



China Sourcing Update

August 2, 2017

Transportation Cost

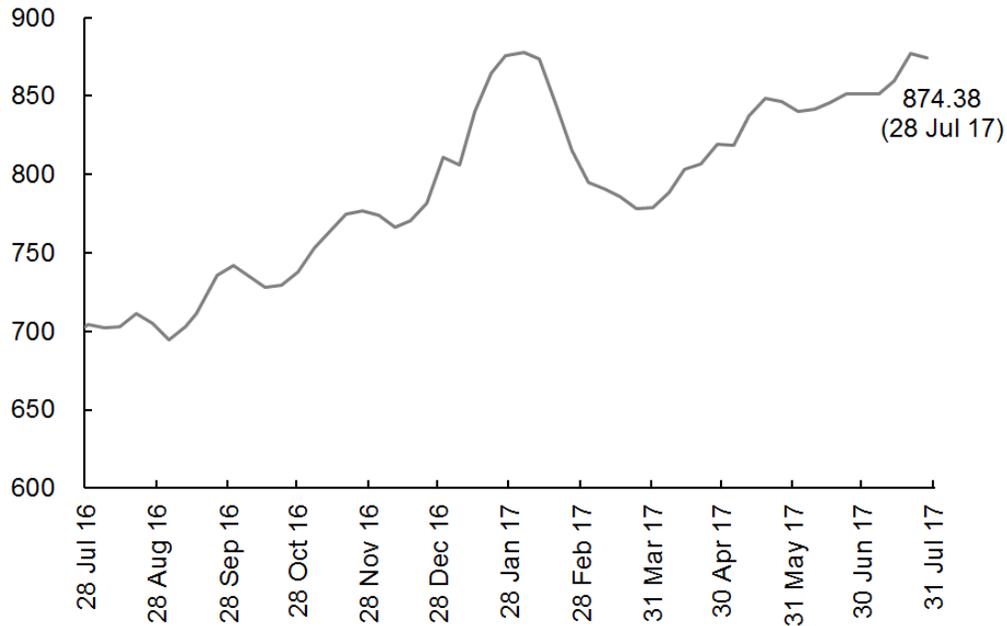
China Containerized Freight Index goes up further in July

The China Containerized Freight Index (CCFI) rose from 851.60 on 30 June to a five-month high of 877.33 on 21 July, before retreating a bit to 874.38 on 28 July (*see exhibit 1*).

In our view, the rise in the index was due largely to an improved market demand for containerized freight services in the month, in particular for North American routes.

According to the latest media reports, the demand for containerized freight services is likely to remain strong in the current high season, and a number of carriers have raised freight rates recently. Thus, we expect that the China Containerized Freight Index will continue to trend upward in the foreseeable future.

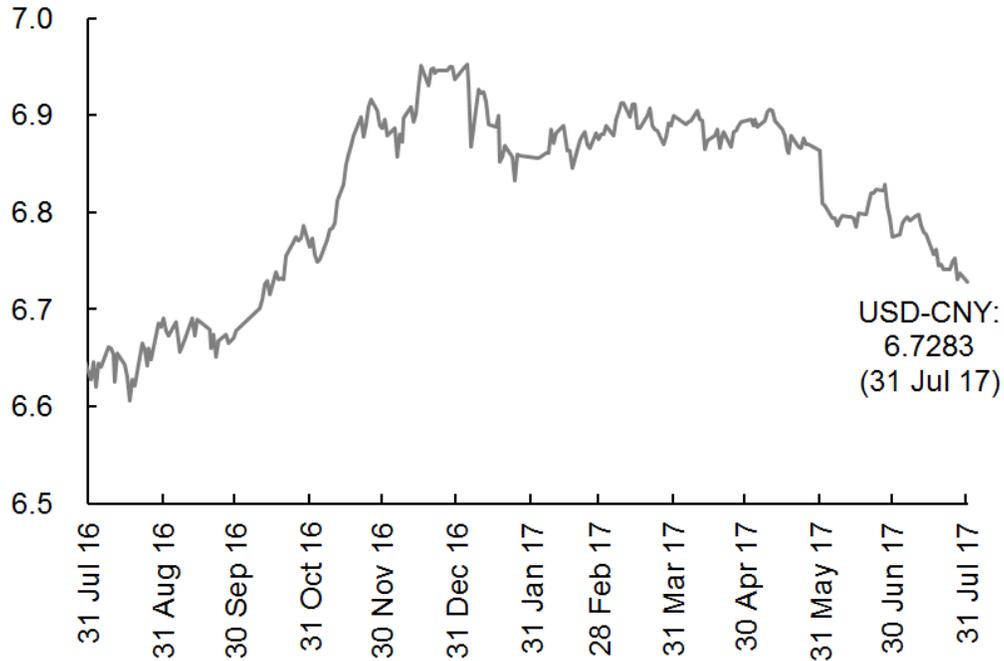
Exhibit 1: China Containerized Freight Index, July 2016 to July 2017



Source: Shanghai Shipping Exchange

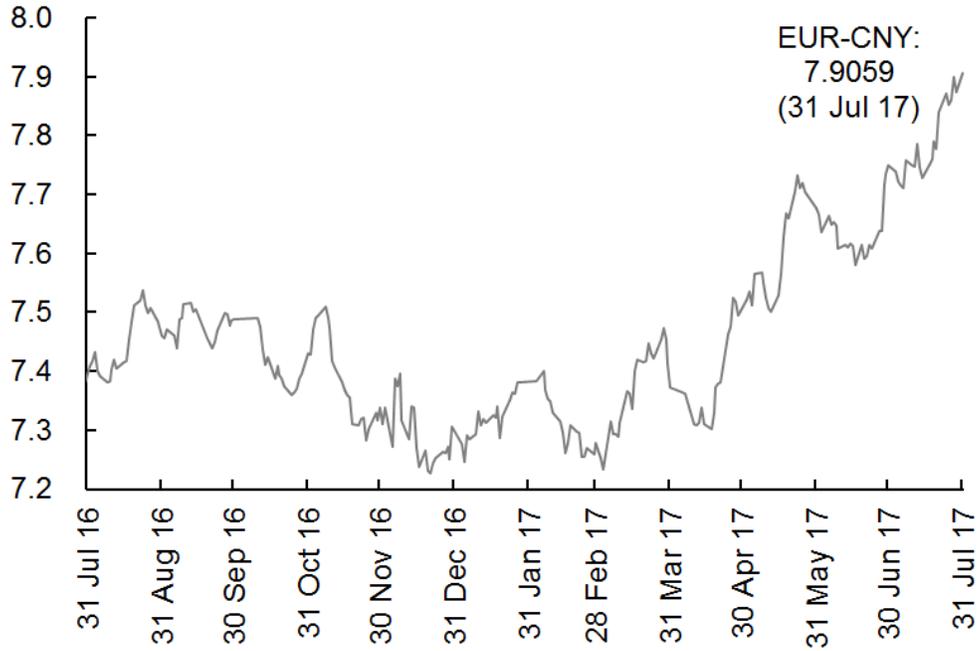
Exchange Rates

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



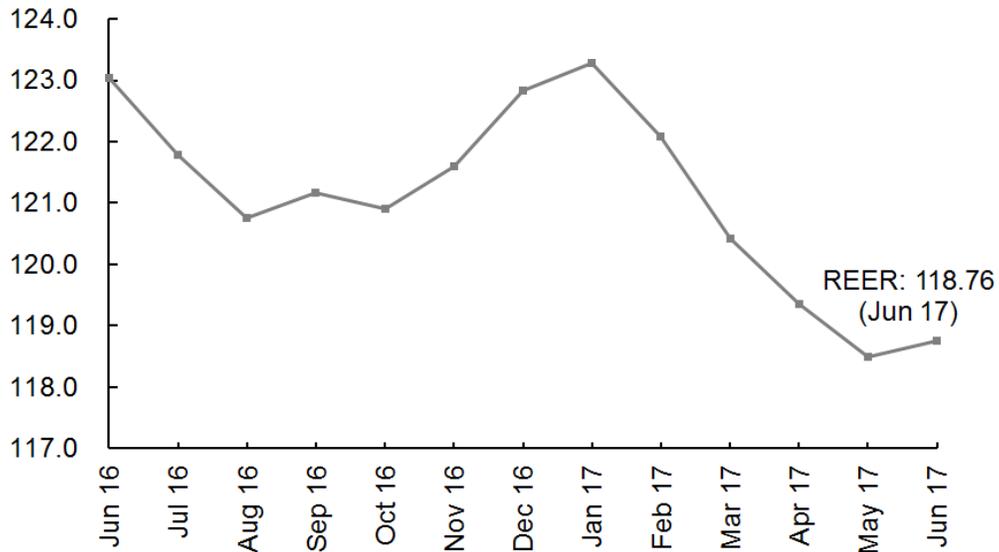
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

Exhibit 4: Real effective exchange rate of the Chinese yuan, June 2016 to June 2017



Source: Bank of International Settlements

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