



China Sourcing Update

March 16, 2018

Price index for US imports from China

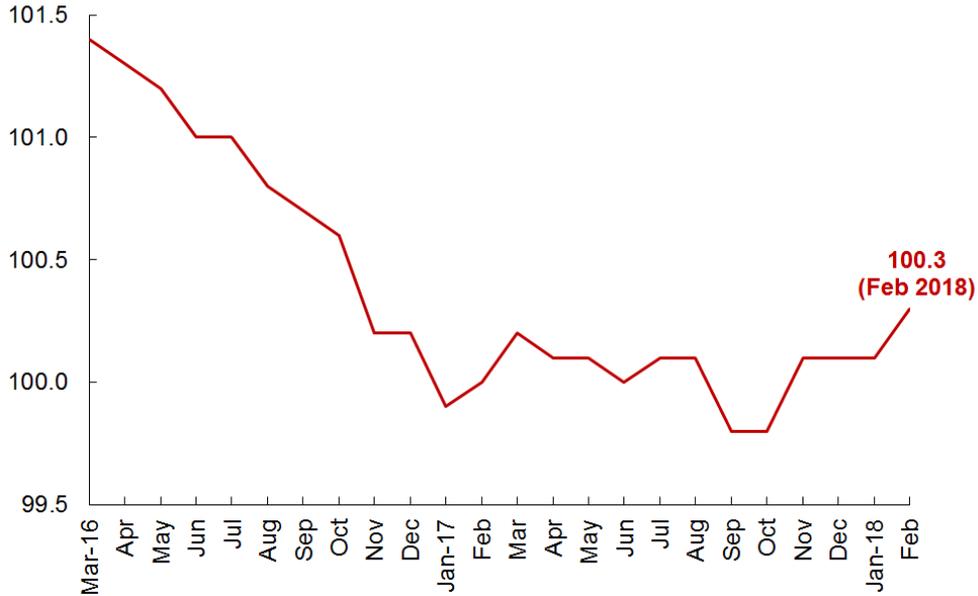
Price index for US imports from China rises in February

Compiled by the US Department of Labor, the price index for US imports from China went up from 100.1 in January to 100.3 in February (see *exhibit 1*).

In our view, the index readings in the last few months indicate a slight increase in the prices of US imports from China, supported by an appreciation of the Chinese yuan against the US dollar and a rise in the ex-factory prices of Chinese products in Renminbi terms in the period.

Looking ahead, we expect that the price index for US imports from China will trend slightly upward in the coming months, as the ex-factory prices of Chinese products are likely to stay high in the near future.

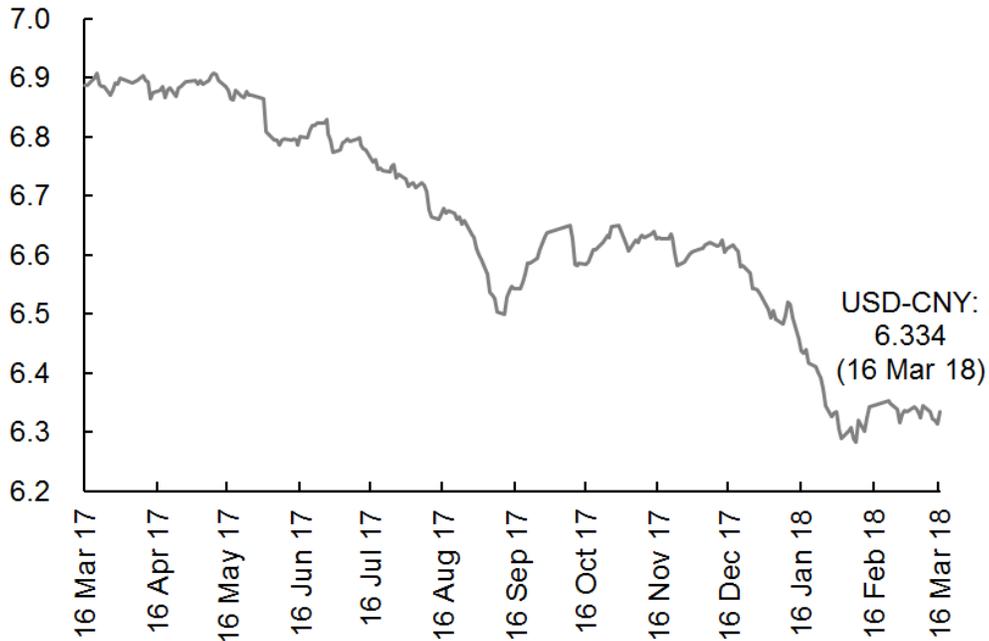
Exhibit 1: Price index for US imports from China, March 2016 to February 2018



Source: US Department of Labor

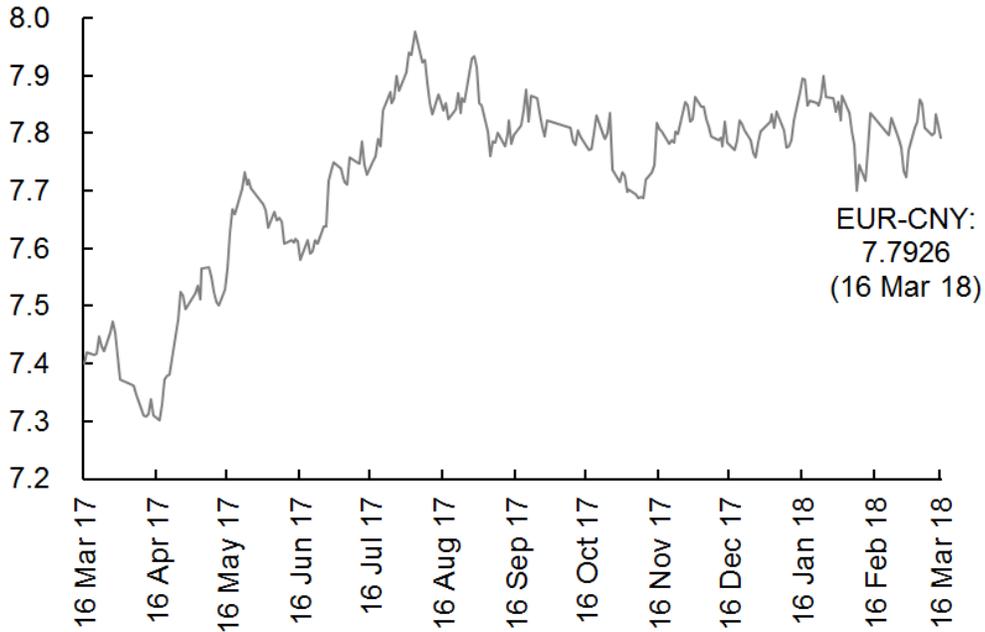
Exchange Rates

Exhibit 1: USD-CNY daily fixing rate, March 2017 to March 2018



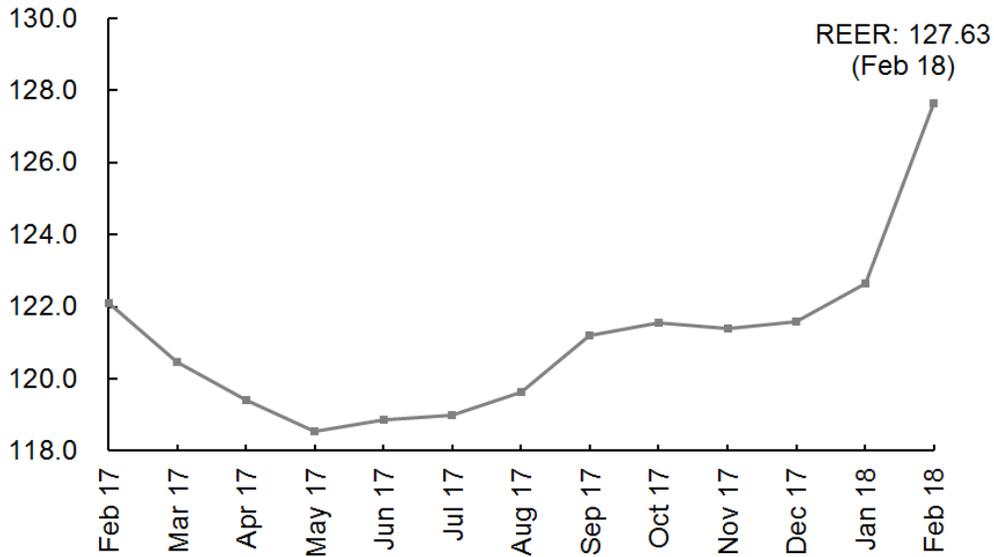
Source: State Administration of Foreign Exchange

Exhibit 2: EUR-CNY daily fixing rate, March 2017 to March 2018



Source: State Administration of Foreign Exchange

Exhibit 3: Real effective exchange rate of the Chinese yuan, February 2017 to February 2018



Source: Bank of International Settlements

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