ASIA SOURCING UPDATE

SOUTHEAST ASIA | SOUTH AND WEST ASIA

OCTOBER 2015

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Global Sourcing,
Fung Business Intelligence Centr
10/F LiFung Tower,
888 Cheung Sha Wan Road
Kowloon, Hong Kong

T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: http://www.fbicgroup.com/

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COUNTRY HIGHLIGHTS

CAMBODIA

MINIMUM WAGE FOR 2016 SET AT US$140 PER MONTH

Following weeks of tough negotiations between the government, factory owners and worker unions, Cambodia's Ministry of Labour and Vocational Training (MoLVT) announced on 8 October the revised minimum wage for workers in the garment and footwear industries at US$140 per month. The adjustment will take effect starting from January 2016. This represents a 9.4% increase from the current level of US$128 per month – moderate compared to last year's 28% rise.

The government's final decision fell in the middle of the expectations of the employers and worker unions, who proposed US$133 and US$160 per month, respectively, at the tripartite wage talks held earlier in the month.

As for factory owners, the secretary-general of the Garment Manufacturers' Association in Cambodia (GMAC) said that employers would comply with the new wage rate, but many factories may have to close down unless worker productivity improves and buyers are willing to raise their order prices.

On the labour side, according to local media, most worker unions have accepted the government's decision, except two independent unions who are still insisting on their earlier proposal of US$160 per month. These two unions will consult with their members in the coming weeks before making any strike decisions.

CAMBODIA

NEW DRAFT OF TRADE UNION LAW RAISES BUYERS' CONCERNS

Cambodia's Ministry of Labour and Vocational Training (MoLVT) is finalizing a trade union law, which aims at protecting the rights and freedom of trade unions in Cambodia as well as preventing any irregular activities instigated by unionists. The law is expected to be passed by the Parliament by the end of the year.

A delegation representing major brands and retailers, including Walmart, Target, Ralph Lauren, VF Corporation, PVH and New Balance, visited the country recently, and expressed their concerns on the latest draft of the trade union law. According to the draft partly disclosed in late July, the minimum threshold for forming a union in a factory will be lowered to 10 workers, from 20% of all workers in the factory as set earlier.

Such a change, if approved and enforced, may multiply the number of unions with different agenda and significantly weaken the collective bargaining mechanism. This may destabilize industrial relations.

Currently, there are more than 3,000 unions in Cambodia. The garment, textiles and footwear sector is the most unionized, and more than 90% of the unions in the sector are active.

CAMBODIA

FIRST GARMENT INDUSTRY TRAINING INSTITUTE BREAKS GROUND

The Garment Manufacturers Association in Cambodia (GMAC), along with the country's Ministry of Labour and Vocational Training (MoLVT) and the French Development Agency, officially broke ground in early September for the construction of the Cambodian Garment Training Institute (CGTI), which is expected to be completed by late 2016.

Located in the Phnom Penh Special Economic Zone, the CGTI will provide specialized training accredited by MoLVT for local workers to fill middle management positions in Cambodia's garment industry.

According to the plan unveiled in the groundbreaking ceremony, the CGTI aims at enrolling 1,600 garment workers in the first three years. Another 240 university students will be enrolled each year as part of a separate program.

Cambodia's garment industry employs about 8,000-10,000 foreign middle-level managers. The training institute, the first in the country, will help meet the demand for local human resources. Further, it may help improve labour relations in the garment industry, as local managers are more familiar with Cambodian culture and are in a better position to negotiate with workers than foreign managers. ■

INDONESIA

FIRST TWO INSTALLMENTS OF NEW ECONOMIC POLICY PACKAGE UNVEILED IN SEPTEMBER

In September, the Indonesian government unveiled a new economic policy package that aims to boost the country's economic growth, which slowed to the six-year low of 4.7% yoy in 2Q15.

On 9 September, Indonesian President Joko Widodo announced the new stimulus package's first installment during a speech at the State Palace in Jakarta. Policies in the first installment aim at achieving three goals. The first is to boost Indonesia's industrial competitiveness through deregulation, and by enhancing law enforcement and business certainty. The second is the speedy completion of projects of national stratgic interest. The third is to boost investment in the country's property sector.

On 29 September, the Indonesian government announced the package's second installment, in which further efforts will be made to attract more investors. In particular, investment permits will cost less and the application process will be streamlined. The government is also preparing to build two bonded logistic zones, one in Cikarang and the other in Merak, to offer more efficient industrial facilities to investors. These zones will serve as a hub for capital goods, intermediate goods, and raw materials. The zone in Cikarang is designed to serve the logistics-related manufacturing industry, while the zone in Merak will function as a storage facility for fuel logistics.

INDONESIA

MANUFACTURING ACTIVITY CONTRACTS FOR 12TH STRAIGHT MONTH IN SEPTEMBER

In September, Indonesia's manufacturing activity, as measured by the Nikkei/Markit purchasing managers' index (PMI), contracted for the 12th consecutive month as output and new orders continued to decline. The index fell to 47.4 in September from 48.4 in the preceding month and was below analysts' forecasts (a PMI reading below 50 indicates contraction in manufacturing activity whereas a reading above 50 indicates expansion).

According to Markit's economist Pollyanna De Lima, the dismal PMI data for Indonesia showed sharper declines in new work, employment and production at the end of the third quarter. Manufacturers struggled to secure new work amid a difficult economic climate and production was again scaled back.

At the same time, the significantly weakened rupiah led to higher import costs in September. Manufacturers in turn raised their selling prices, contributing to Indonesia's 6.8% yoy inflation in the same month.

INDONESIA

FINES PROPOSED TO REDUCE DWELL TIME AT THE PORT OF TANJUNG PRIOK

On 23 September, the Ministry of Maritime Affairs' Dwell Time Taskforce revealed plans to impose fines for containers stacking in the Port of Tanjung Priok. The measure is proposed to improve the port's efficiency by reducing dwell time – the length of time cargo sits in a terminal's in-transit storage area.

The taskforce proposed that fines be imposed on owners whose containers remained at the port for longer than three days, the permitted free time as set by the Ministry of Transportation. After the third day, owners will be fined 5 million rupiah (US$342) per day per container.

The Port of Tanjung Priok is Indonesia's busiest seaport, handling more than two-thirds of the country's international trade and container traffic. The port is among the least efficient in all Southeast Asian countries. During a surprise visit earlier this year, Indonesian President Joko Widodo found that the port's dwell time averaged 5.5 days, longer than the target of 4.7 days, and he demanded immediate action to bring improvements. ■

PHILIPPINES

GDP GROWTH ACCELERATES IN 2Q15, BUT PROSPECTS REMAIN CAUTIOUS

Philippines' GDP grew by 5.6% yoy in 2Q15, up from the revised 5.0% yoy in the previous quarter. Although the growth was lower than the 6.7% yoy registered in the same quarter last year, the Philippine economy still outperformed many of its ASEAN counterparts, including Malaysia, Indonesia and Thailand.

GDP growth in 2Q15 was driven mainly by robust expansion in the service sector and the manufacturing sector, which grew by 6.2% yoy and 6.1% yoy, respectively, in the period. By the expenditure approach, household consumption and private investment remained robust, while government spending and exports posted slow growth.

In early September, credit rating agency Moody's slashed its growth forecast for the Philippine economy in 2015 to 5.7% yoy from the previous projection of 6.0% yoy, as sluggish exports, weak government spending, the impact of El Niño on agriculture and the slowdown in the Chinese economy all weigh on the economic prospects of the Philippines.

PHILIPPINES

MANUFACTURING SECTOR REBOUNDS IN AUGUST

After three months' year-on-year contractions, Philippines' manufacturing sector witnessed a rebound in August. Data from the Philippine Statistics Authority shows that the Volume of Production Index (VoPI) increased by 3.7% yoy in August, a significant improvement from the declines of 1.8% yoy and 0.3% yoy in June and July, respectively.

The recovery in August was led by the 'miscellaneous manufactures' sector (+75.9% yoy), followed by 'tobacco products' (+24.0% yoy), 'glass and glass products' (+15.0% yoy) and 'textiles' (+9.6% yoy). However, manufacturing of 'leather products', 'furniture and fixtures' and 'wood and wood products' contracted by 3.8% yoy, 13.2% yoy and 20.0% yoy, respectively, in the month.

On the other hand, the Value of Production Index (VaPI) dropped 4.6% yoy in August, a slight moderation from the 7.7% yoy and 6.9% yoy declines seen in June and July, respectively.

It is expected that, with the help of persistently low oil prices, the upcoming Christmas holiday season will boost manufacturing production in the country.

PHILIPPINES

WORLD'S LARGEST FOOTWEAR MANUFACTURER MULLS INVESTING IN THE PHILIPPINES

Pou Chen, the world's largest manufacturer of branded athletic and casual footwear, is exploring the feasibility of setting up manufacturing facilities in the Philippines.

The Taiwanese manufacturer, a major footwear supplier to Nike, Adidas, Converse, Asics, Clarks, Reebok, New Balance, Crocs and Timberland, has already set up large operations in Vietnam and Indonesia, employing more than 100,000 workers each, as well as a smaller factory in Myanmar supplying Nike with shoes and apparel. The company is reportedly expanding its operations in ASEAN and diversifying away from China.

The Philippine government is working hard to convince the company to set foot in the country. If Pou Chen's investment plan in the Philippines materializes, it will bring its own chain of suppliers along, which consist of about 30-40 companies. What concerns Pou Chen at present is the availability of support from local government and the readiness of infrastructure to support large investments.

Pou Chen produces 300 million pairs of shoes annually, accounting for about 20% of the total wholesale value of the global branded athletic and casual footwear market, according to the company website. ■

THAILAND

GDP GROWTH SLOWS FURTHER IN 2Q15

Thailand's GDP growth slowed to 2.8% yoy in 2Q15 from 3.0% yoy in the previous quarter, according to data released by the National Economic and Social Development Board (NESDB). All growth drivers except government spending and tourism posted slower growth in the quarter, indicating that the economic slowdown was broad-based.

By the expenditure approach, the slowdown was led by the private sector. Specifically, private consumption growth moderated from 2.4% yoy in 1Q15 to 1.5% yoy in 2Q15, while private investment contracted by 3.4% yoy in 2Q15 compared to the positive growth of 3.6% yoy seen in the previous quarter. Merchandise exports deteriorated further in the quarter, posting a decline of 4.0% from the same period a year ago.

The supply-side breakdown shows that the construction sector expanded by 17.3% yoy in 2Q15, while the agriculture and manufacturing sectors contracted by 5.9% yoy and 0.7% yoy, respectively.

The NESDB recently cuts its 2015 GDP projection to 2.7-3.2% yoy, down from a previous forecast of 3-4% yoy. The NESDB also predicts that exports will contract by 3.5% yoy this year, down from its earlier estimate of a 0.2% yoy increase. The revisions are made in view of the sluggish global economic growth and the slowdown in the Chinese economy.

As a side note, the Thai baht slid to a new low of around 36.4 against the US dollar on 28 September, after the release of August trade data disappointed the market. Cumulatively, the baht has depreciated by around 9.5% year-to-date against the US dollar.

THAILAND

INCENTIVES FOR INDUSTRIAL CLUSTERS APPROVED

On 22 September, the Thai Cabinet approved in principle the Ministry of Industry's proposal on incentives for industrial clusters across the country. The move aims at attracting more investment and enhancing the competitiveness of Thailand's industrial sector.

According to the proposal, two types of clusters will be promoted: one is "super clusters" involving high-tech industries, such as automotive, food processing, environmentally friendly petrochemicals and chemicals, medical services, digital industry, and electronics, electrical appliances and telecommunications equipment; the other is “traditional clusters”, which include agricultural processing and textiles and garments. While the “super clusters” will be located in nine provinces including Chiang Mai and Phuket, the “traditional clusters” will be scattered in selected provinces across Thailand.

Industries located in those clusters will be entitled to full exemption from corporate income tax for the first eight years and a 50% reduction for the subsequent five years. Other incentives include exemption from import duty for machinery, exemption from personal income tax for Thai and foreign experts, as well as permanent residency granted to foreign experts working in the clusters.

THAILAND

WACOAL TO SET UP TWO LINGERIE MATERIAL PLANTS

Wacoal, the Japanese lingerie maker, is planning to set up two factories in Bangkok in December this year for the production of lingerie materials. The move aims at cutting costs and strengthening material development capability. The investment will be made through Wacoal’s Thai subsidiary – Thai Wacoal Public Company Limited (Thai Wacoal) – together with its local partner Saha Pathana Inter-Holding Public Company Limited. Total investment will be around 2.5 billion Japanese yen (US$20.8 million).

Thai Wacoal, founded in 1970 as the group’s mainstay manufacturing base, has been procuring materials from domestic and overseas suppliers. The new plants are the group’s first attempt to acquire the capability to manufacture materials for its bras and other underwear products. The plants are scheduled to initially supply materials for markets in Southeast Asia. In five years’ time they will also be supplying the European and US markets.

With an edge on manufacturing skills and product quality, Thailand has long been recognized as the leading production base for medium to high-end lingerie products. Facing fierce competition in recent years from low-cost manufacturing countries, such as Vietnam and Indonesia, Thai manufacturers are forced to concentrate more on product development to maintain their competitiveness. ■

VIETNAM

DONG DEVALUES FOR THE THIRD TIME THIS YEAR ON YUAN FALLOUT

On 19 August, the State Bank of Vietnam (SBV) lowered the official mid-point rate by 0.99% to 21,890 dong per US dollar and widened the trading band for the second time in six days from 2% to 3%. This was the third time the SBV devalued the dong this year, after the 1% devaluations in January and again in May. According to the SBV, in addition to being a response to the devaluation of the Chinese yuan, the current round of dong devaluation was also made in anticipation of the US Federal Reserve’s interest rate hike.

As of 2 October, the dong has depreciated 4.83% year-to-date against the US dollar. Over the same period, the Chinese yuan, the Indonesian rupiah and the Malaysian ringgit have depreciated 2.35%, 14.35% and 20.80%, respectively, against the US dollar.

The headline Nikkei Vietnam manufacturing purchasing managers’ index (PMI) dropped to 49.5 in September, following a reading of 51.3 in August (a PMI reading below 50 indicates contraction in manufacturing activity whereas a reading above 50 indicates expansion). This marginal contraction of manufacturing activity brought an end to a two-year period of continuous expansion of Vietnam’s manufacturing sector.

VIETNAM

TPP'S 'YARN-FORWARD' RULES OF ORIGIN POSE CHALLENGES TO TEXTILE AND GARMENT SECTOR

On 5 October 2015, 12 Pacific-rim nations including the US and Japan announced successful conclusion of the Trans-Pacific Partnership (TPP) deal. Vietnam is one of the member states of the agreement. Once the TPP comes into force, the new rules of origin will present challenges to Vietnam's textile and garment sector. For example, the TPP's 'yarn-forward' rule of origin requires that all textile and apparel products must use yarns and fabrics produced by a TPP country in order to qualify for preferential tariff rates.

According to the Vietnam Textile & Apparel Association (VITAS), the country's weaving and dyeing capabilities can only meet 55% of the textile and garment sector's demand. The concern was raised during a seminar on garment technology in Ho Chi Minh City on 9 September, where VITAS Vice-chairwoman Dang Phuong Dung also revealed that weaving and dyeing projects often fail to be approved by the Vietnamese authorities because of the associated environmental risks.

To overcome this environmental concern, Dang Phuong Dung suggested zoning off regions and areas exclusively designed for weaving and dyeing and equipping them with infrastructure and waste treatment facilities.

According to the *Voice of Vietnam*, in the first half of the year, Vietnam's textile and garment exports to countries participating in the TPP accounted for 70% of its total export value.

VIETNAM

HANESBRANDS TO RAISE INVESTMENT CAPITAL IN VIETNAM

HanesBrands Vietnam, a subsidiary of the global leading apparel marketer HanesBrands, has announced its aim to raise total investment in Vietnam to nearly US$55 million by the end of 2015, which represents an increase of US$11 million compared to its investment in the country as of end-2014.

This marks Vietnam as a critical investment destination on the group's worldwide manufacturing map. Last year, HanesBrands moved its men's boxers production from Costa Rica to Vietnam in order to cut costs.

Founded in 2007, HanesBrands Vietnam produces and exports apparel to markets including the US, Canada, Japan, and China. It accounts for around 20% of the group's total production. In 2014, HanesBrands Vietnam's total exports were US$334 million. Being one of the largest US employers in Vietnam, HanesBrands Vietnam currently has three plants employing over 11,000 local employees. ■

OTHER HIGHLIGHTS

TRANS-PACIFIC PARTNERSHIP AGREEMENT REACHED

On 5 October 2015, 12 Pacific-rim nations including the US and Japan announced successful conclusion of the Trans-Pacific Partnership (TPP) deal. Currently, the 12 member states of the TPP include Australia, Canada, Japan, Malaysia, Mexico, Peru, the US, Vietnam, Chile, Brunei, Singapore, and New Zealand. Together, the TPP members accounted for nearly 36% of world GDP, 11% of world population and 26% of global merchandise trade in 2014.

The TPP agreement covers commitments on trade in goods, trade in services, investment and other policy areas that extend well beyond trade and economy, such as intellectual property protection, competition policy, operations of state-owned enterprises (SOEs), labour law and working conditions, environmental protection, e-commerce facilitation, rules on telecommunications and development with regional integration. It sets a high standard for participating countries to comply with.

In terms of trade in goods, the TPP members commit to eliminating most of the tariffs on industrial goods and progressively on agricultural products traded among the member countries. One caveat is that the TPP has a strict set of rules of origin. To enjoy preferential tariffs, companies may have to relocate production facilities to the TPP member countries, as well as to switch to raw materials and intermediate inputs originated from the TPP member countries.

In particular, the textile and garment industry stands to benefit greatly from the TPP. Most tariffs on textile and apparel products among the member countries will be eliminated immediately once the TPP agreement comes into effect.

Vietnam is the only TPP member country covered by our Asia Sourcing Update. As a major export-oriented manufacturing center, Vietnam stands to benefit significantly from the TPP. In particular, reduced tariffs in the US and Japan will give a boost to Vietnam's garment and textile sector, which has a competitive edge of low labour costs and established manufacturing capacities.

In addition, Vietnam's textile and garment sector already has well-established trade links with TPP countries, which currently account for 70% of the sector's exports. As the garment and textile sector is viewed as one of the industries which will benefit the most from the TPP, Vietnam is likely to see an influx of FDI in the sector as businesses set up new production facilities or expand their existing ones in the country. ■

MAJOR ECONOMIC INDICATORS

INDONESIA

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Quarterly GDP (real yoy growth %)		4.7 (2Q15)			-	
Production index of large and medium manufacturing (yoy growth %)	8.4	2.4	5.7	6.9	4.4	-
Manufacturing PMI (HSBC)	46.7	47.1	47.8	47.3	48.4	47.4
Real retail sales index (yoy growth %)	23.1	20.6	22.3	4.8	10.6	-
Consumer price index* (yoy growth %)	6.8	7.1	7.3	7.3	7.2	6.8
Exports (yoy growth %)	-8.5	-15.2	-12.8	-19.2	-12.3	-
Exports (FOB, US$ mn)	13,083.7	12,564.6	13,440.7	11,408.5	12,702.8	-
Of which:						
Textile and textile products (US$ mn)	1,053.8	1,023.7	1,150.5	948.8	-	-
Footwear (US$ mn)	417.3	426.8	420.1	290.4	-	-
Furniture (US$ mn)	159.1	136.8	144.2	109.9	-	-
Sports requisites (US$ mn)	35.6	40.6	47.1	39.5	-	-
Imports (yoy growth %)	-22.3	-21.4	-17.4	-28.4	-17.1	-
Imports (US$ mn)	12,629.3	11,609.6	12,963.7	10,076.5	12,269.0	-

Source: Statistics Indonesia, Bank Indonesia, HSBC PMI reports

PHILIPPINES

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Quarterly GDP (real yoy growth %)		5.6 (2Q15)			-	
Value of production index, manufacturing (yoy growth %)	-6.6	-8.2	-8.0	-7.1	-4.6	-
Volume of production index, manufacturing (yoy growth %)	1.5	-1.1	-1.8	-0.3	3.7	-
Producer price index (yoy growth %)	-8.0	-7.2	-6.4	-6.8	-8.0	
Consumer price index (yoy growth %)	2.2	1.6	1.2	0.8	0.6	0.4
Exports (yoy growth %)	-4.1	-17.4	-1.8	-1.8	-6.3	-
Exports (FOB,US$ mn)	4,376.4	4,899.4	5,364.0	5,326.9	5,127.5	-
Of which:						
Woodcrafts and furniture (US$ mn)	210.9	202.8	318.7	296.7	275.7	-
Garments (US$ mn)	156.2	133.7	111.9	117.1	103.0	-
Imports (yoy growth %)	-12.8	-13.4	22.6	16.9	-	-
Imports (FOB, US$ mn)	4,677.3	4,390.5	5,918.8	6,503.6	-	-
Balance of trade (US$ mn)	-300.9	508.9	-554.8	-1,176.7	-	-

Source: National Statistics Office, National Statistical Coordination Board

THAILAND

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Quarterly GDP (real yoy growth %)		2.8 (2Q15)			-	
Industrial production index (value added weight, not seasonally adjusted, yoy growth %)	-7.1	-7.6	-7.7	-6.3	-8.3	-
Producer price index (yoy growth %)	-5.4	-4.8	-3.7	-3.8	-3.8	-3.6
Consumer price index (yoy growth %)	-1.0	-1.3	-1.1	-1.0	-1.2	-1.1
Exports (yoy growth %)	-1.7	-5.0	-7.9	-3.6	-6.7	-
Exports (US$ mn)	16,900.4	18,428.8	18,161.6	18,222.5	17,669.2	-
Of which:						
Textiles and apparel (US$ mn)	553.4	598.6	607.3	634.6	556.8	-
Furniture (US$ mn)	86.9	94.2	94.8	96.2	89.3	-
Footwear (US$ mn)	54.9	66.4	66.5	62.8	58.2	-
Imports (yoy growth %)	-6.8	-20.0	-0.2	-12.7	-4.8	-
Imports (US$ mn)	17,423.3	16,012.1	18,011.6	17,452.0	16,948.0	-
Trade balance (US$ mn)	-522.9	2,416.8	150.0	770.5	721.3	-

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

VIETNAM

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Quarterly GDP (real yoy growth %)		6.5 (2Q15)			6.8 (3Q15)	
Industrial production index (yoy growth %)	9.5	7.5	11.1	11.3	9.0	10.1
Manufacturing PMI (HSBC)	53.5	54.8	52.2	52.6	51.3	49.5
Retail sales of consumer goods and services (year-to-date, yoy growth %)	8.8	9.1	9.8	9.9	10.1	9.8
Price index of materials used for production (yoy growth %)		2.1 (2Q15)			1.0 (3Q15)	
Producer price index for industrial products (yoy growth %)		-0.4 (2Q15)			-0.8 (3Q15)	
Consumer price index (yoy growth %)	1.0	1.0	1.0	0.9	0.6	0.0
Exports (year-to-date, yoy growth %)	6.9	7.7	9.3	8.9	9.2	9.2
Exports (US$ mn)	13,348.0	13,699.1	14,325.4	14,180.6	14,480.5	13,813.8
Of which:						
Textiles & garments (US$ mn)	1,636.1	1,709.2	2,124.5	2,394.0	2,291.6	2,137.5
Footwear (US$ mn)	983.9	1,166.1	1,171.7	1,126.9	982.7	807.9
Wood & wooden products (US$ mn)	556.6	542.2	569.4	590.9	590.4	563.7
Imports (year-to-date, yoy growth %)	16.6	16.4	16.7	16.0	16.8	15.6
Imports (US$ mn)	13,199.5	14,938.0	14,465.3	14,667.8	14,134.1	14,034.4

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

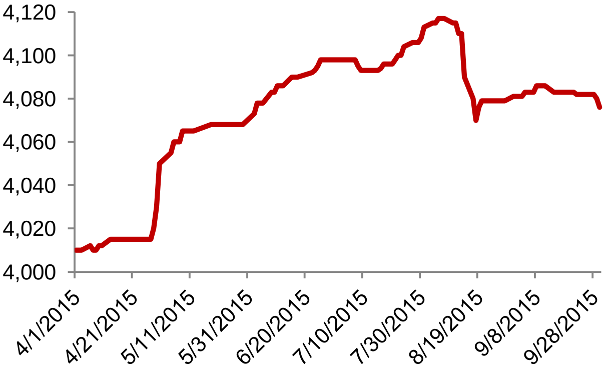
Macroeconomic data for Cambodia are not available as of the date of publishing

DAILY EXCHANGE RATES

APRIL - SEPTEMBER 2015

CAMBODIAN RIEL

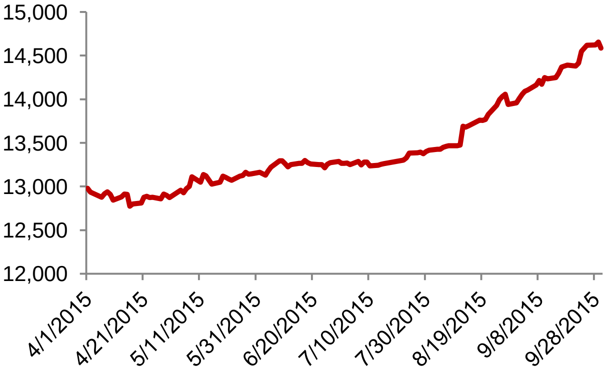
USD:KHR official exchange rate



Source: National Bank of Cambodia

INDONESIAN RUPIAH

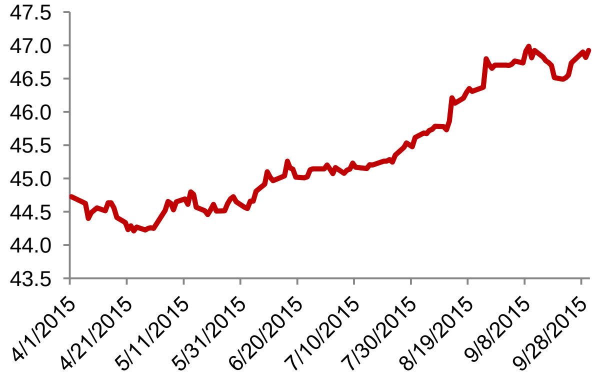
USD:IDR buy rate



Source: Bank Indonesia

PHILIPPINE PESO

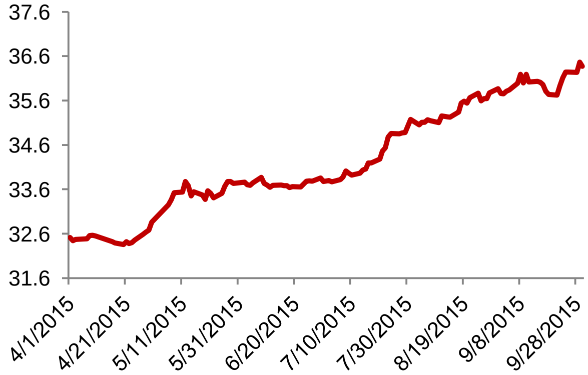
USD:PHP BSP reference rate



Source: Bangko Sentral ng Pilipinas (BSP)

THAI BAHT

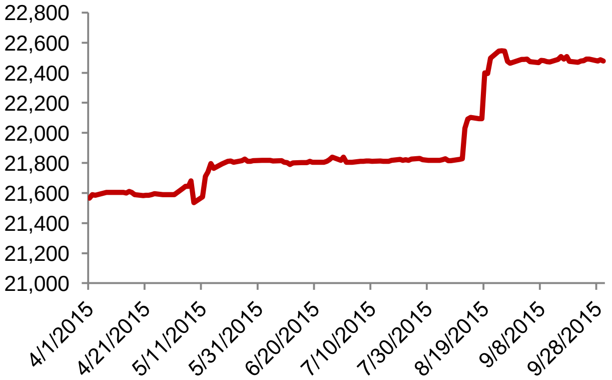
USD:THB mid-rate



Source: Bank of Thailand

VIETNAMESE DONG

USD:VND spot rate



Source: Bloomberg

THE FUNG BUSINESS INTELLIGENCE CENTRE

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.

The Fung Business Intelligence Centre (FBIC) collects and analyses market data on sourcing, supply chains, distribution and retail. It also provides thought leadership on technology and other key issues shaping their future.

Headquartered in Hong Kong, FBIC leverages unique relationships and information networks to track and report on trends and developments in China and other Asian countries. In addition, its New York-based Global Retail & Technology research team follows broader retail and technology trends, specialising in how they intersect and building collaborative knowledge communities around the revolution occurring worldwide at the retail interface.

Since its establishment in 2000, the FBIC (formerly known as the Li & Fung Research Centre) has served as the knowledge bank and think tank for the Fung Group. Through regular research reports and other publications, it makes its market data, impartial analysis and expertise available to businesses, scholars and governments around the world. It also provides advice and consultancy services to colleagues and business partners of the Fung Group on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

CONTACT

Global Sourcing
Fung Business Intelligence Centre
10/F LiFung Tower
888 Cheung Sha Wan Road
Kowloon, Hong Kong

T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: http://www.fbicgroup.com

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