



# China Sourcing Update

September 7, 2016

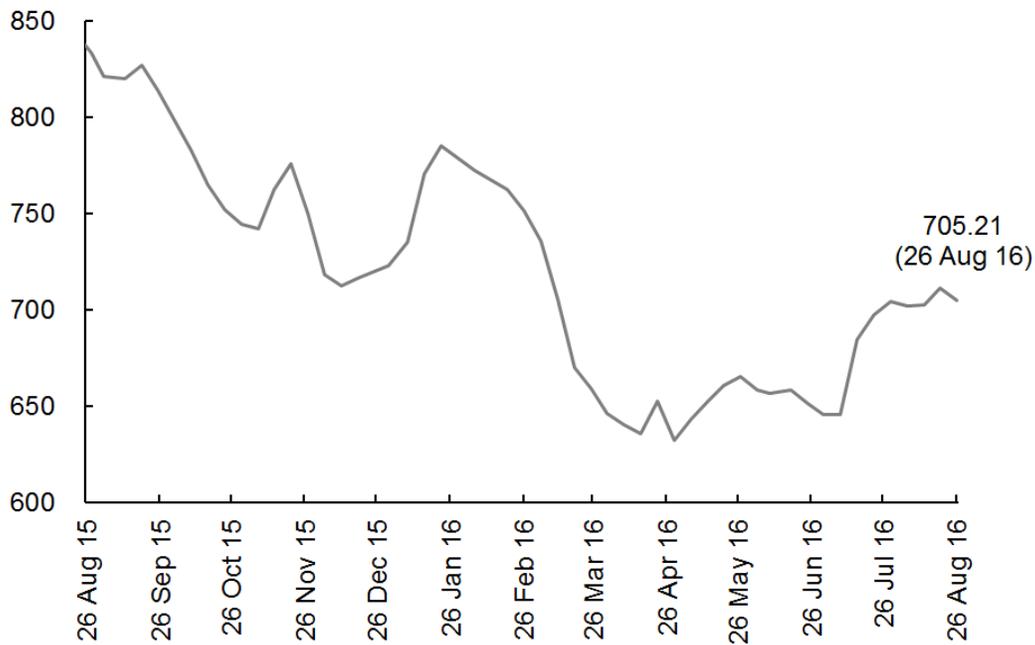
## Transportation Cost

### China Containerized Freight Index stays relatively stable in August

The China Containerized Freight Index (CCFI) hovered around 702-712 in August, before closing at 705.21 on 26 August (see *exhibit 1*), almost the same level as at the end of July (i.e. 704.65). Although the market demand for containerized freight services remained strong in the month, the excess capacity of the carriers prevented the containerized freight rates from rising further.

According to the latest media reports, a number of carriers have lowered freight rates lately due to excess capacity. Thus, we predict the China Containerized Freight Index to drop in the coming future.

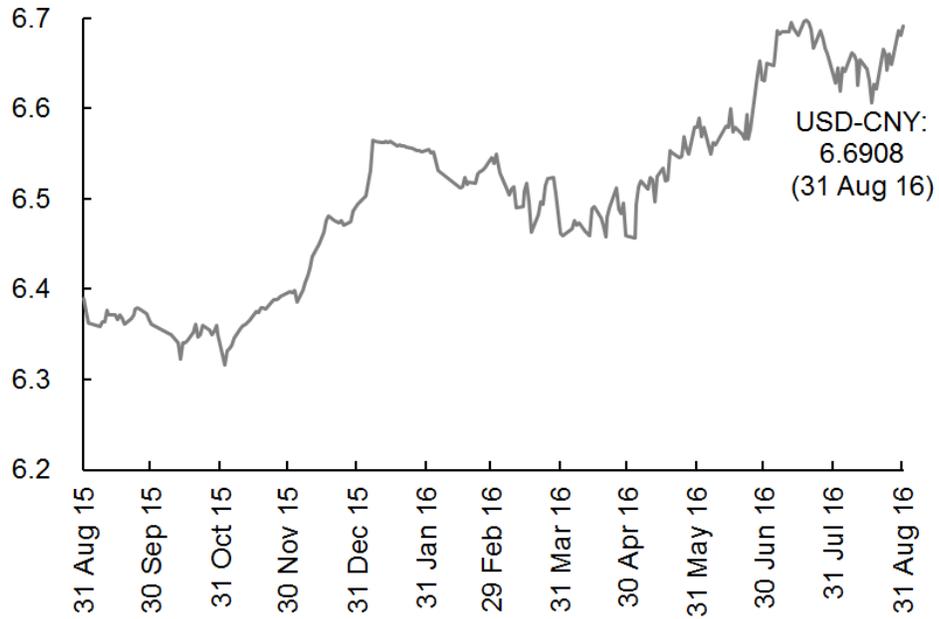
**Exhibit 1: China Containerized Freight Index, August 2015 to August 2016**



Source: Shanghai Shipping Exchange

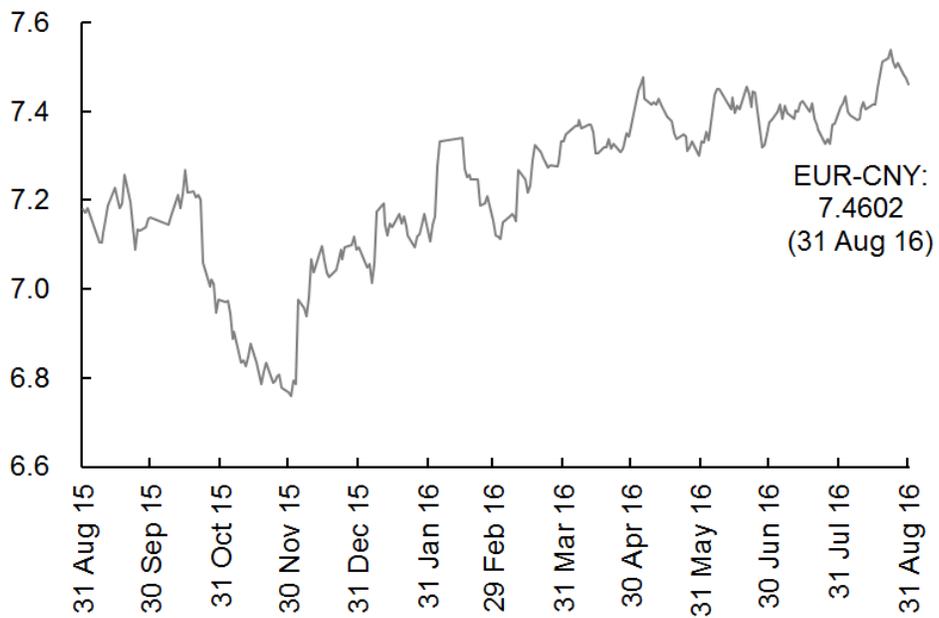
## Exchange Rates

**Exhibit 2: USD-CNY daily fixing rate, August 2015 to August 2016**



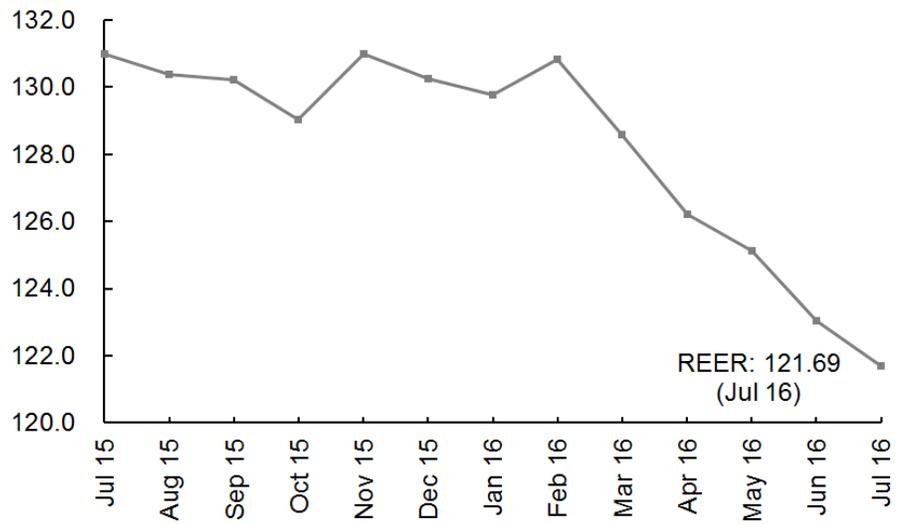
Source: State Administration of Foreign Exchange

**Exhibit 3: EUR-CNY daily fixing rate, August 2015 to August 2016**



Source: State Administration of Foreign Exchange

**Exhibit 4: Real effective exchange rate of the Chinese yuan,  
July 2015 to July 2016**



Source: State Administration of Foreign Exchange

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