



China Sourcing Update

April 9, 2018

Transportation Cost

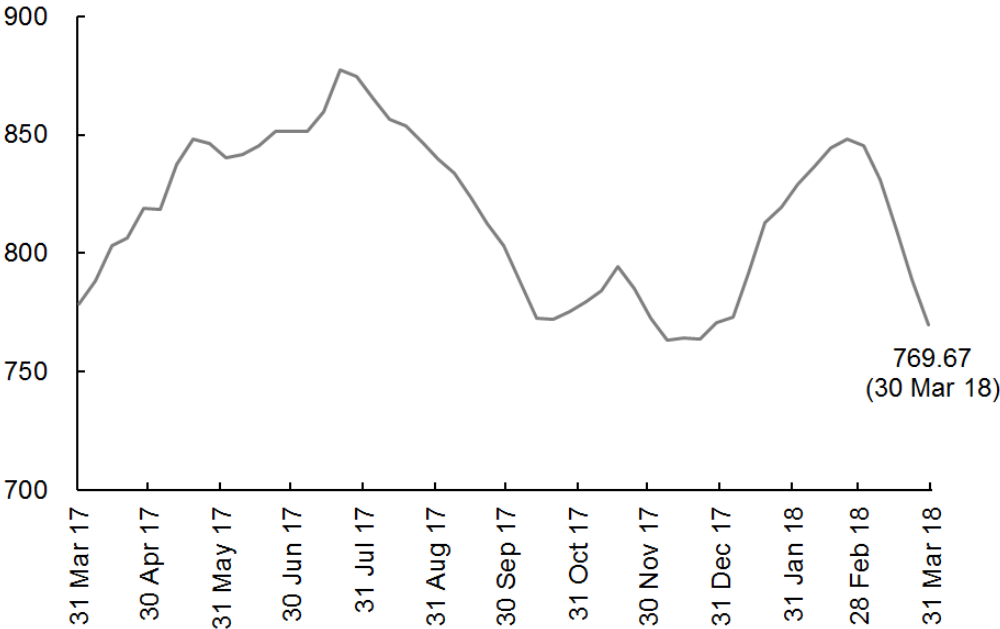
China Containerized Freight Index drops in March

The China Containerized Freight Index (CCFI) went down from a six-month high of 848.32 on 23 February to 769.67 on 30 March (see *exhibit 1*).

The decline in freight rates in the month was caused by a seasonal fall in the market demand for containerized freight services after the Chinese New Year, despite the fact that a number of carriers reduced their active capacity in the month.

According to the latest media reports, the market demand for containerized freight services has slowly recovered lately. That being said, we expect the China Containerized Freight Index to stay low in the foreseeable future due to a recent increase in capacity of carriers.

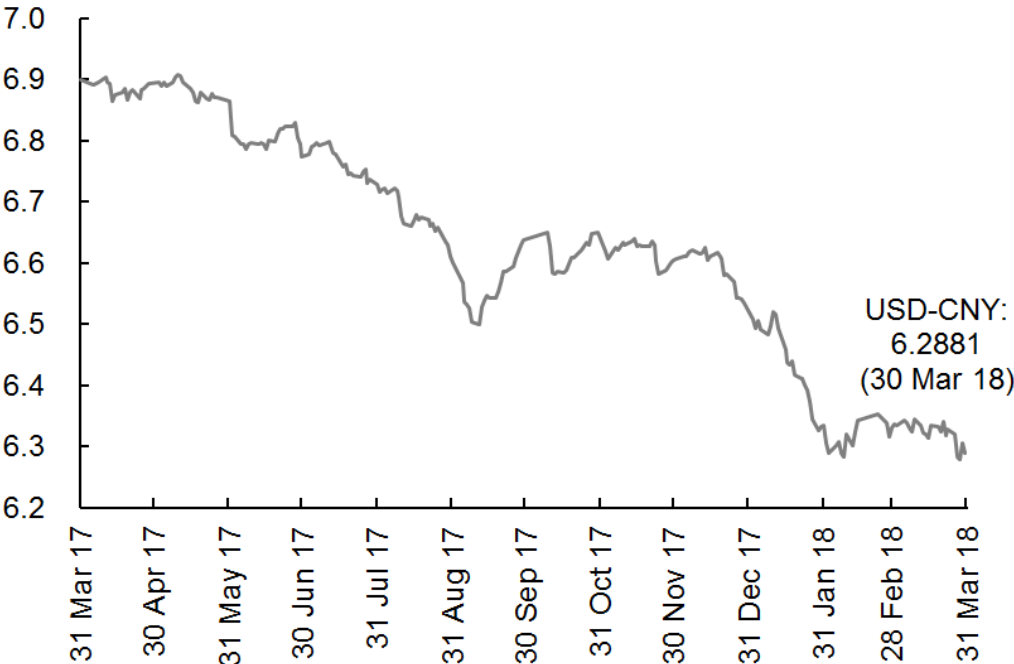
Exhibit 1: China Containerized Freight Index, March 2017 to March 2018



Source: Shanghai Shipping Exchange

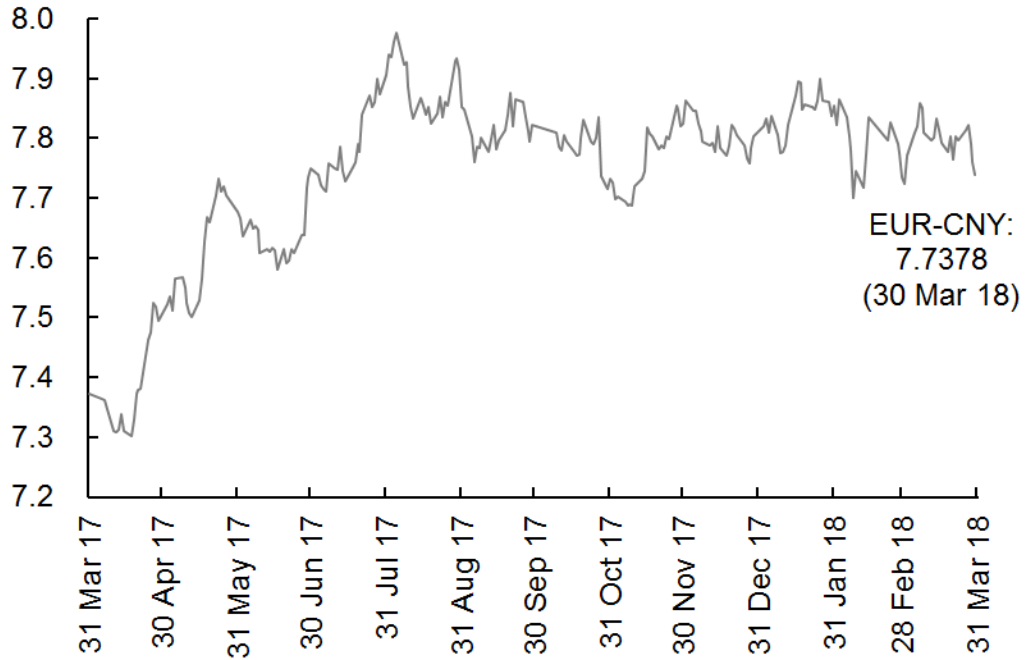
Exchange Rates

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



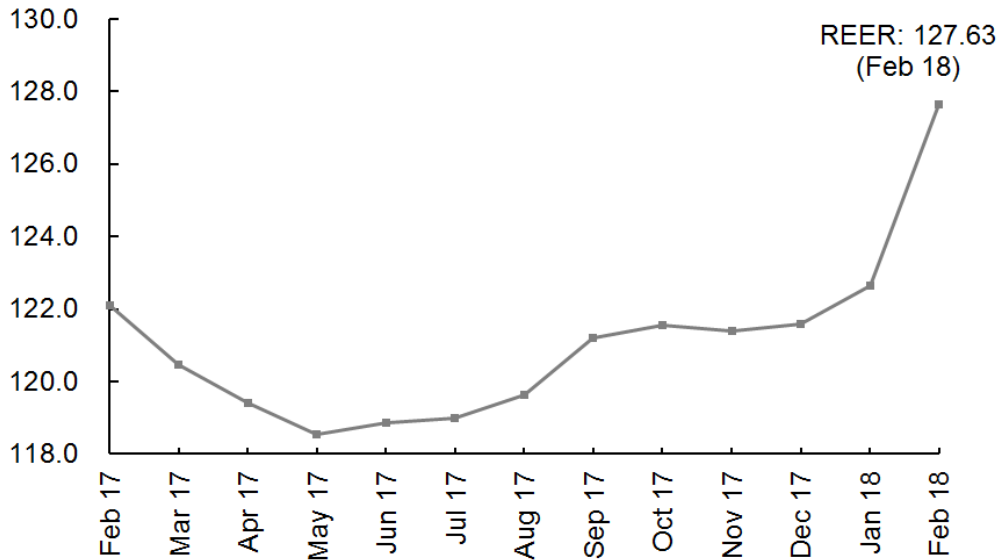
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

Exhibit 4: Real effective exchange rate of the Chinese yuan, February 2017 to February 2018



Source: Bank of International Settlements

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