



China Sourcing Update

July 6, 2018

Transportation Cost

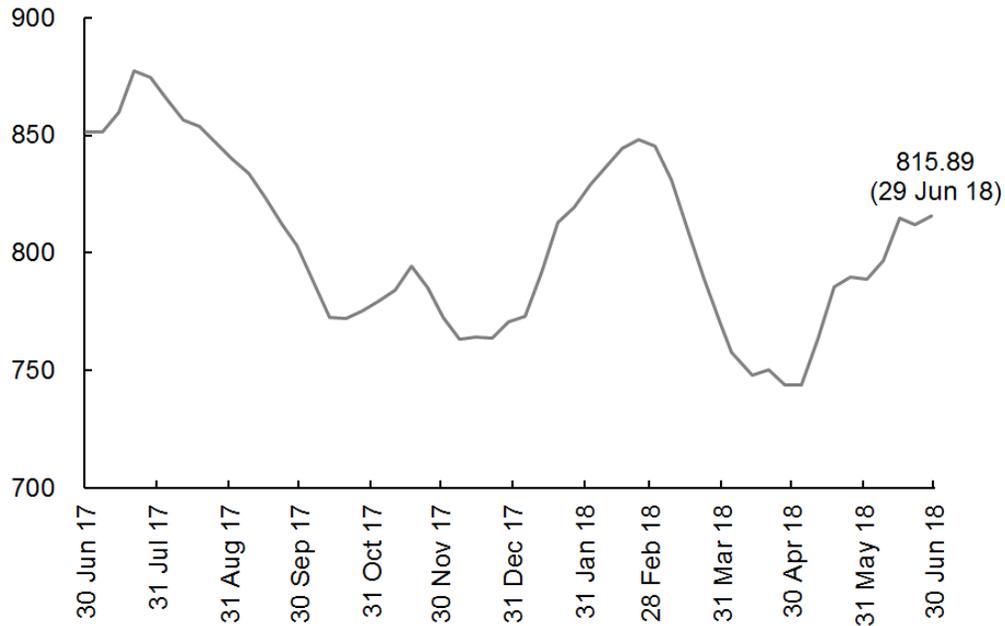
China Containerized Freight Index rises further in June

The China Containerized Freight Index (CCFI) went up from 789.76 on 25 May to 815.89 on 29 June (see exhibit 1).

The main reasons for the increase in freight rates in the month were an improvement in the market demand for containerized freight services for European and Mediterranean routes, and a reduction in the excess capacity of carriers on the Persian Gulf / Red Sea routes. Meanwhile, freight rates for North American routes fell amid an abundance of capacity among carriers.

Looking ahead, we expect that the China Containerized Freight Index will stay high in the near future, as the market demand for containerized freight services is likely to remain strong with the approach of the high season.

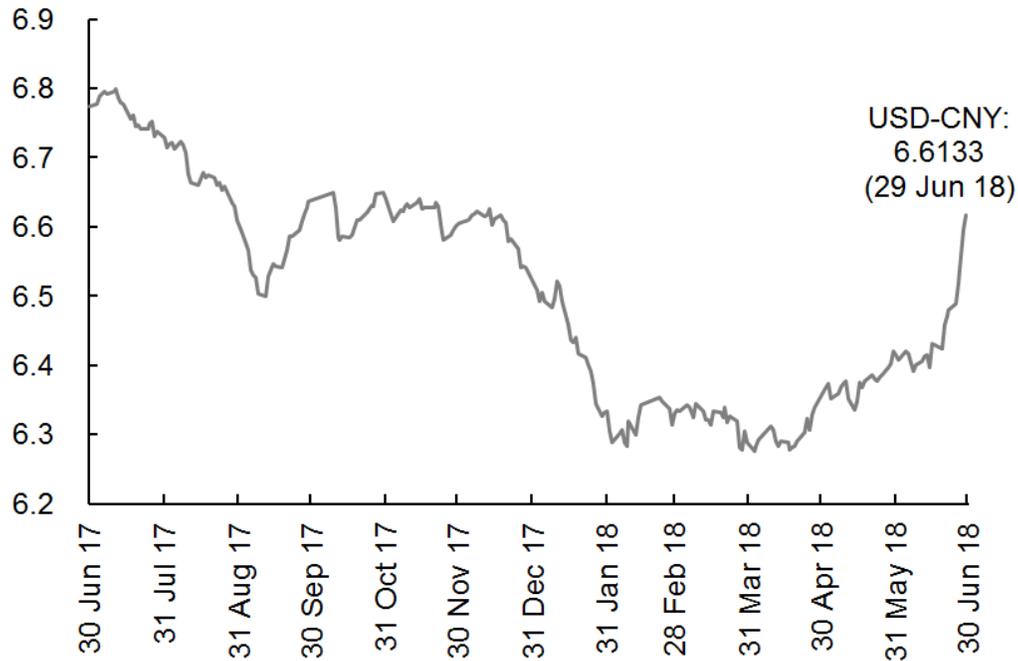
Exhibit 1: China Containerized Freight Index, June 2017 to June 2018



Source: Shanghai Shipping Exchange

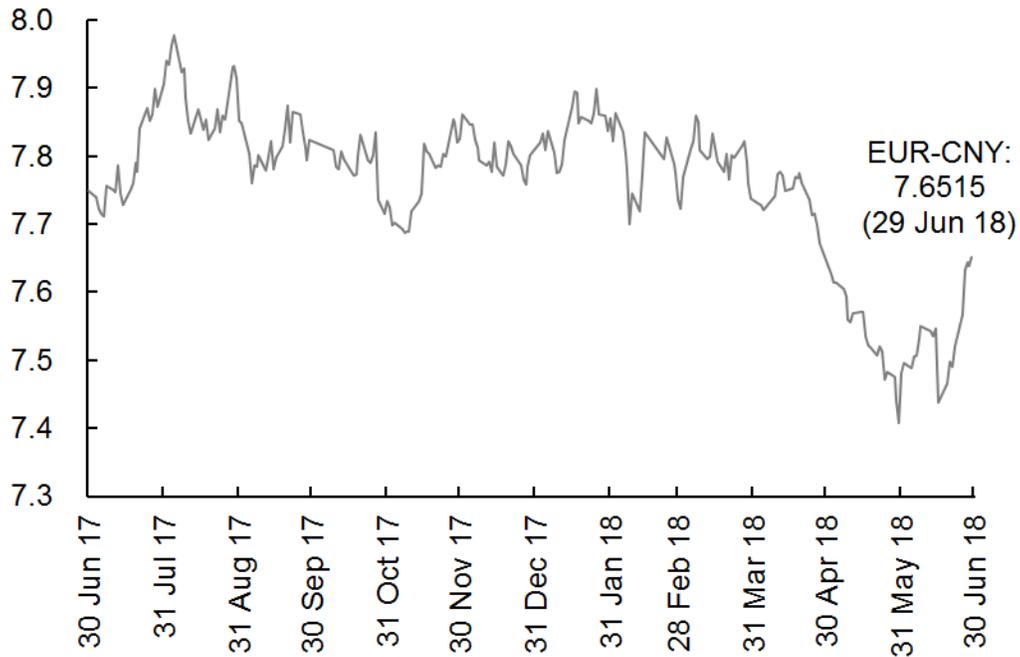
Exchange Rates

Exhibit 2: USD-CNY daily fixing rate, June 2017 to June 2018



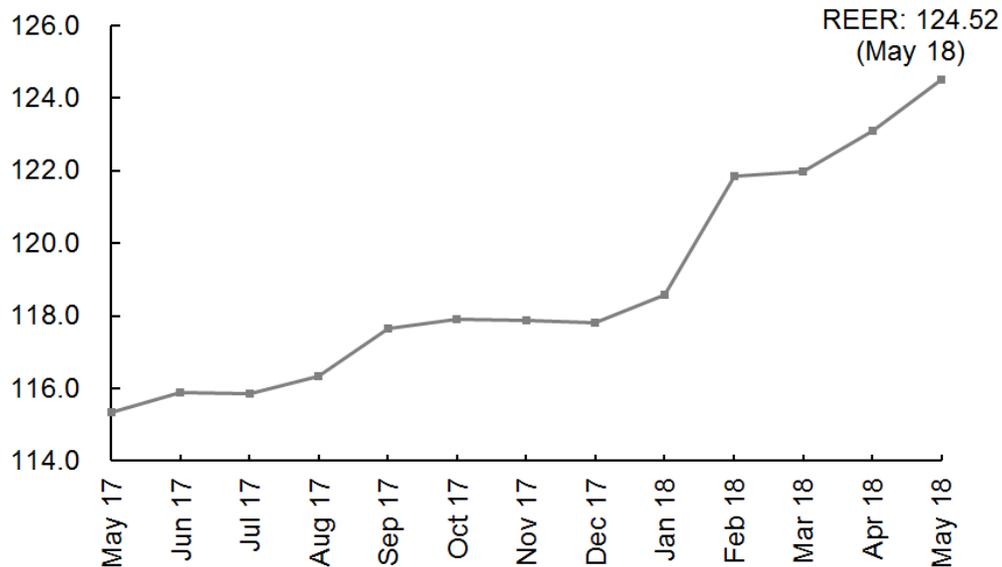
Source: State Administration of Foreign Exchange

Exhibit 3: EUR-CNY daily fixing rate, June 2017 to June 2018



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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CONTACT

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

William Kong
Research Manager
williamkong@fung1937.com
(852) 2300 2404

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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