



## China Sourcing Update

February 7, 2017

### Transportation Cost

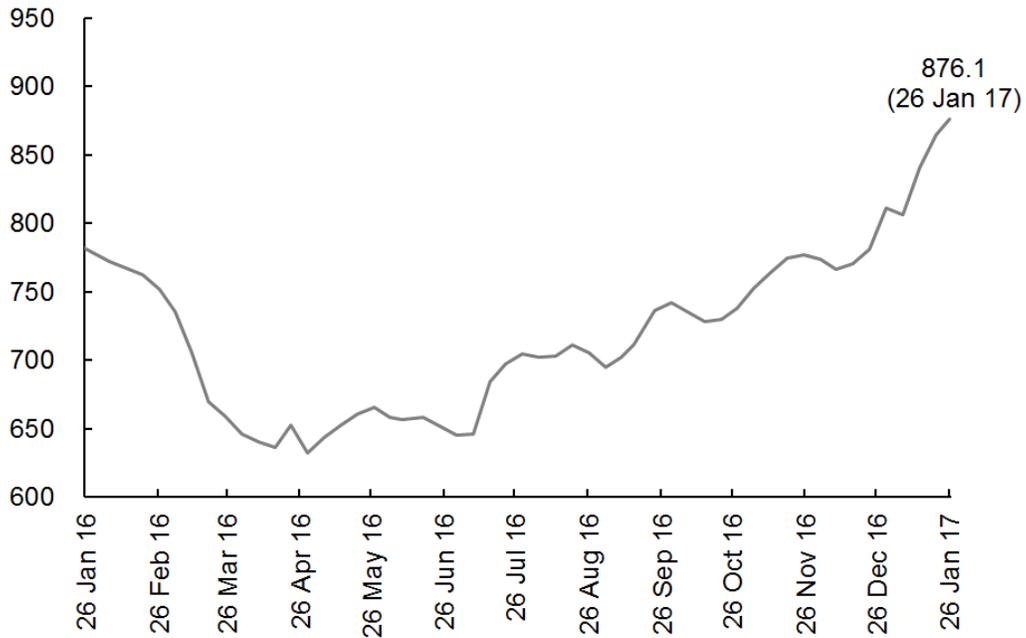
#### China Containerized Freight Index goes up further in January

The China Containerized Freight Index (CCFI) fell from 811.14 on 30 December 2016 to 806.26 on 6 January 2017, and then soared to 876.10 on 26 January 2017, the highest level since May 2015 (see *exhibit 1*).

The rise in freight rates in the month was due largely to a surge in shipments as exporters rushed to send their cargo out of China before the Chinese New Year holidays.

According to the latest media reports, a number of carriers have announced to cancel some sailings during February to March in anticipation of the seasonal decline in the market demand after the Chinese New Year, in an attempt to prevent a plunge in freight rates. That being said, as the demand is set to decrease markedly, we believe that the China Containerized Freight Index will fall in the coming months.

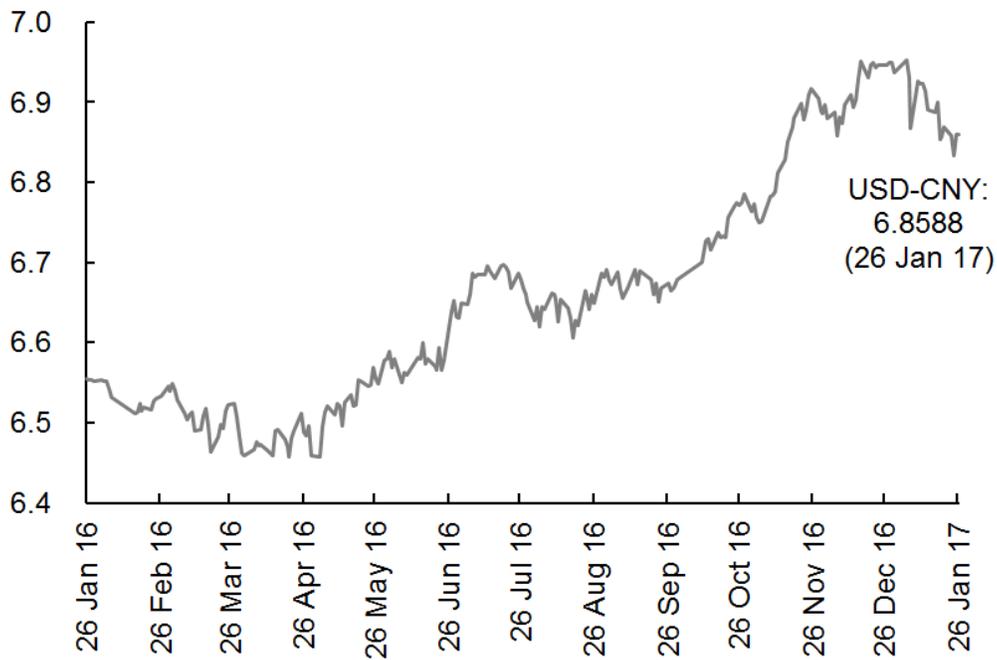
**Exhibit 1: China Containerized Freight Index, January 2016 to January 2017**



Source: Shanghai Shipping Exchange

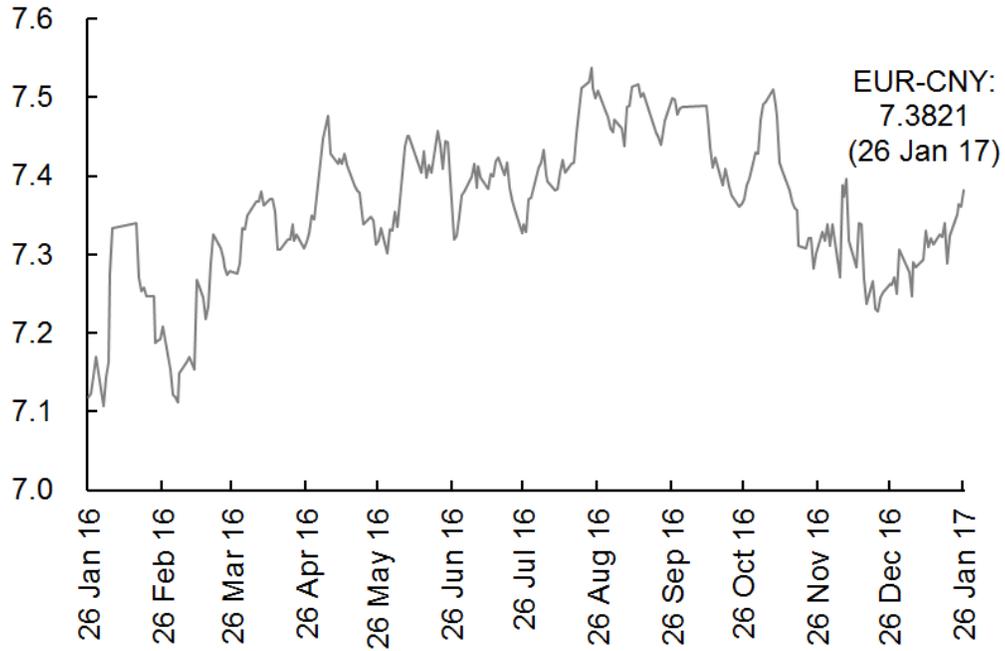
## Exchange Rates

**Exhibit 2: USD-CNY daily fixing rate, January 2016 to January 2017**



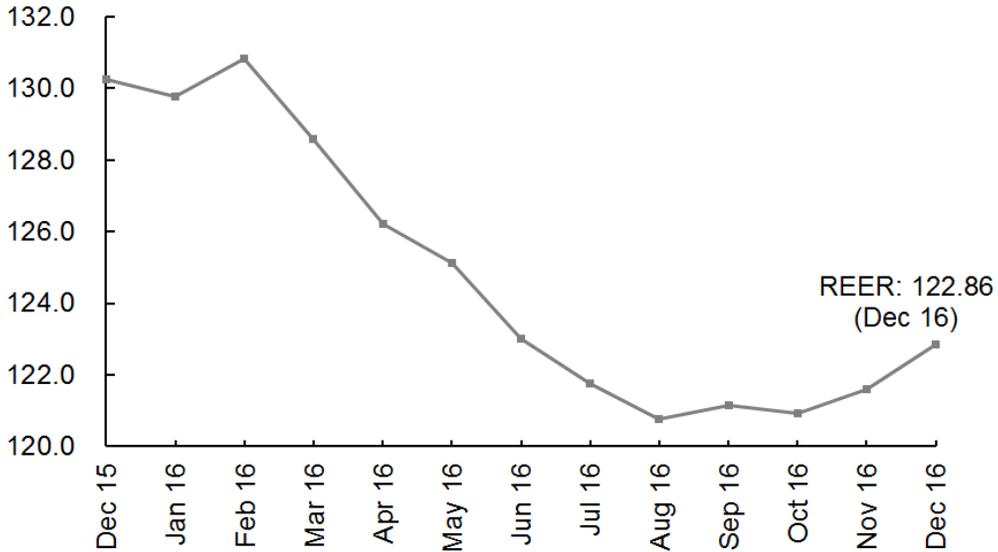
Source: State Administration of Foreign Exchange

**Exhibit 3: EUR-CNY daily fixing rate, January 2016 to January 2017**



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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