



## China Sourcing Update

February 25, 2019

### Price index for US imports from China

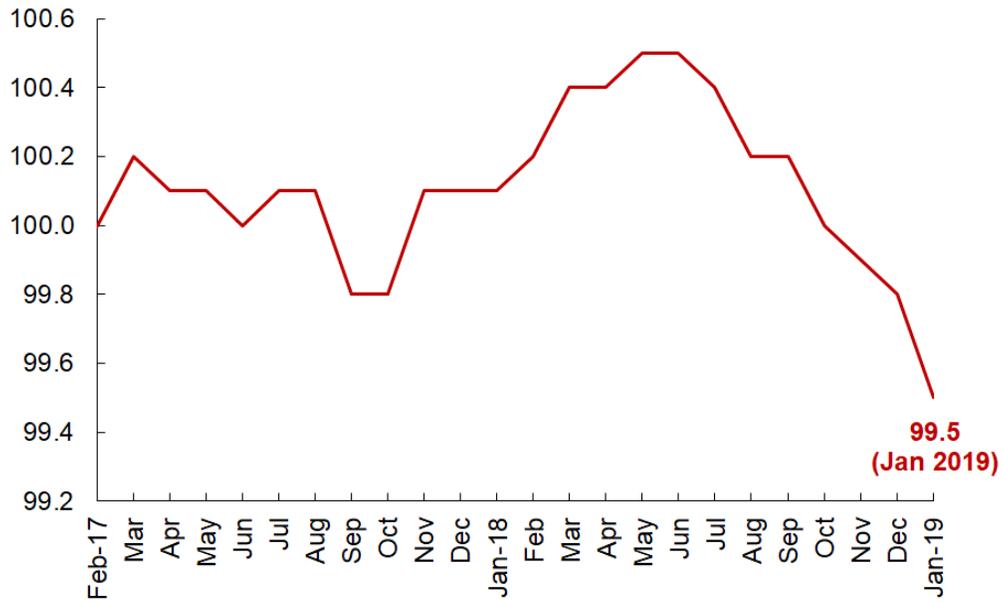
#### Price index for US imports from China falls in January

Compiled by the US Department of Labor, the price index for US imports from China fell from 99.8 in December to 99.5 in January (*see exhibit 1*).

In our view, a possible reason for the drop in the price index in January was that the demand for Chinese products from the US was weak amid the China-US trade war. It is noteworthy that China's exports to the US dropped by 2.8% yoy in January, posting negative year-on-year growth for two consecutive months.

Looking ahead, we expect that the movement of the price index for US imports from China will depend largely on the final outcome of the trade negotiations between China and the US, which would have a strong impact on the demand for Chinese products from the US.

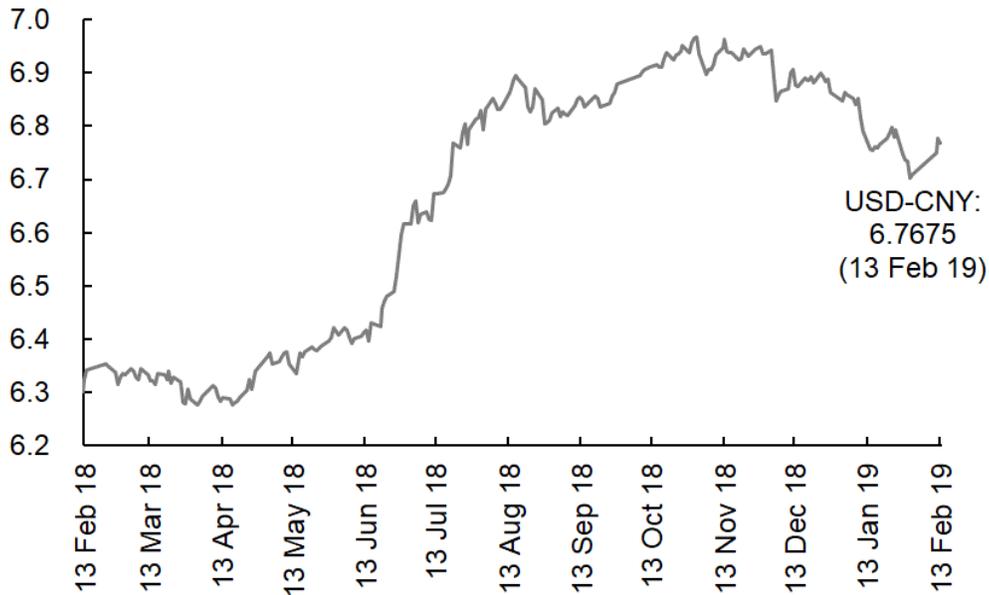
**Exhibit 1: Price index for US imports from China, February 2017 to January 2019**



Source: US Department of Labor

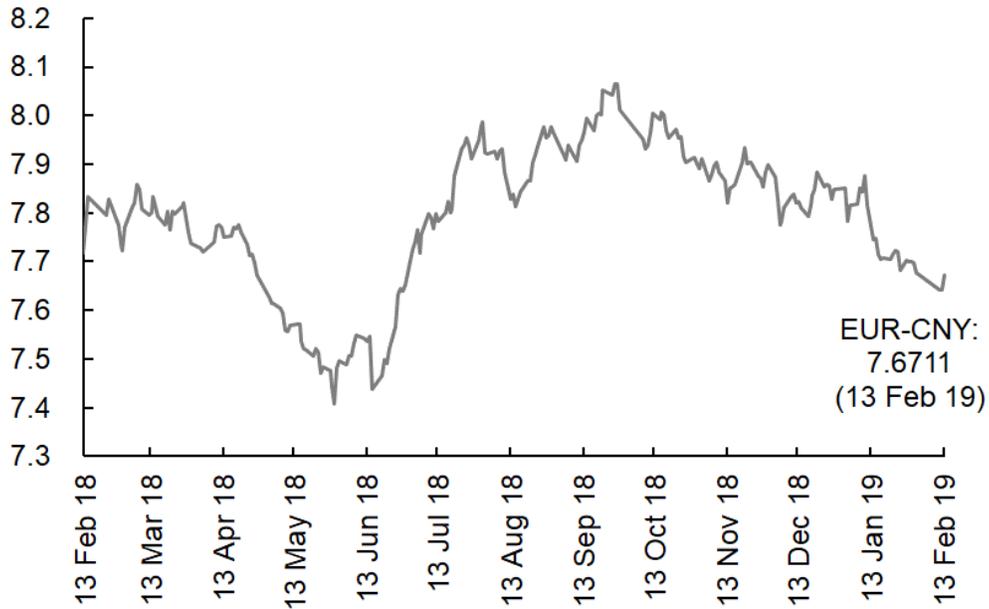
## Exchange Rates

**Exhibit 1: USD-CNY daily fixing rate, February 2018 to February 2019**



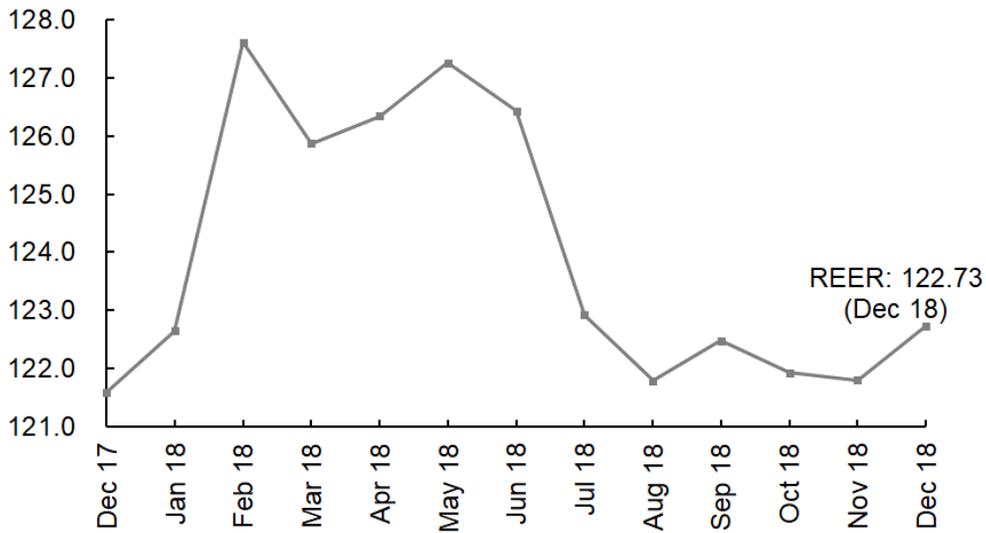
Source: State Administration of Foreign Exchange

**Exhibit 2: EUR-CNY daily fixing rate, February 2018 to February 2019**



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

## FUNG BUSINESS INTELLIGENCE

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