



China Sourcing Update

March 14, 2019

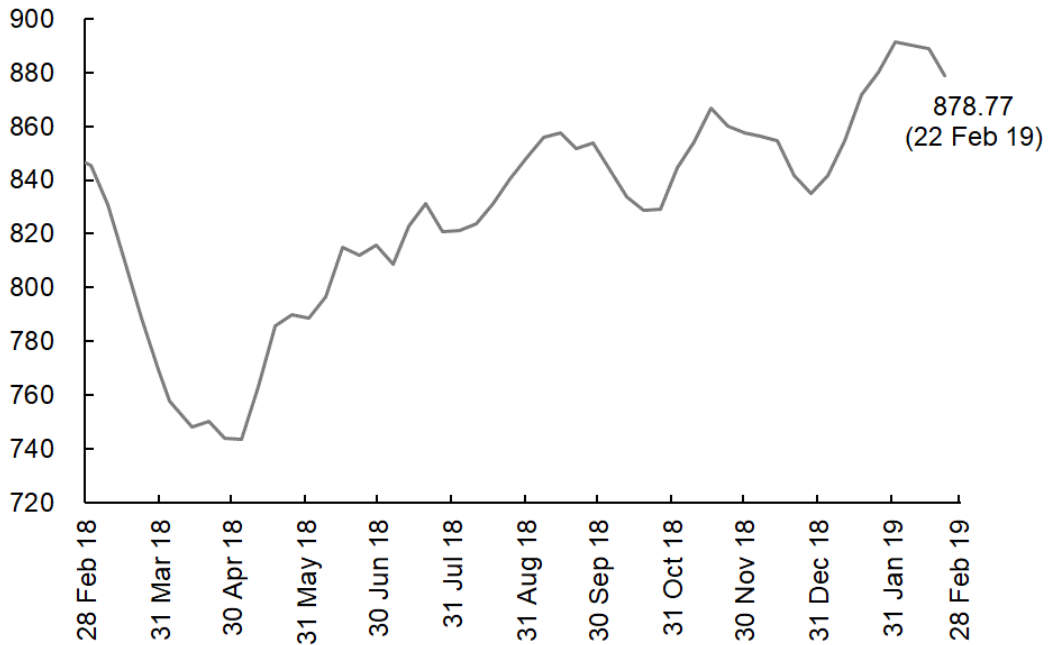
Transportation Cost

China Containerized Freight Index falls in February

The China Containerized Freight Index (CCFI) fell from a three-year high of 880.25 on 25 January to 878.77 on 22 February (*see exhibit 1*). The fall in the index in February was due mainly to a seasonal drop in market demand for containerized freight services after the Chinese New Year holidays.

According to the latest media reports, the market demand for containerized freight services is recovering slowly and thus many shipping companies have slightly reduced the freight rates of their services lately. Looking ahead, we expect the China Containerized Freight Index to go down further in March.

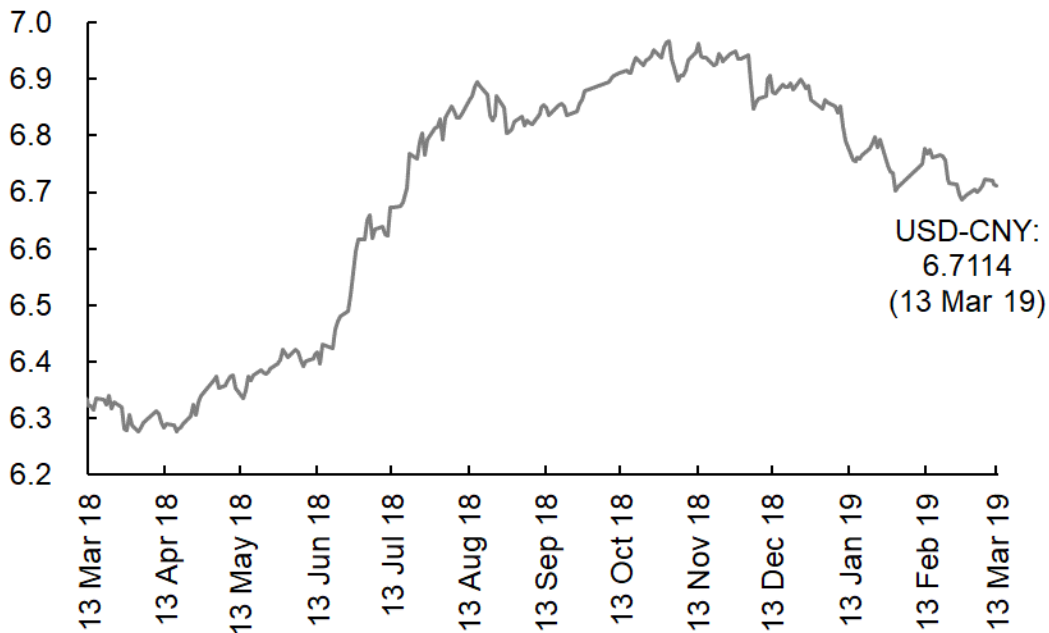
Exhibit 1: China Containerized Freight Index, February 2018 to February 2019



Source: Shanghai Shipping Exchange

Exchange Rates

Exhibit 2: USD-CNY daily fixing rate, March 2018 to March 2019



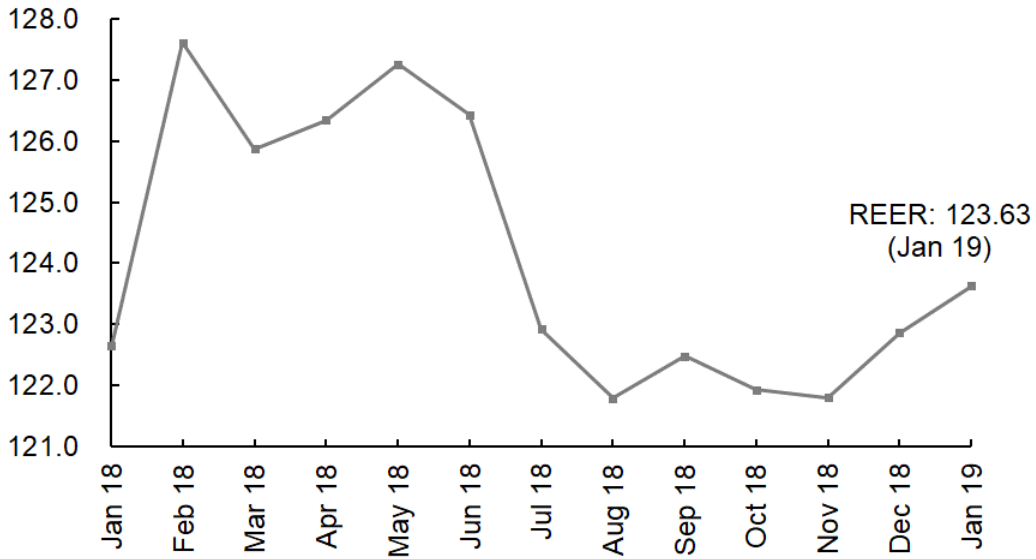
Source: State Administration of Foreign Exchange

Exhibit 3: EUR-CNY daily fixing rate, March 2018 to March 2019



Source: State Administration of Foreign Exchange

Exhibit 4: Real effective exchange rate of the Chinese yuan, January 2018 to January 2019



Source: Bank of International Settlements

FUNG BUSINESS INTELLIGENCE

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