



China Sourcing Update

July 11, 2019

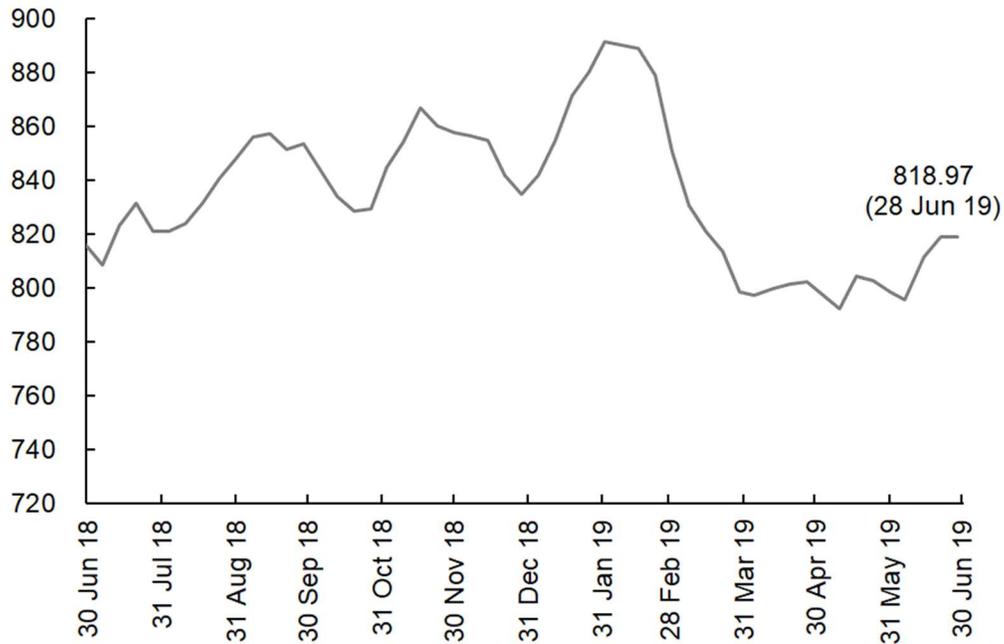
Transportation Cost

China Containerized Freight Index rises in June

The China Containerized Freight Index (CCFI) rose from 798.30 on 31 May to 818.97 on 28 June (*see exhibit 1*) as the high season for China's outbound containerized freight services approached. The increase in the index in the month was led by rebound in demand for freight services for the European routes, and capacity adjustment, which provided price support for the North American and South American routes.

Looking ahead, we expect the China Containerized Freight Index to stay soft, as the outlook of US-China trade relations remain uncertain and global demand for freight services continues to be weak.

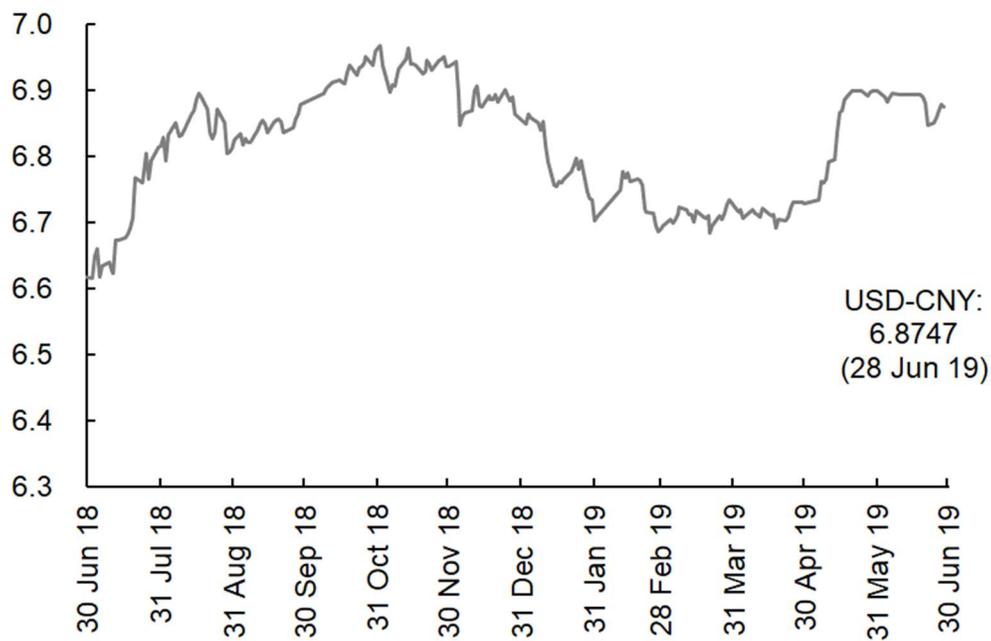
Exhibit 1: China Containerized Freight Index, June 2018 to June 2019



Source: Shanghai Shipping Exchange

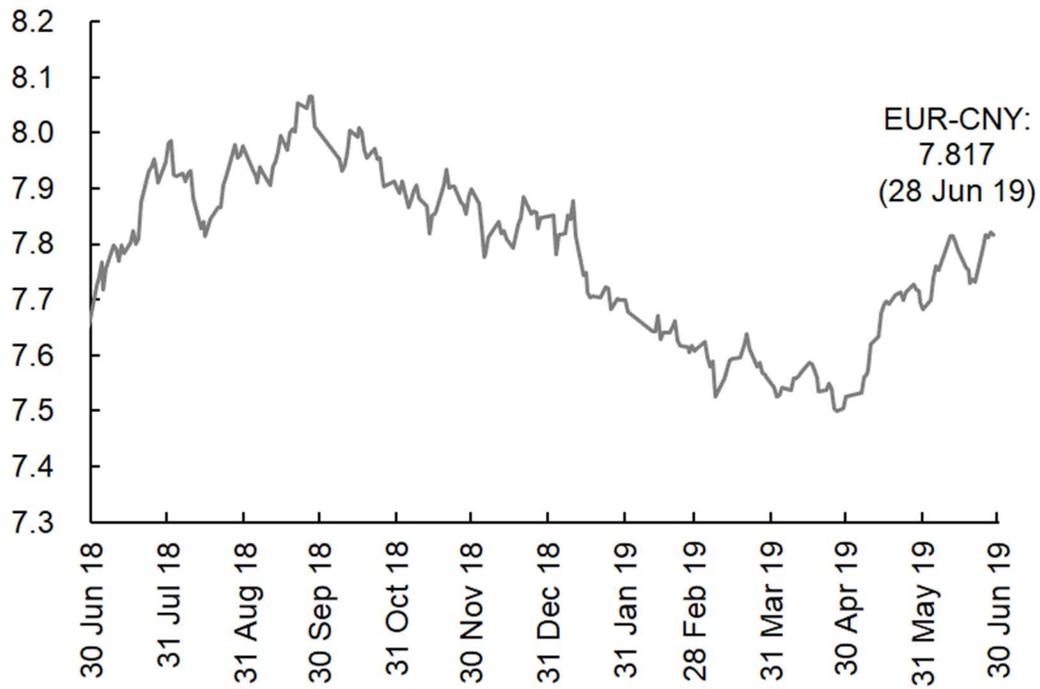
Exchange Rates

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



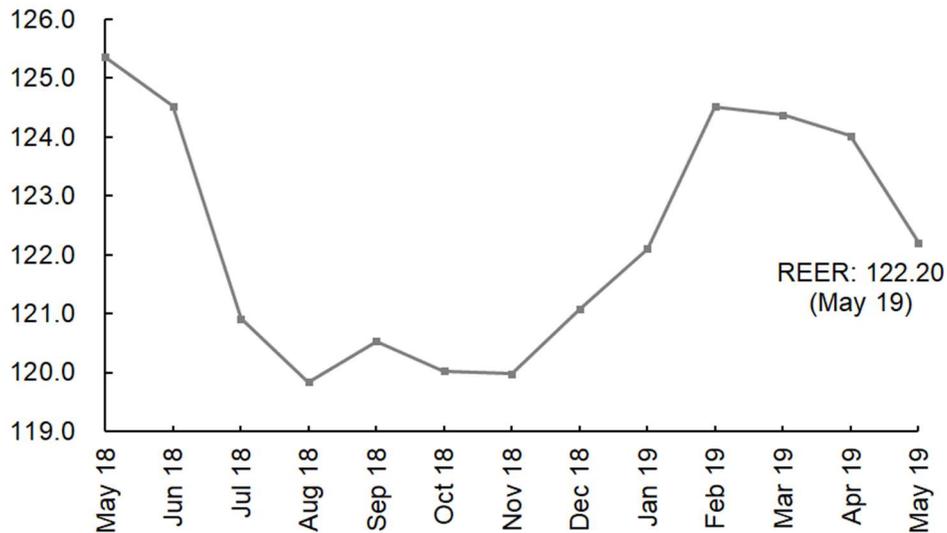
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

FUNG BUSINESS INTELLIGENCE

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