



## China Sourcing Update

March 2, 2018

### Transportation Cost

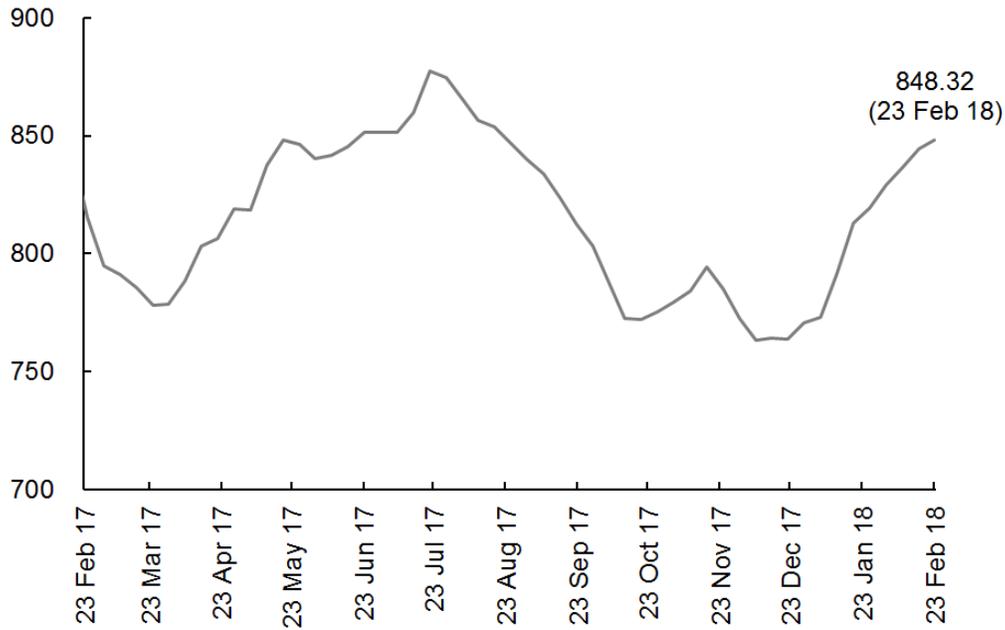
#### China Containerized Freight Index continues to rise in February

The China Containerized Freight Index (CCFI) went up from 819.59 on 26 January to a six-month high of 848.32 on 23 February (see *exhibit 1*).

The jump in freight rates in the month was triggered by a seasonal increase in the market demand for containerized freight services, boosted by a surge in shipments as exporters rushed to ship out their cargos before the Chinese New Year holidays.

According to the latest media reports, a number of carriers started to reduce active capacities in late February in view of the seasonal decline in the market demand after the Chinese New Year. That being said, as the market demand is set to decline markedly, we expect the China Containerized Freight Index to fall in the coming couple of months.

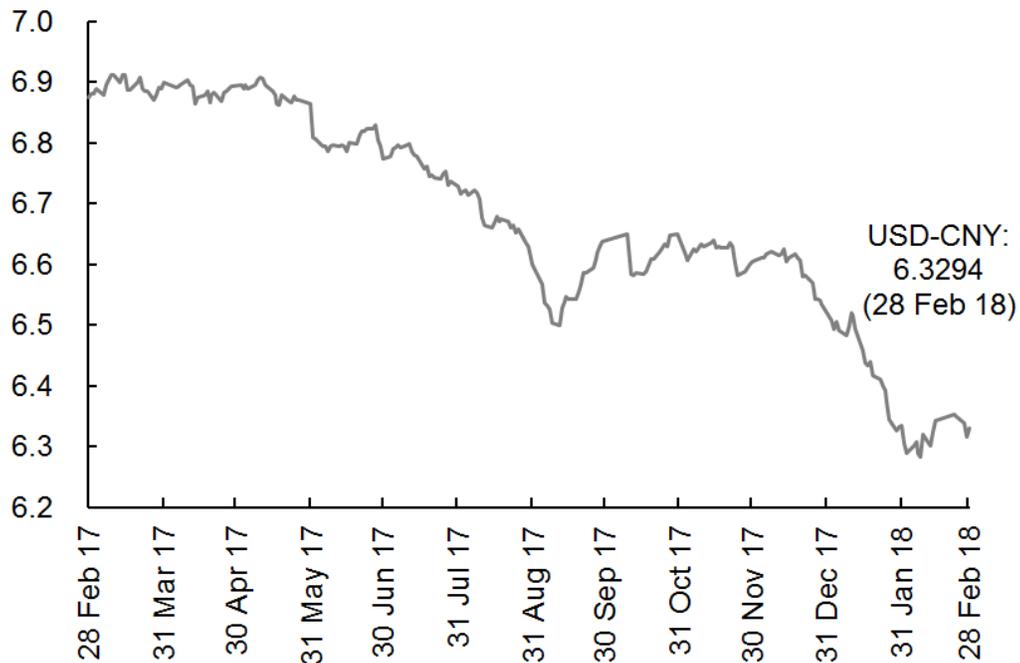
**Exhibit 1: China Containerized Freight Index, February 2017 to February 2018**



Source: Shanghai Shipping Exchange

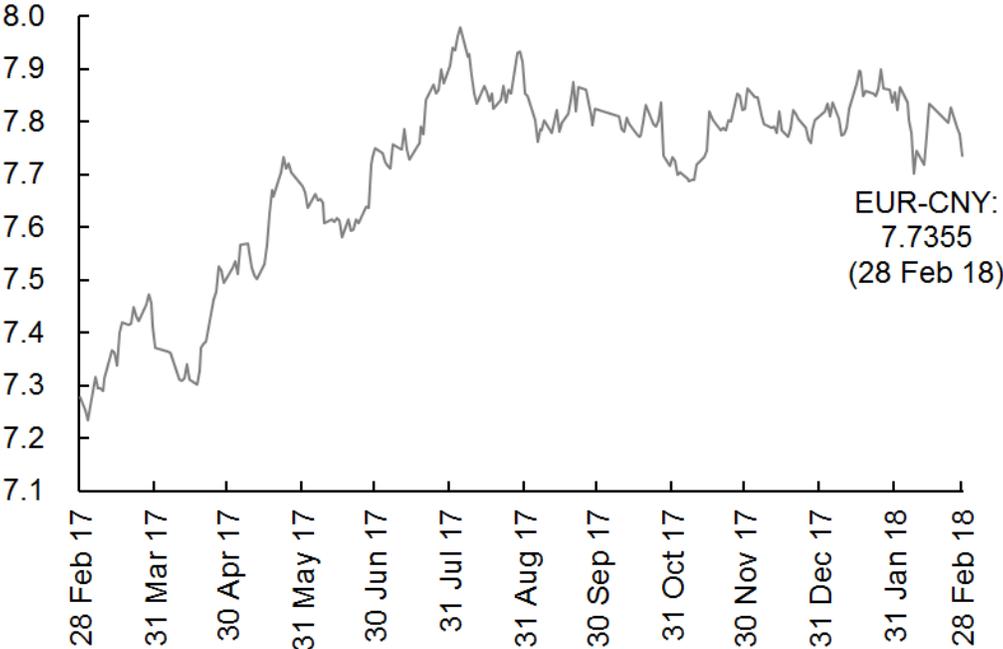
## Exchange Rates

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



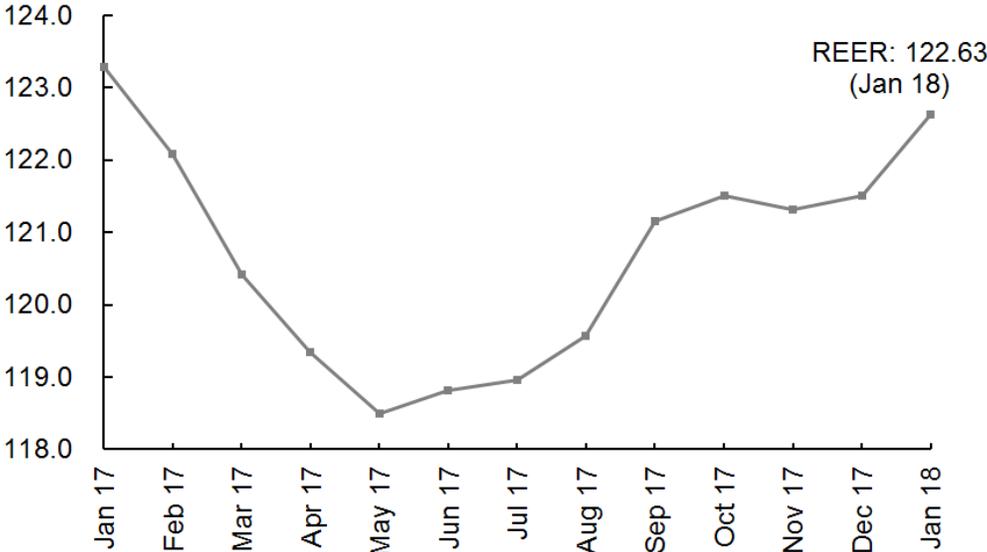
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

## FUNG BUSINESS INTELLIGENCE

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## CONTACT

Helen Chin  
Vice President  
[helenchin@fung1937.com](mailto:helenchin@fung1937.com)  
(852) 2300 2471

William Kong  
Research Manager  
[williamkong@fung1937.com](mailto:williamkong@fung1937.com)  
(852) 2300 2404

Global Sourcing  
Fung Business Intelligence  
10/F LiFung Tower  
888 Cheung Sha Wan Road  
Kowloon, Hong Kong

T: (852) 2300 2470  
F: (852) 2635 1598  
E: [fbicgroup@fung1937.com](mailto:fbicgroup@fung1937.com)  
W: <http://www.fbicgroup.com>



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