



# China Sourcing Update

February 18, 2016

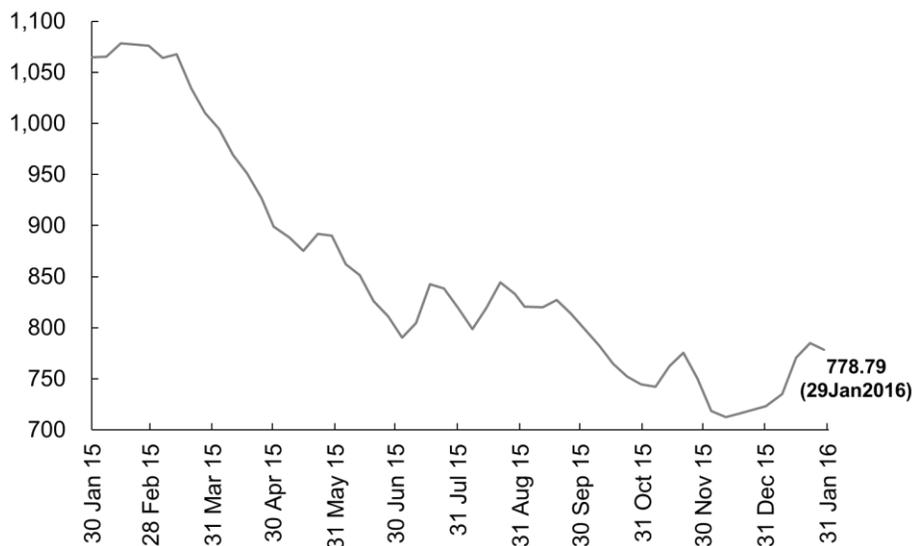
## Transportation Cost

### China Containerized Freight Index rises in January

The China Containerized Freight Index (CCFI) rose from the recent low of 712.58 on 11 December to 785.11 on 22 January, before dropping a bit to 778.79 on 29 January (See *exhibit 1*). According to the local media, the rise in the index was boosted by the increased demand before the Chinese New Year holidays.

Looking forward, the demand for containerized freight services is likely to slow after the Chinese New Year holidays; the excess capacity built by carriers during earlier months of last year will remain in the near term. Thus, we expect that the China Containerized Freight Index is likely to drop further in the near future.

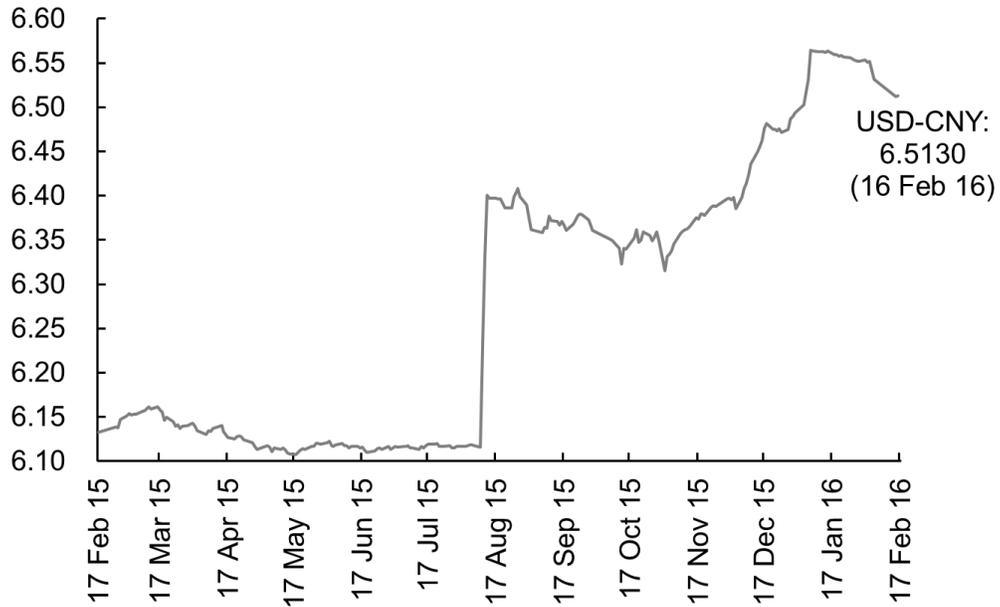
**Exhibit 1: China Containerized Freight Index, January 2015 to January 2016**



Source: Shanghai Shipping Exchange

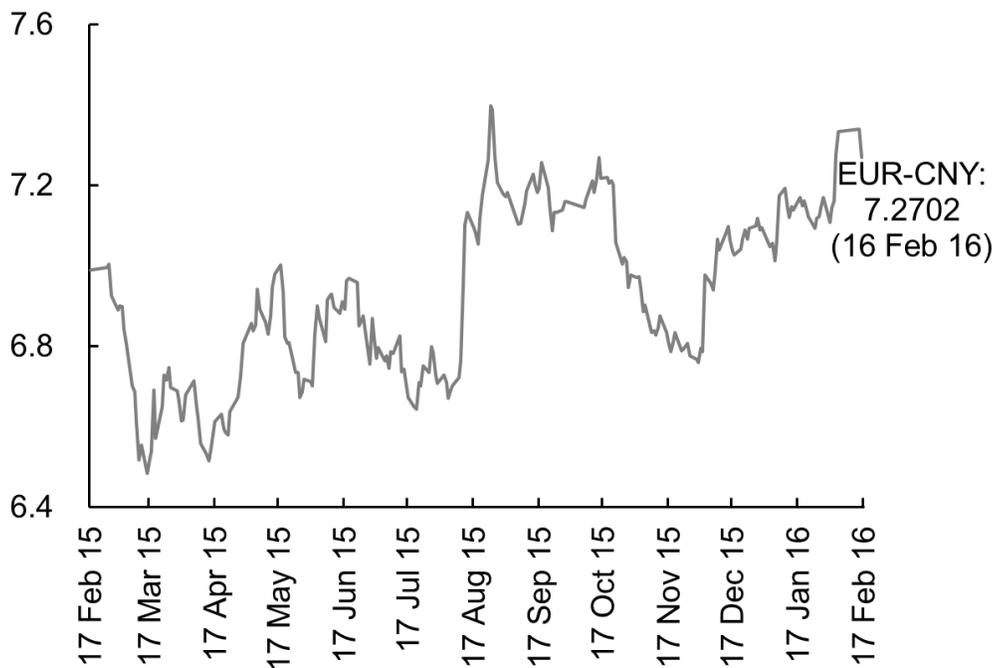
## Exchange Rates

**Exhibit 1: USD-CNY daily fixing rate, February 2015 to February 2016**



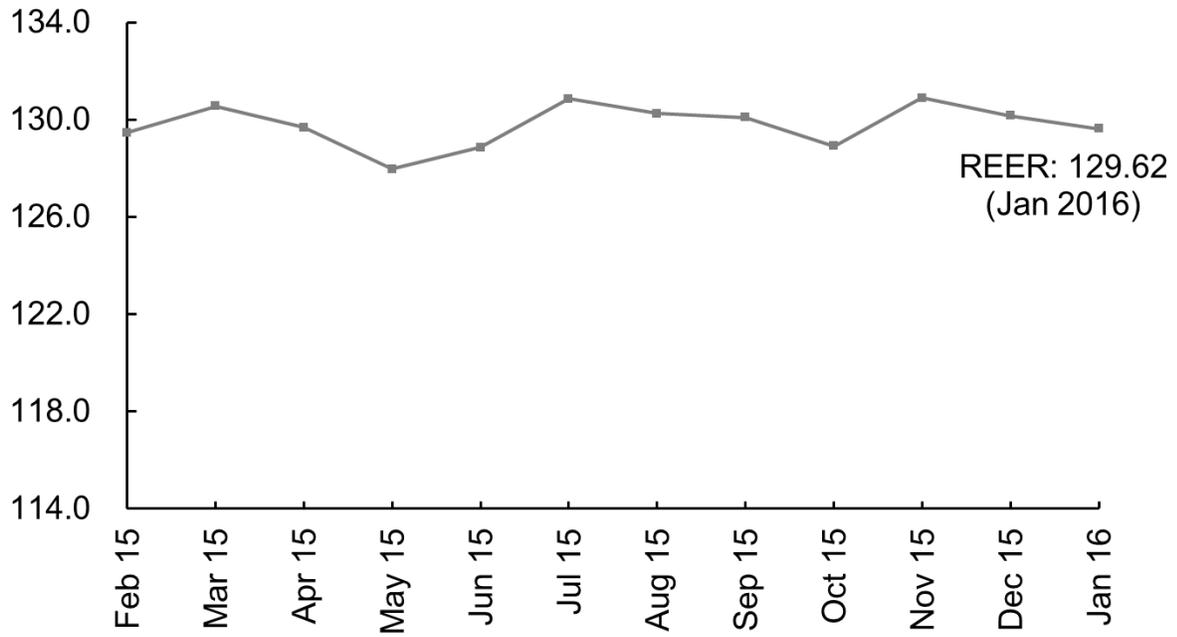
Source: State Administration of Foreign Exchange

**Exhibit 2: EUR-CNY daily fixing rate, February 2015 to February 2016**



Source: State Administration of Foreign Exchange

**Exhibit 3: Real effective exchange rate of the Chinese yuan,  
February 2015 to January 2016**



Source: Bank of International Settlements

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### THE FUNG BUSINESS



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