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CPG Quarterly Newsletter

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Operations & Insights

By Laura Dow
Business Director

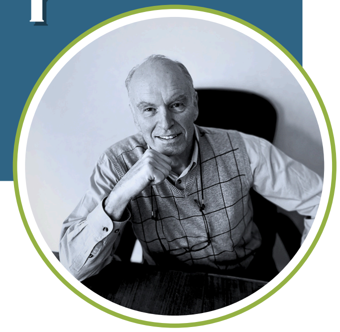
AI Solved Information Scarcity. It Created Infobesity.

Artificial intelligence has made creating information almost effortless. But our ability to process, prioritize, and act on that information has not evolved at the same pace. At Gartner's Supply Chain Symposium in Barcelona, keynote speaker Rahaf Harfoush introduced the concept of infobesity: consuming more information than we can realistically process. The result can be decision paralysis, AI-generated "workslop," cognitive fatigue, and ultimately poorer decisions. As AI becomes embedded throughout business, our competitive advantage may depend less on generating more information and more on exercising sound judgment about what truly matters.

Read the full blog: AI Solved Information Scarcity. It Created Infobesity.

A Word From Our CEO

By Michael De Clercq
CPG CEO



So, the war in Iran, which affects everything, is back on. For how long is anybody's guess. Interestingly, the oil shortages triggered by the Strait of Hormuz blockade haven't crippled the global economy quite as severely as many economists feared. Even so, unpredictable geopolitical shockwaves remain our current baseline reality.

China continues to be an unmatched manufacturing powerhouse, yet its domestic economy is wobbling. The core paradox? China relies heavily on exports while its internal consumer market languishes. As this imbalance widens, global friction is mounting. Many countries increasingly view China's aggressive export push as a threat to their own domestic industries. Ironically, China's relentless manufacturing efficiency is beginning to undermine its own economic stability. We should expect policy tweaks as Beijing tries to rebalance.

How much are you spending on AI tokens these days?
AI has rapidly become an essential engine for competitive advantage, but harnessing it effectively is proving trickier than expected. The bottleneck isn't the technology—it's the interface between AI and HI (Human Intelligence).
For instance, an AI model can analyze and break down Plato's philosophy in milliseconds. But that doesn't mean human intelligence can instantly absorb, comprehend, or apply that information effectively.

As Laura highlighted in her great blog on Infobesity, the real value of information depends entirely on our capacity to digest it. In Thinking, Fast and Slow, Daniel Kahneman showed that HI is incredibly powerful and fast, but that the process of assimilating knowledge must be slow and deliberate. Flooding our minds with endless streams of data—no matter how fascinating—tends to generate anxiety rather than insight.

Emotion is a human experience AI hasn't mastered yet. And since we humans prefer joy to anxiety, we must use our common sense to calibrate the amount and quality of data we process.

In a world drowning in synthetic output and rapid data, critical thinking remains the ultimate competitive differentiator. I hope you're applying plenty of it to navigate and thrive in these exciting times.

Did You Know?

Q3 is one of the most important planning periods for importers sourcing from China. Orders placed in July and August are more likely to avoid production bottlenecks, shipping congestion, and delays caused by China's October Golden Week holiday and the year-end shipping rush.

UNDERWATER DATA CENTERS

By Jesse Alterman
Operations & Insights

China is testing underwater data centers as a potential solution to the rising cooling and energy demands of AI infrastructure. Projects near Hainan and Shanghai place sealed server modules beneath the sea, using seawater for cooling. The Shanghai project is also designed to incorporate offshore wind power.

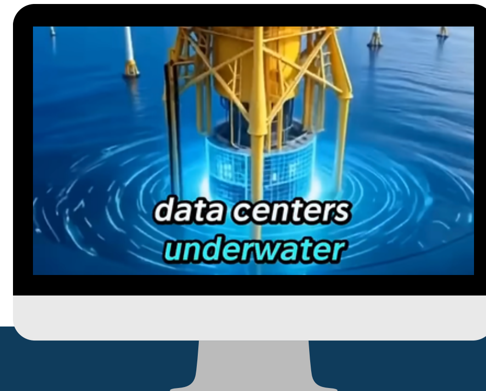
For procurement and sourcing leaders, the opportunity extends well beyond servers. These projects require pressure vessels, corrosion-resistant materials, subsea cables, cooling equipment, power systems, marine engineering, and offshore construction capabilities.

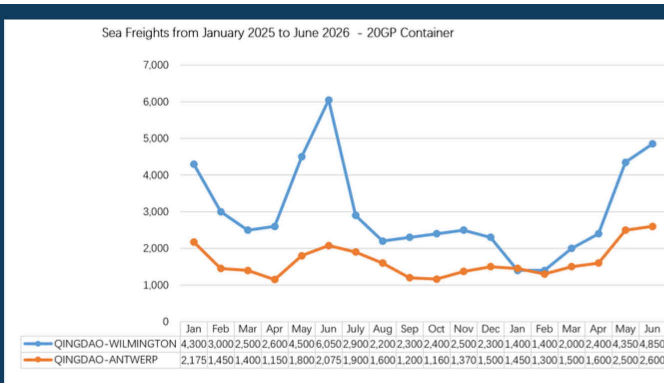
China's advantage is the ability to connect these suppliers within a dense manufacturing ecosystem, particularly in regions such as the Yangtze River Delta. The sourcing challenge is determining which suppliers can meet strict technical standards, scale production, manage integration risk, and support long-term maintenance.

As AI infrastructure expands, competitive advantage may depend less on one breakthrough technology and more on who can reliably source and coordinate the physical systems behind it.

UPCOMING CHINA TRADE SHOWS

- August 5-7: APES Shanghai International Auto Parts Exhibition
- August 13-15: 54th China · Beijing International Gifts & Premium Fair
- August 25-27: CHIC 2026 (Autumn) China International Clothing and Textile Fair





SEA FREIGHT TREND

US Route

Rates are expected to spike early in Q3 due to peak season demand and front-loading of cargo ahead of potential US tariff changes. Spot rates for a 40ft container (FEU) are projected to fluctuate between $2,600 and $5,500, with peak season surcharges (PSS) potentially adding up to $2,000 per box during high-congestion periods.

European routes

Rates remain critically high due to prolonged Red Sea bypasses around the Cape of Good Hope, which severely restrict active capacity. Major carriers like MSC have seen base quotes for a 40ft high cube container hover around $7,500. Increased European Union environmental surcharges starting in 2026 will prevent any significant rate rollbacks.

REBAR & HOT-ROLLED COIL TRENDS

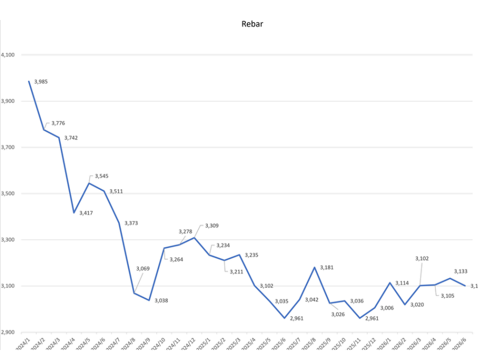
By Jane Xiong
Sourcing Associate

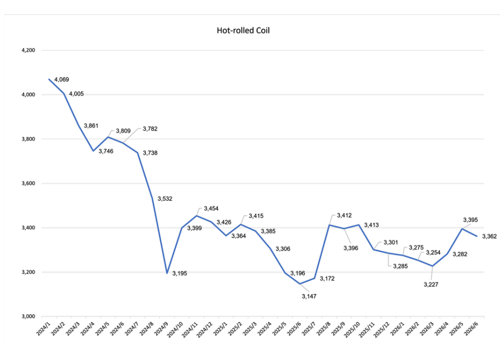
Rebar:

Overall, the rebar prices in Q3 2026 are expected to remain under a pattern of upward pressure (weak demand, high inventory) and downward support (high costs), and are likely to continue a weak consolidation and bottoming-out trend. The price trend is likely to show a 'fall first, then rise' pattern. Mainstream institutions project the price range to be around 3,050–3,250 RMB/ton.

Hot-Rolled Coil (HRC):

In Q3 2026, the hot-rolled coil (HRC) market is expected to stay in a fragile balance, with weak domestic demand and high inventories weighing on prices, while costs and resilient exports provide support. Prices are likely to fluctuate between 3,250–3,400 RMB/ton, with occasional rebounds but an overall lower trend than the previous quarter.





EMPLOYEE SPOTLIGHT: KARLA HUERTA

Position: Administrative Associate

How long have you been at CPG?
Almost 3 years (Since October 2023)

What do you do in your role?
I support CPG's marketing and outreach efforts by managing our social media presence and newsletters. I also connect with potential clients to build relationships and support our growth efforts.

What do you love most about your job?
I enjoy working in a team and building connections with clients and colleagues.

What are some notable achievements during your time at CPG?

I've helped expand our social media presence, grow our outreach, and increase engagement with our audience.

Fun Fact: I'm fluent in Spanish and love staying active by trying different fitness classes and activities.