

## China Sourcing Update

February 2, 2018

### Transportation Cost

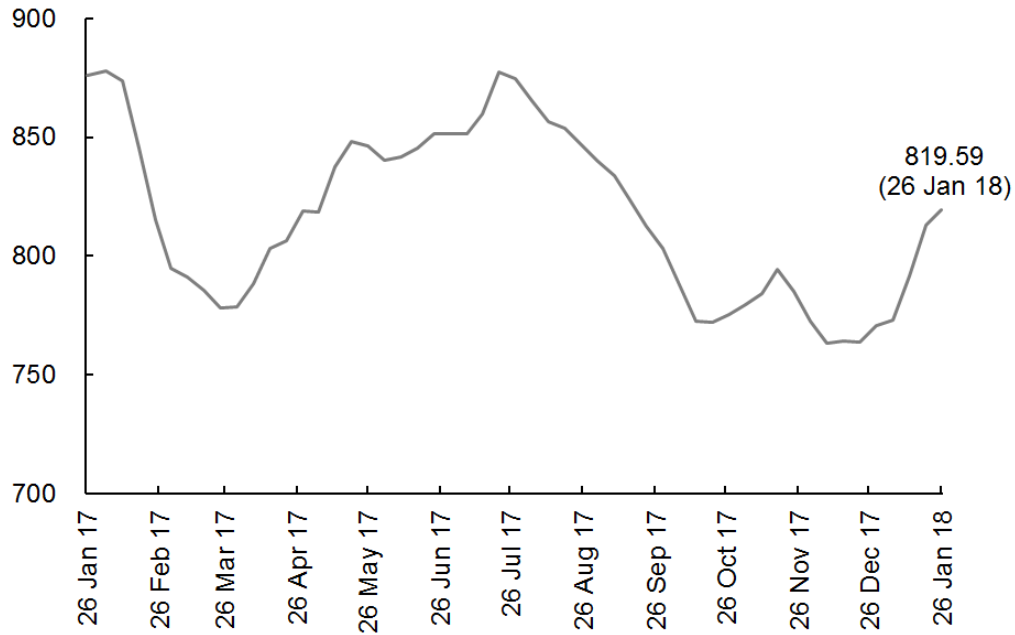
#### China Containerized Freight Index goes up in January

The China Containerized Freight Index (CCFI) jumped from 770.64 on 29 December 2017 to a four-month high of 819.59 on 26 January 2018 (see *exhibit 1*).

The main reason for the rise in freight rates in the month was a seasonal increase in the market demand for containerized freight services, boosted by a surge in shipments as exporters rushed to send their cargoes out of China before the Chinese New Year holiday.

Going forward, the demand for containerized freight services is expected to remain strong before the Chinese New Year, but is likely to fall considerably afterwards. Thus, we expect the China Containerized Freight Index to peak in February and then fall in the following couple of months.

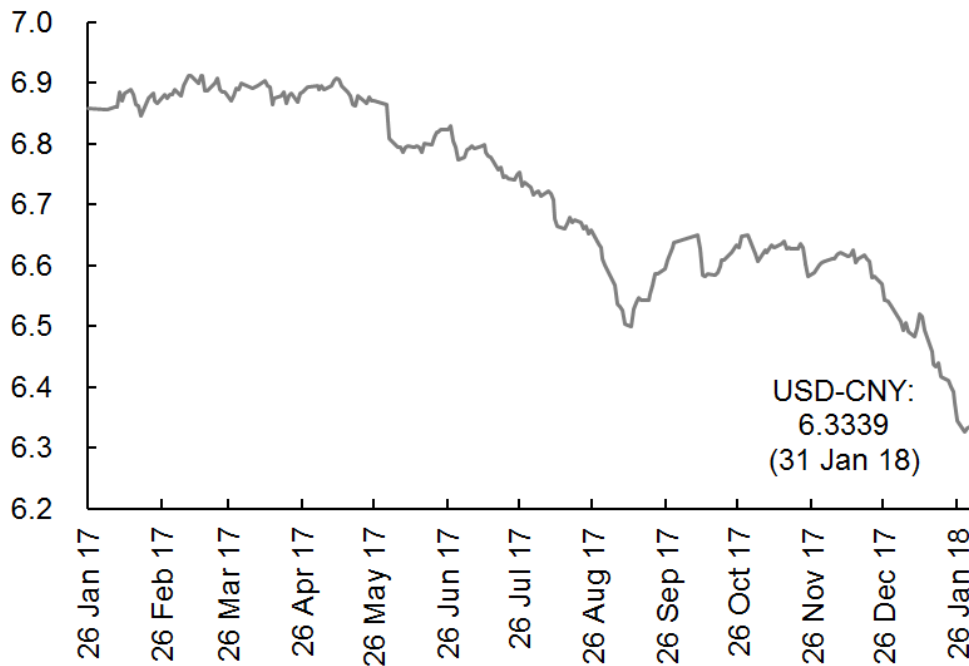
**Exhibit 1: China Containerized Freight Index, January 2017 to January 2018**



Source: Shanghai Shipping Exchange

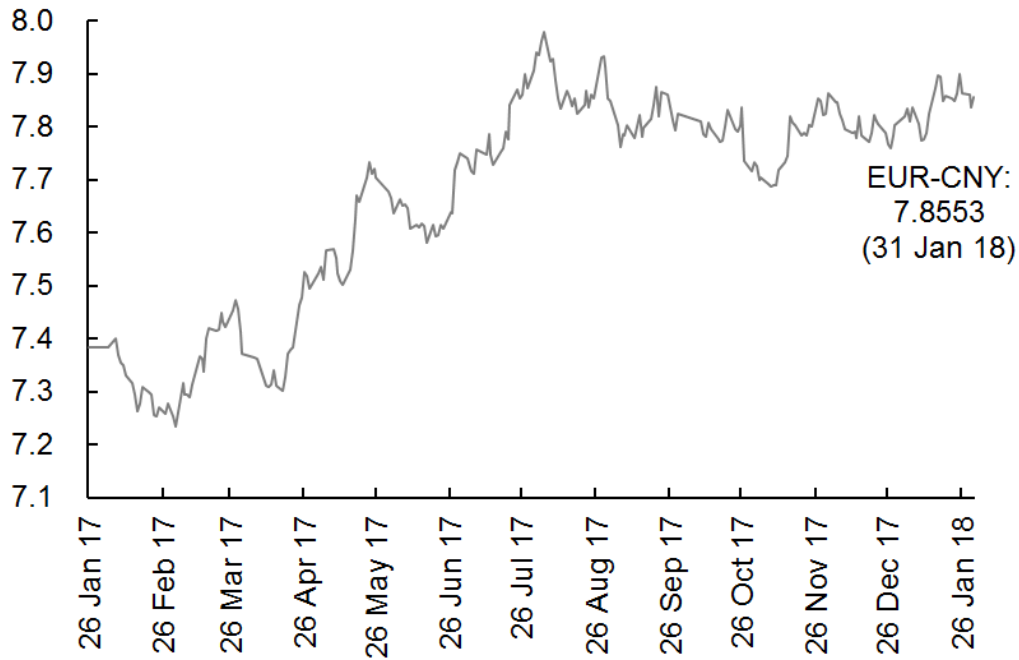
## Exchange Rates

**Exhibit 2: USD-CNY daily fixing rate, January 2017 to January 2018**



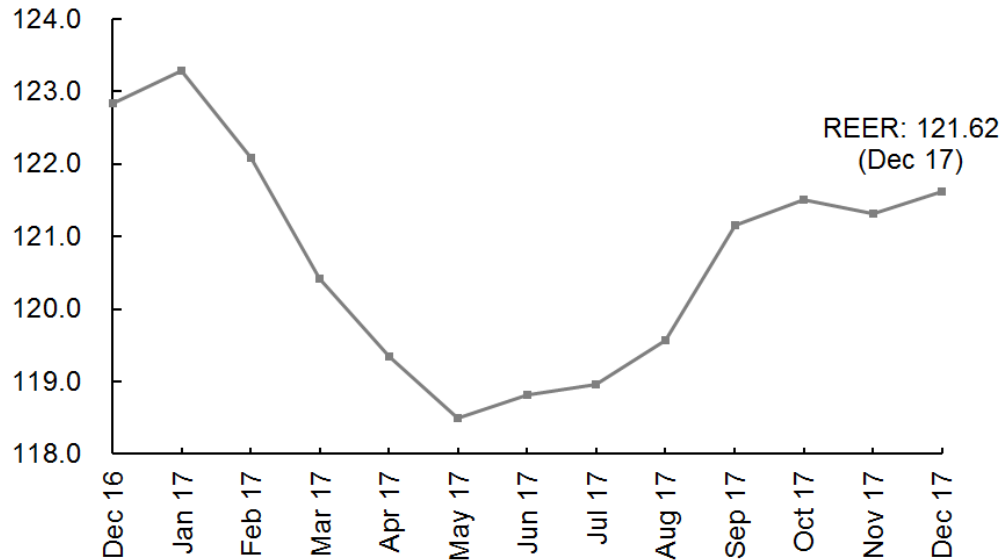
Source: State Administration of Foreign Exchange

**Exhibit 3: EUR-CNY daily fixing rate, January 2017 to January 2018**



Source: State Administration of Foreign Exchange

**Exhibit 4: Real effective exchange rate of the Chinese yuan, December 2016 to December 2017**



Source: Bank of International Settlements

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