



China Sourcing Update

May 4, 2018

Transportation Cost

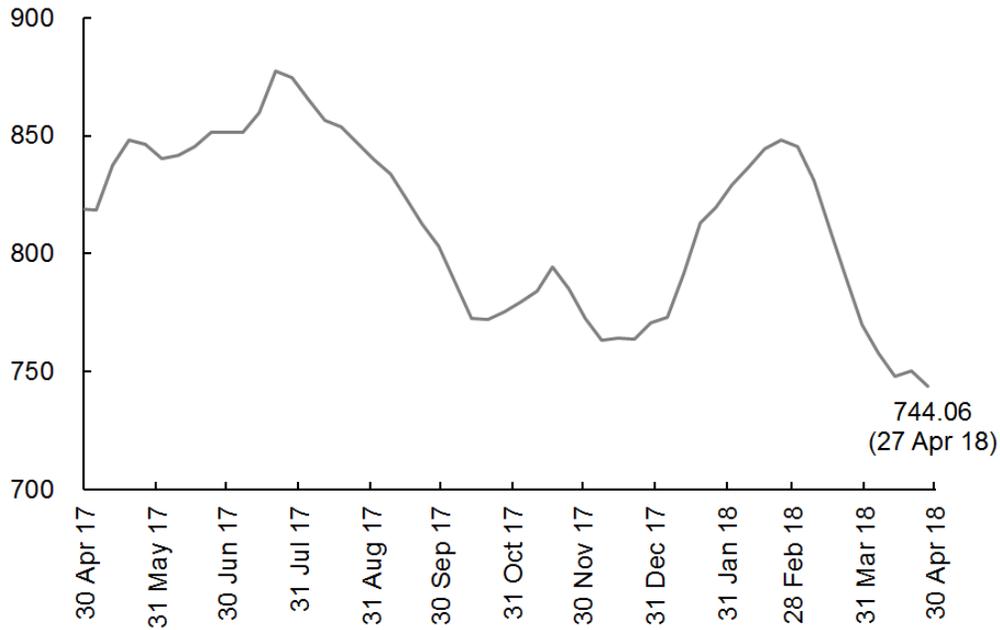
China Containerized Freight Index falls further in April

The China Containerized Freight Index (CCFI) went down from 769.67 on 30 March to 744.06 on 27 April, the lowest level since October 2016 (see exhibit 1).

The main reason for the drop in freight rates in the month was that an increase in capacity of carriers more than offset a mild recovery of the demand for containerized freight services.

According to the latest media reports, the market demand for containerized freight services has improved markedly since late April. Thus, we expect the China Containerized Freight Index to rebound in the coming months.

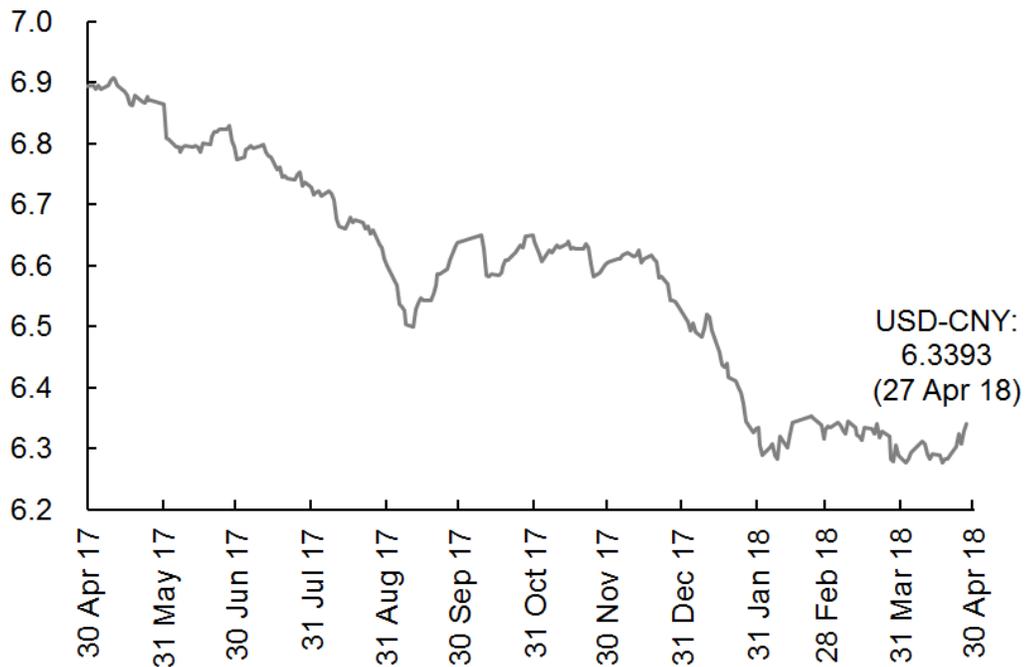
Exhibit 1: China Containerized Freight Index, April 2017 to April 2018



Source: Shanghai Shipping Exchange

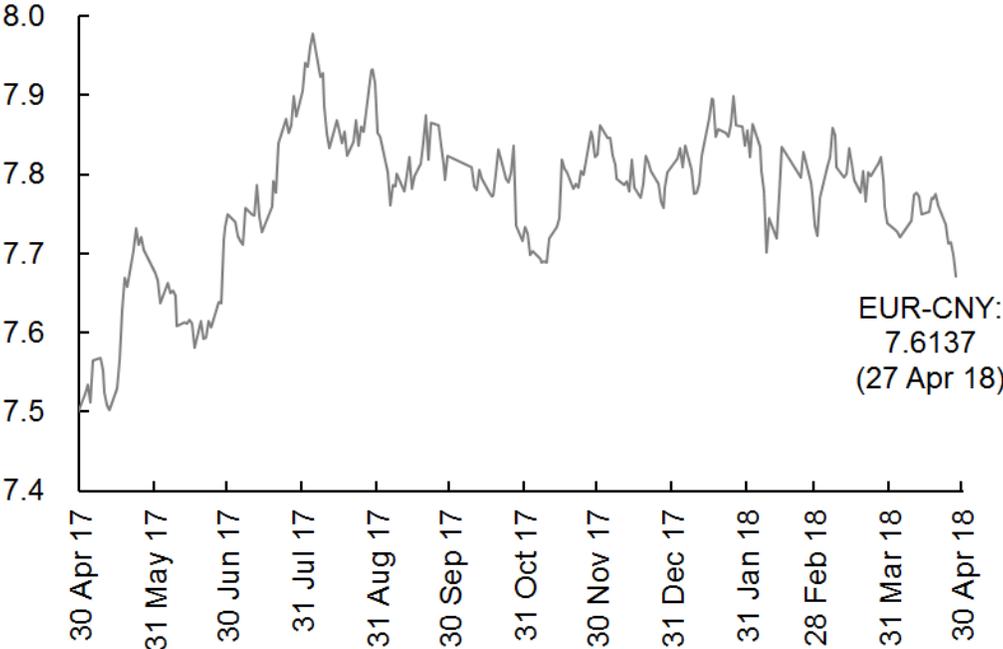
Exchange Rates

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



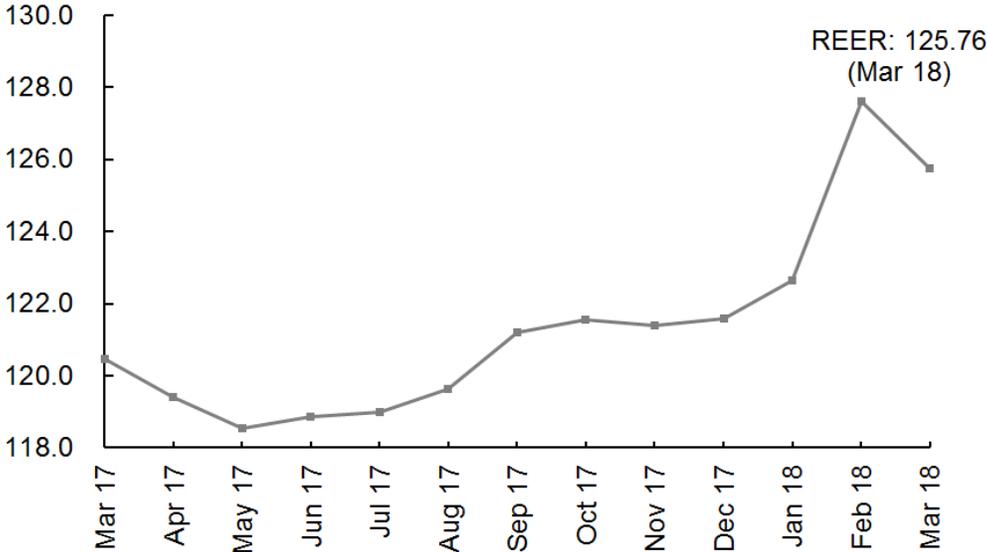
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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