



# China Sourcing Update

July 26, 2017

## Price index for US imports from China

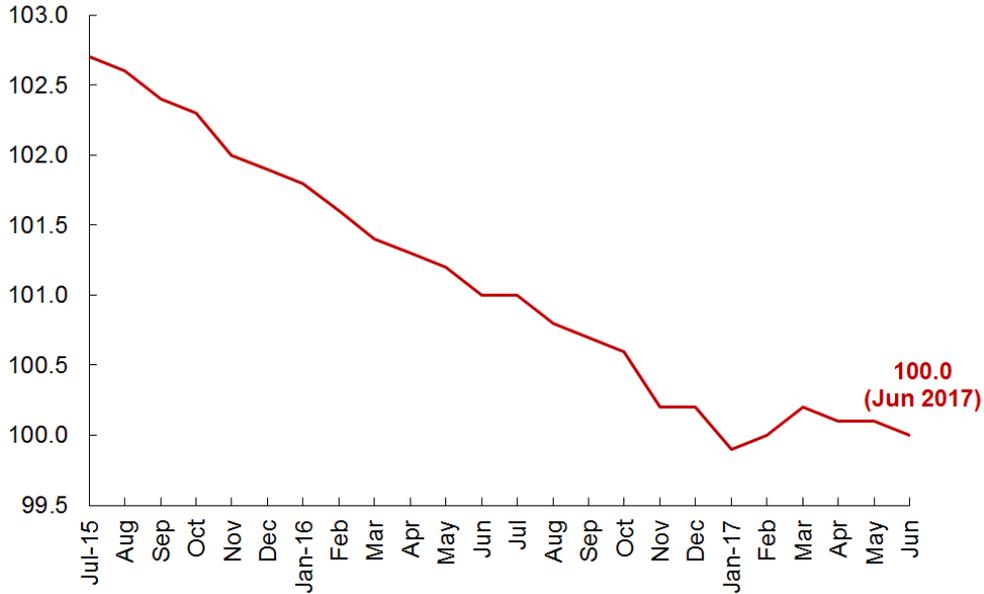
### Price index for US imports from China drops slightly in June

Compiled by the US Department of Labor, the price index for US imports from China edged down from 100.1 in May to 100.0 in June (*see exhibit 1*).

In our view, the index readings in recent months indicate that the prices of US imports from China have stabilized after almost five years of continuous fall. Possible reasons include a relatively stable exchange rate 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.

Looking ahead, we expect the price index for US imports from China to stay around the current level in the foreseeable future, roughly in line with the movement of the ex-factory prices of Chinese products.

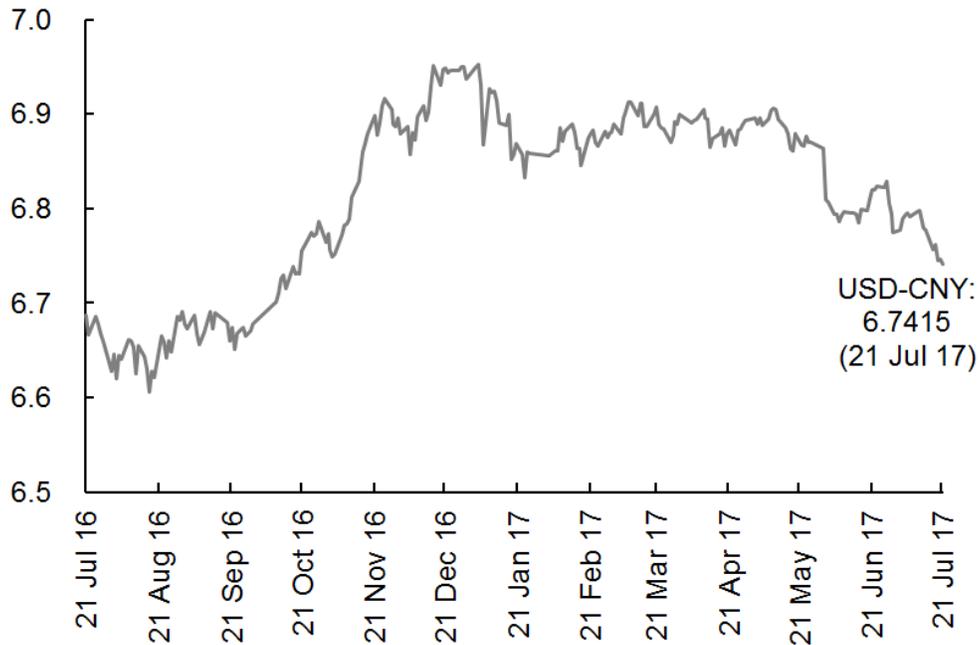
**Exhibit 1: Price index for US imports from China, July 2015 to June 2017**



Source: US Department of Labor

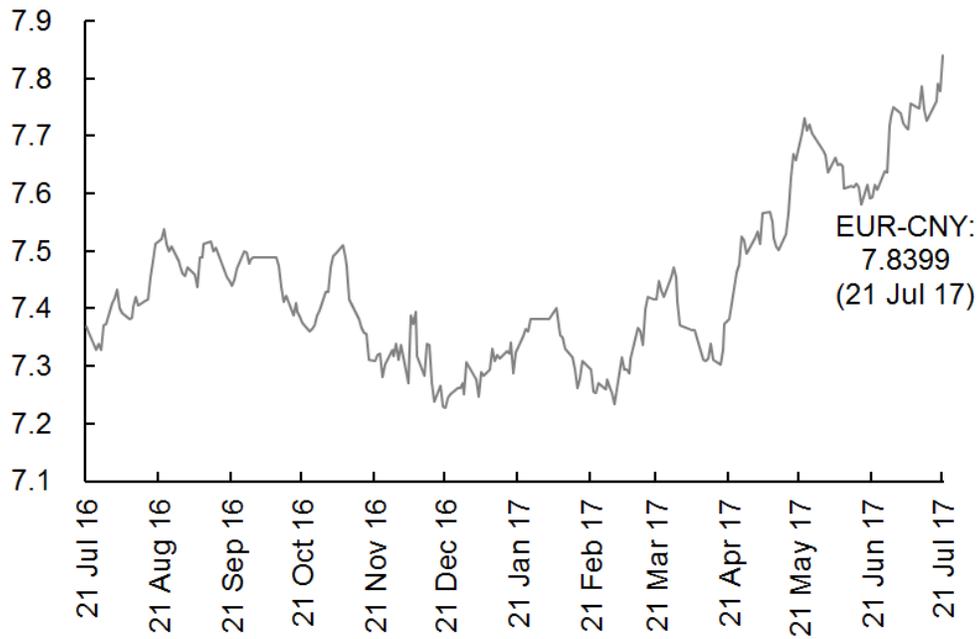
## Exchange Rates

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



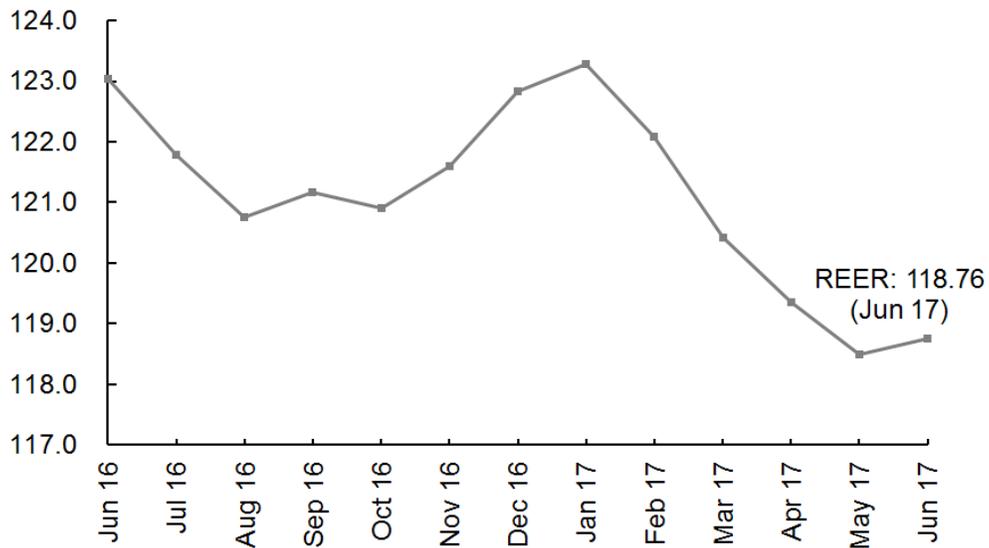
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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