



# China Sourcing Update

April 5, 2017

## Transportation Cost

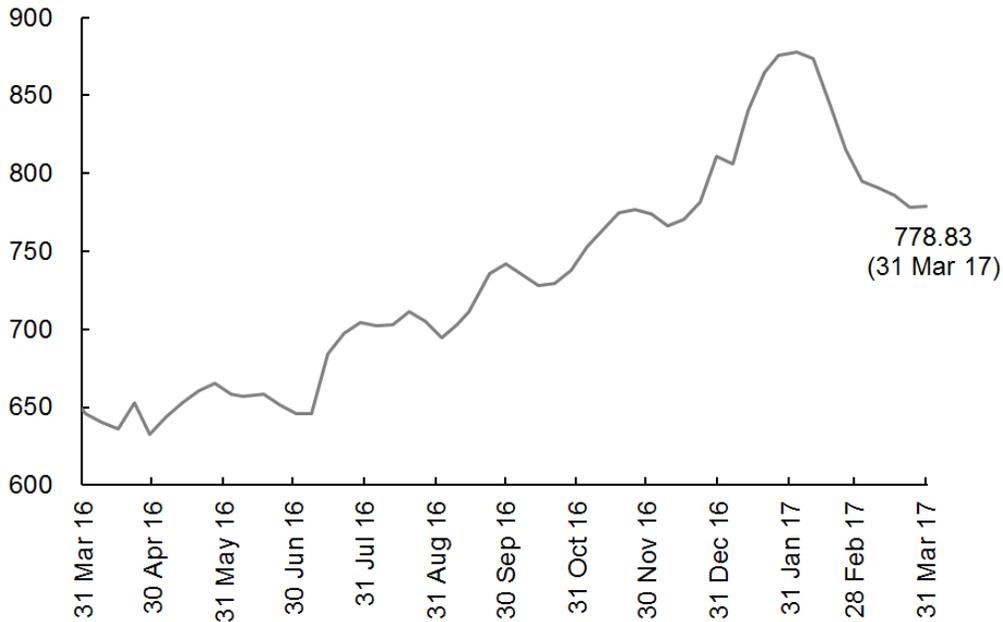
### China Containerized Freight Index falls further in March

The China Containerized Freight Index (CCFI) went down from 815.46 on 24 February to a three-month low of 778.15 on 24 March, before rebounding a bit to 778.83 on 31 March (see *exhibit 1*).

In our view, the drop in freight rates in the month was due largely to a seasonal fall in the market demand for containerized freight services after the Chinese New Year holidays.

According to the latest media reports, a number of carriers have raised freight rates recently. Therefore, we expect that the China Containerized Freight Index will pick up in the near future.

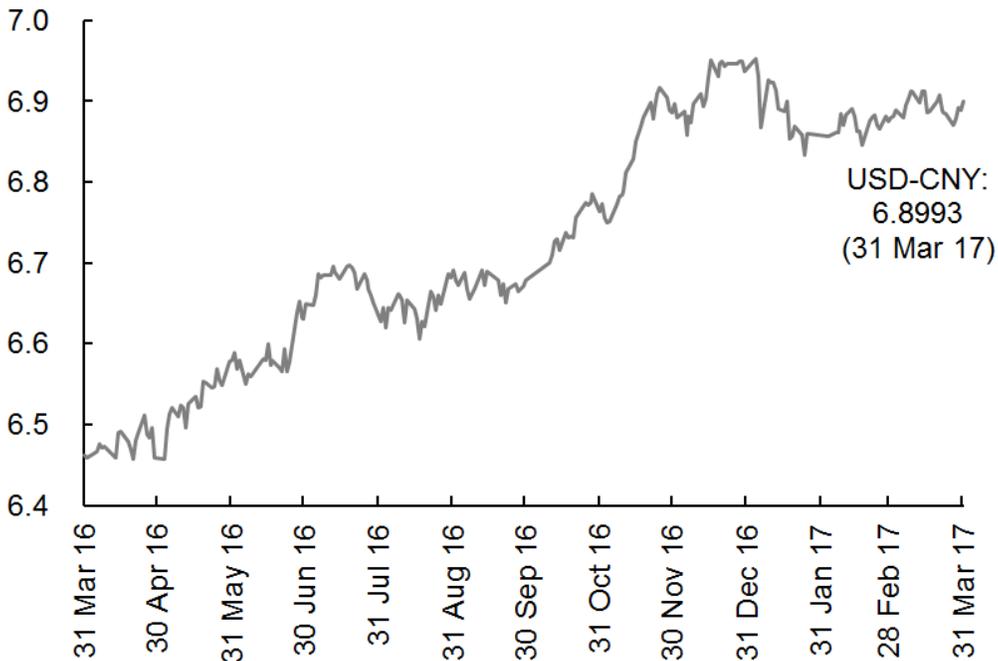
**Exhibit 1: China Containerized Freight Index, March 2016 to March 2017**



Source: Shanghai Shipping Exchange

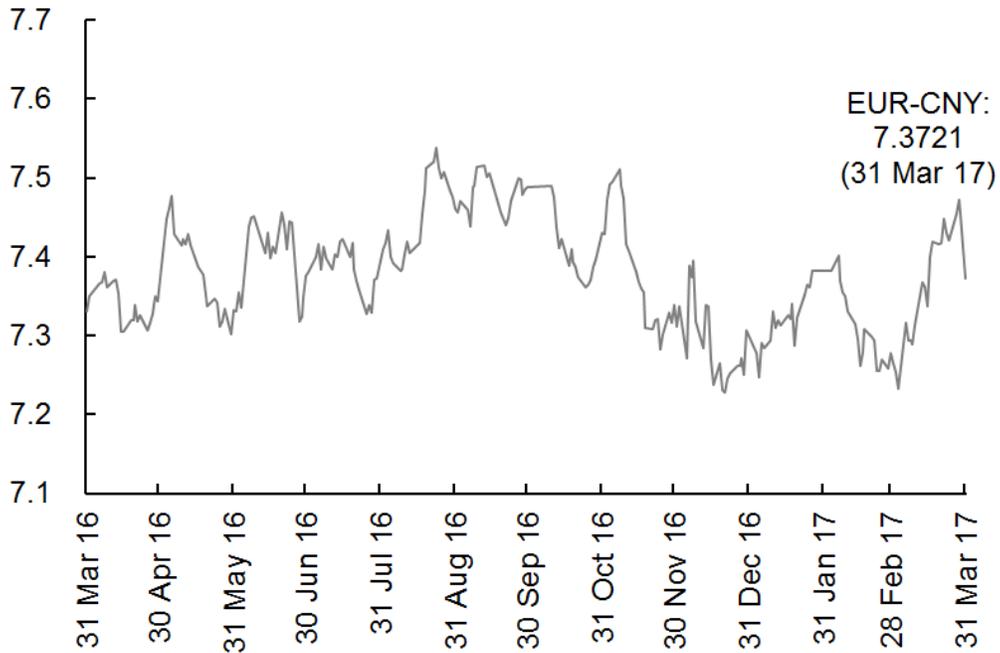
## Exchange Rates

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



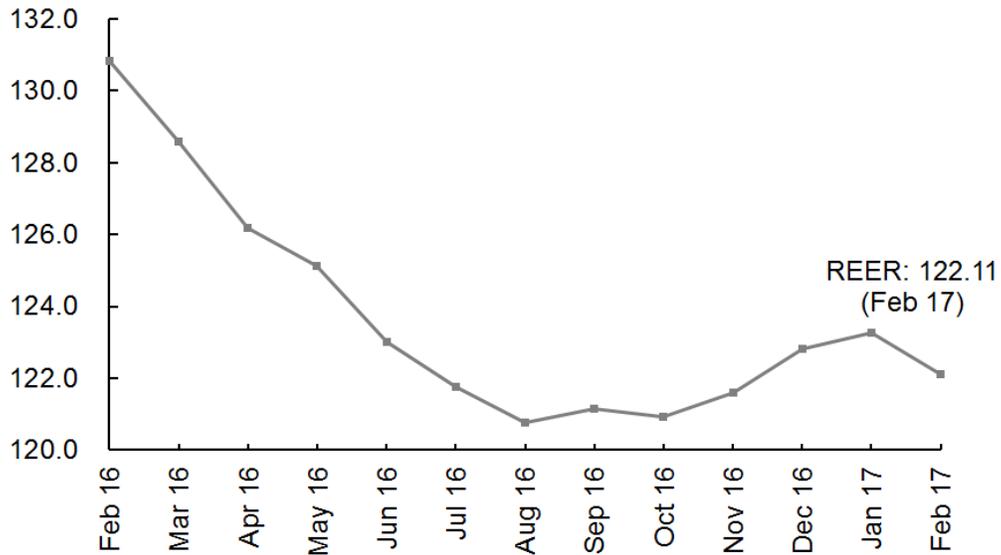
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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