



## China Sourcing Update

February 27, 2019

### Transportation Cost

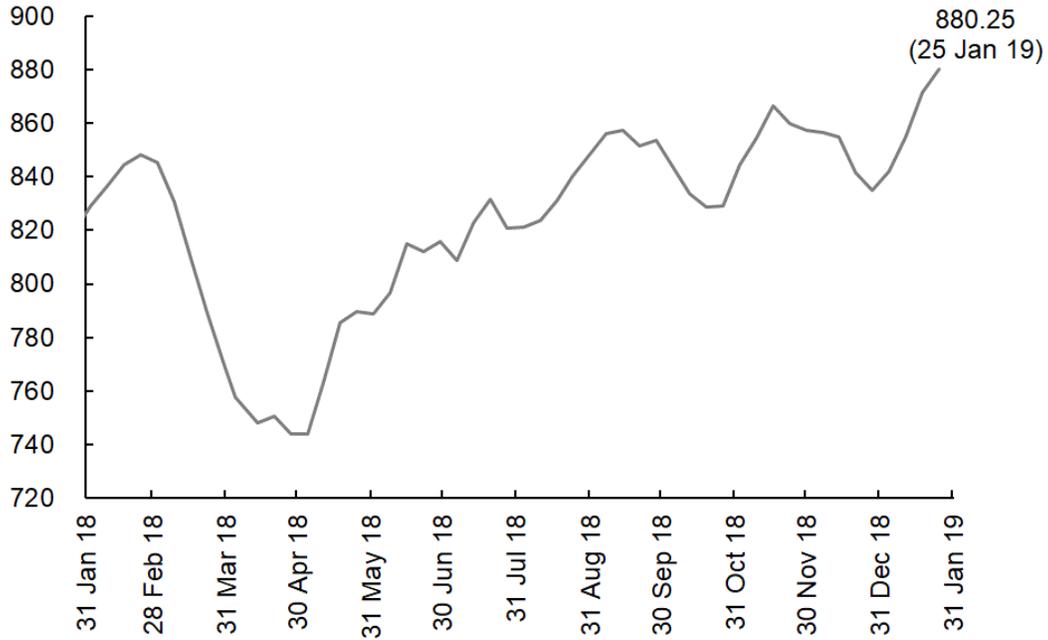
#### China Containerized Freight Index rises in January

The China Containerized Freight Index (CCFI) rose from 834.86 on 28 December to a three-year high of 880.25 on 25 January (see *exhibit 1*).

According to media reports, freight rates for European routes jumped in January as exporters rushed to send their cargos out of China before the Chinese New Year holiday. In contrast, freight rates for North American routes fell markedly in the month. A possible reason behind the drop in freight rates was that Chinese exporters front-loaded shipments to the US in late 2018 and this type of activities decreased in January this year.

Going forward, the demand for containerized freight services is expected to fall after the Chinese New Year. Thus, we expect the China Containerized Freight Index to go down in February.

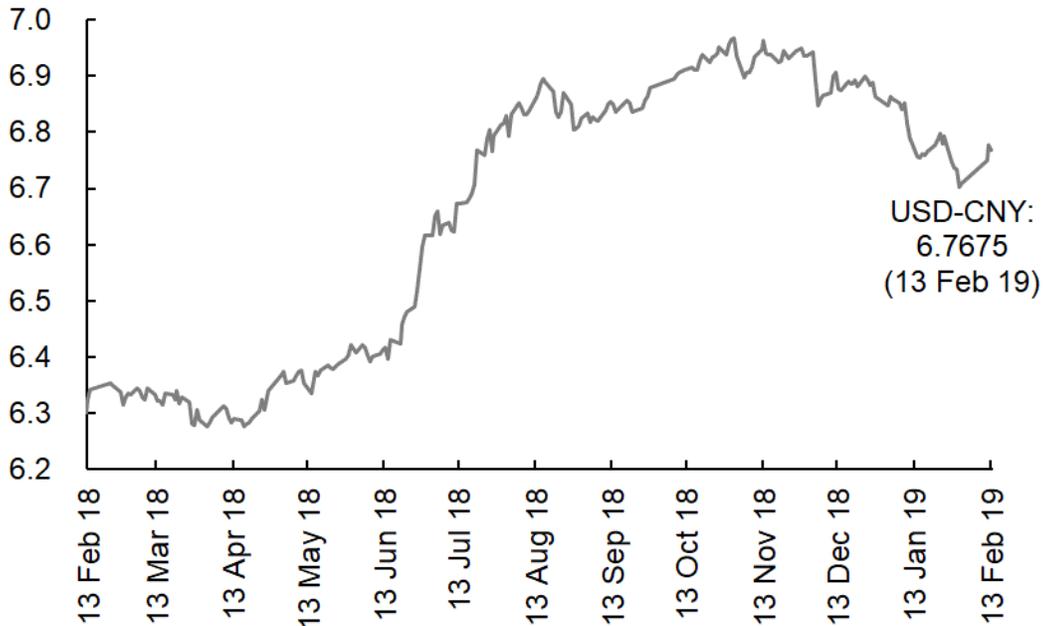
**Exhibit 1: China Containerized Freight Index, January 2018 to January 2019**



Source: Shanghai Shipping Exchange

## Exchange Rates

**Exhibit 2: USD-CNY daily fixing rate, February 2018 to February 2019**



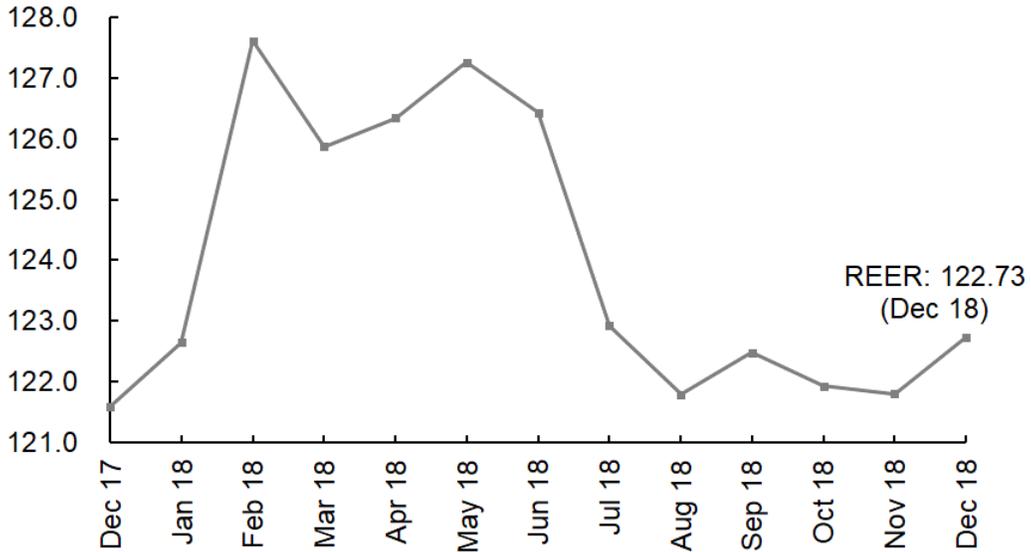
Source: State Administration of Foreign Exchange

**Exhibit 3: EUR-CNY daily fixing rate, February 2018 to February 2019**



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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