2	1,247.6	1,229.9	1,159.3
Wood & wooden products (US$ mn)	325.4	583.0	584.8	557.5	556.1	577.1
Toys and sports requisites (US$ mn)	42.5	80.1	72.3	72.9	80.6	81.4
Imports (year-to-date, yoy growth %)	-5.7	-4.0	-1.3	-1.7	-0.8	-1.2
Imports (US$ mn)	10,290.0	14,493.2	14,072.9	14,548.9	14,741.9	14,343.9

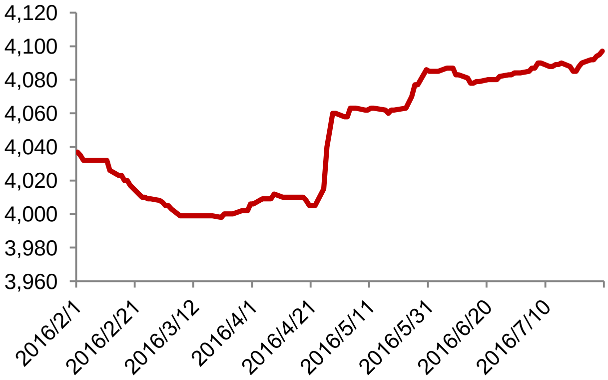
Source: General Statistics Office of Vietnam, General Department of Vietnam Customs, Nikkei PMI reports

DAILY EXCHANGE RATES

FEBRUARY - JULY 2016

CAMBODIAN RIEL

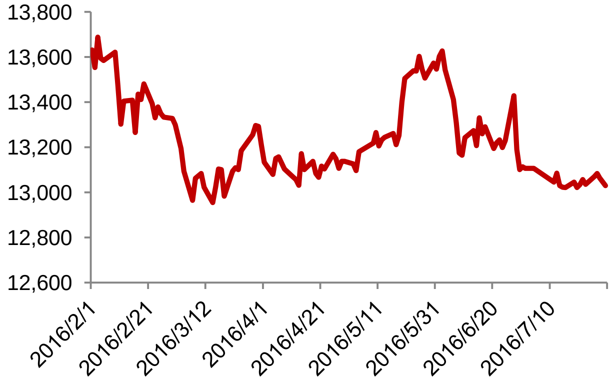
USD:KHR official exchange rate



Source: National Bank of Cambodia

INDONESIAN RUPIAH

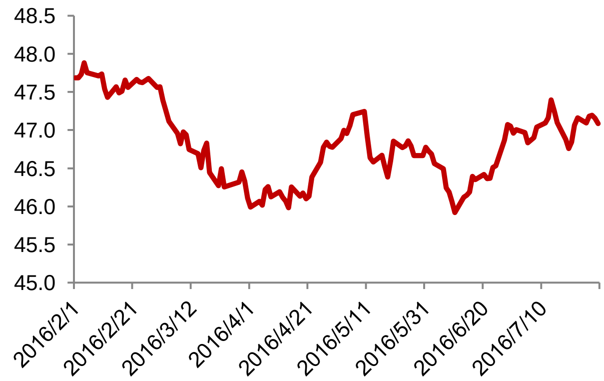
USD:IDR buy rate



Source: Bank Indonesia

PHILIPPINE PESO

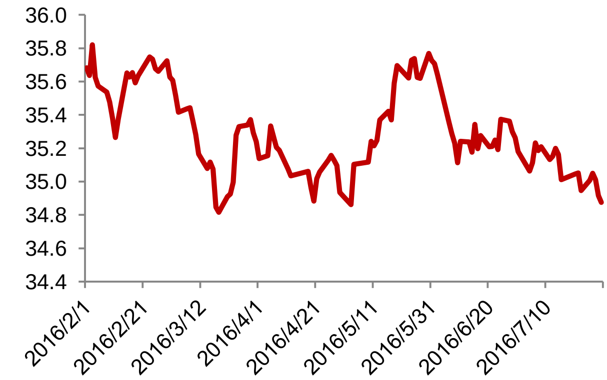
USD:PHP BSP reference rate



Source: Bangko Sentral ng Pilipinas (BSP)

THAI BAHT

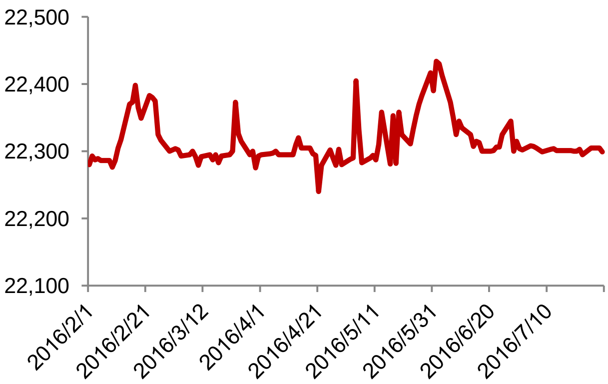
USD:THB mid-rate



Source: Bank of Thailand

VIETNAMESE DONG

USD:VND spot rate



Source: Bloomberg

FUNG BUSINESS INTELLIGENCE

Fung Business Intelligence collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

The Fung Group is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 46,800 people across 40 economies worldwide, generating total revenue of more than US$24.65 billion in 2014. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

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