



China Sourcing Update

February 6, 2020

Transportation Cost

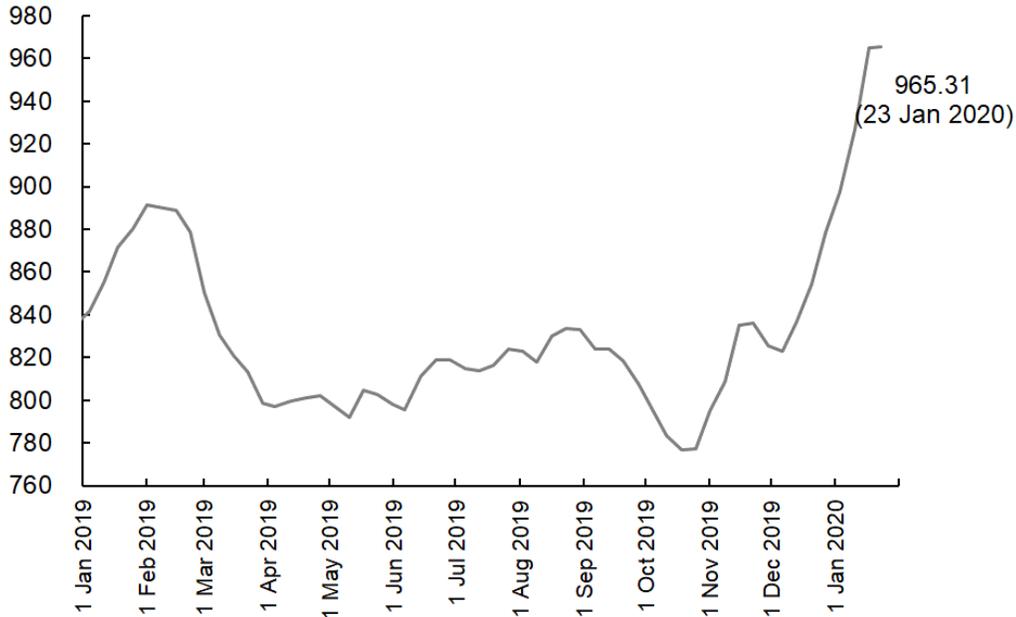
China Containerized Freight Index surges in December and January, reaching a 57-month high in January

The China Containerized Freight Index (CCFI) rose from 825.57 on 29 November to 878.86 on 27 December 2019, closing at 5.3% higher than end-2018, and further hiked to a 57-month high of 965.31 on 23 January 2020 (see *exhibit 1*).

The rise in freight rates in December and January was mainly due to the seasonal spike in demand for containerized freight services as exporters rushed to send their cargos out of China before the Chinese New Year holiday.

Looking ahead, we expect a sharp drop in the China Containerized Freight Index in February as many Chinese factories have suspended production in response to the coronavirus outbreak, leading to a sharp drop of demand for containerized freight services.

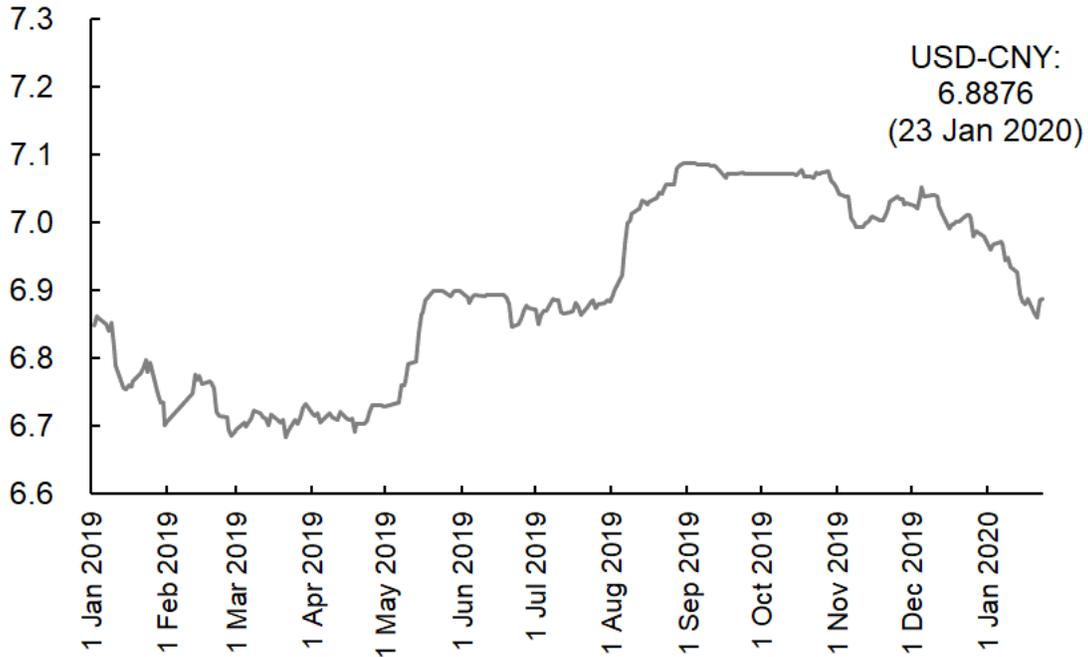
Exhibit 1: China Containerized Freight Index, January 2019 to January 2020



Source: Shanghai Shipping Exchange

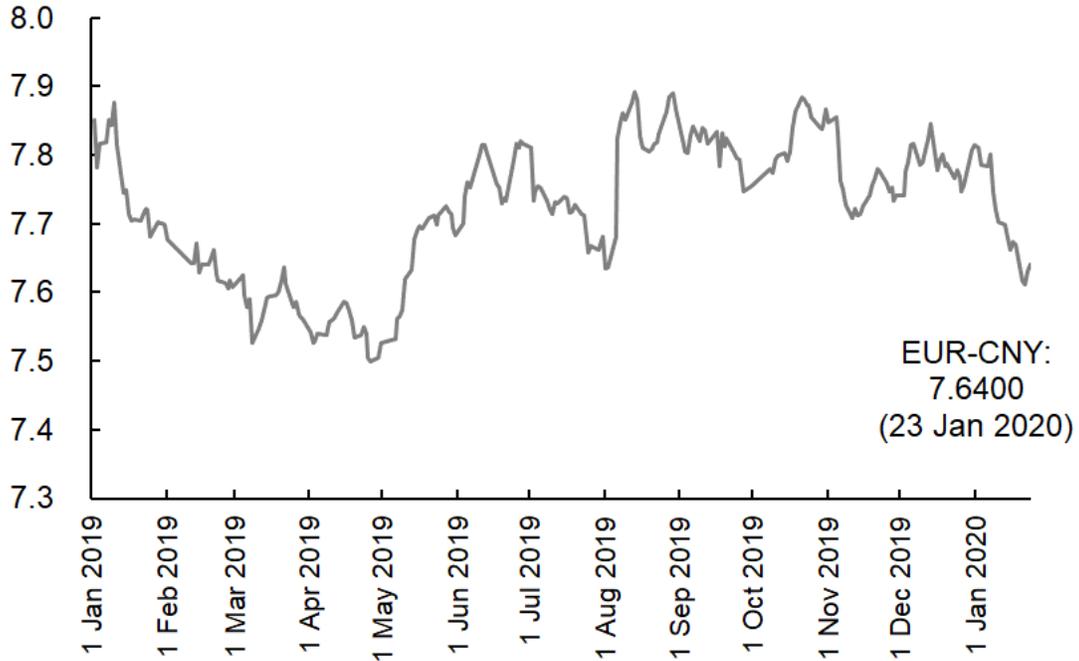
Exchange Rates

Exhibit 2: USD-CNY daily fixing rate, January 2019 to January 2020



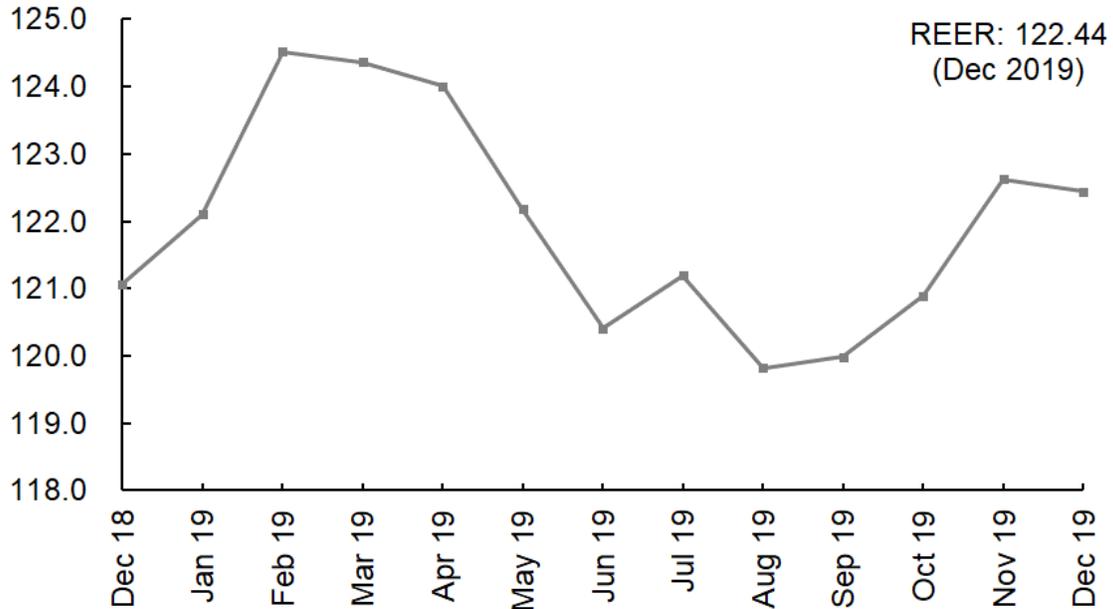
Source: State Administration of Foreign Exchange

Exhibit 3: EUR-CNY daily fixing rate, January 2019 to January 2020



Source: State Administration of Foreign Exchange

Exhibit 4: Real effective exchange rate of the Chinese yuan, December 2018 to December 2019



Source: Bank of International Settlements

FUNG BUSINESS INTELLIGENCE

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CONTACT

Helen Chin
Vice President
helenchin@fung1937.com
(852) 2300 2471

Denise Cheung
Senior Research Manager
denisecheungwy@fung1937.com
(852) 2300 2463

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
W: <http://www.fbicgroup.com>



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