



China Sourcing Update

June 13, 2018

Transportation Cost

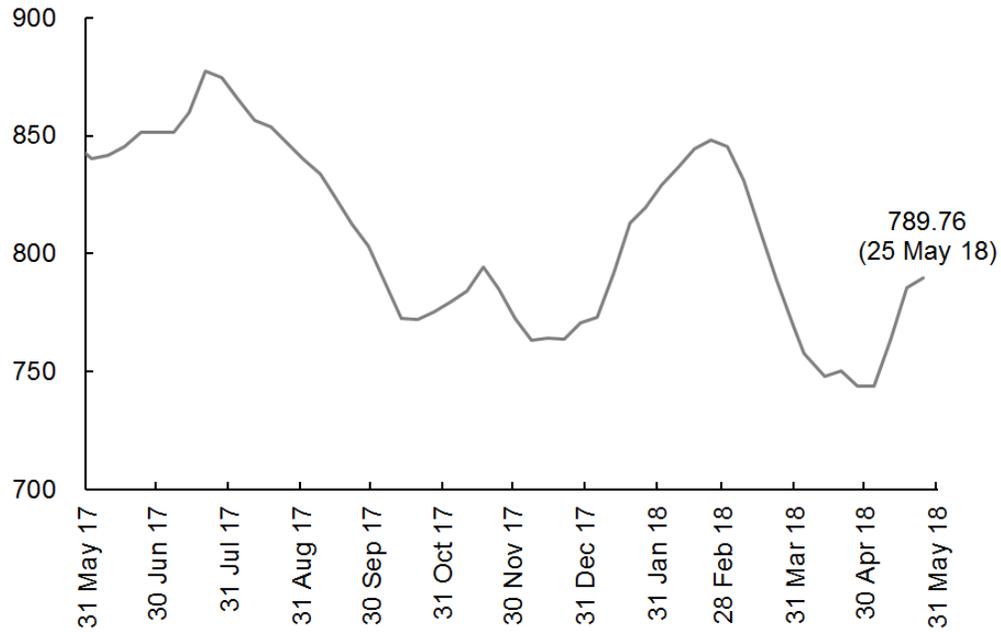
China Containerized Freight Index picks up in May

The China Containerized Freight Index (CCFI) went up from a recent low of 744.06 on 27 April to 789.76 on 25 May (see *exhibit 1*).

The rebound in freight rates in the month was triggered by an improvement in the market demand for containerized freight services, in particular for European and Mediterranean routes.

Looking ahead, we expect the China Containerized Freight Index to rise further in the coming months as the market demand for containerized freight services is likely to remain strong.

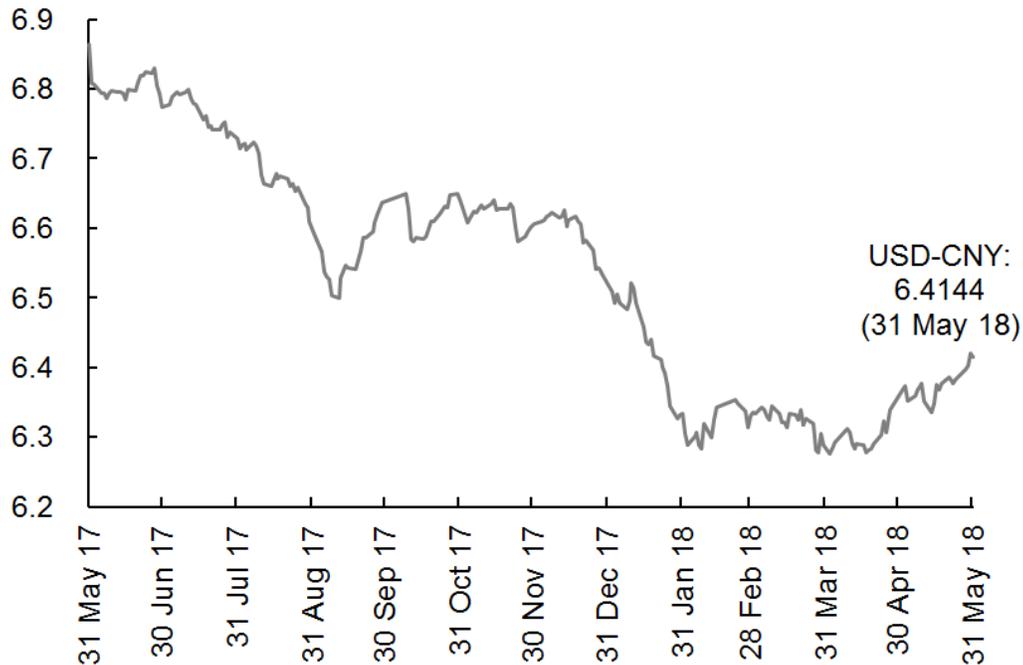
Exhibit 1: China Containerized Freight Index, May 2017 to May 2018



Source: Shanghai Shipping Exchange

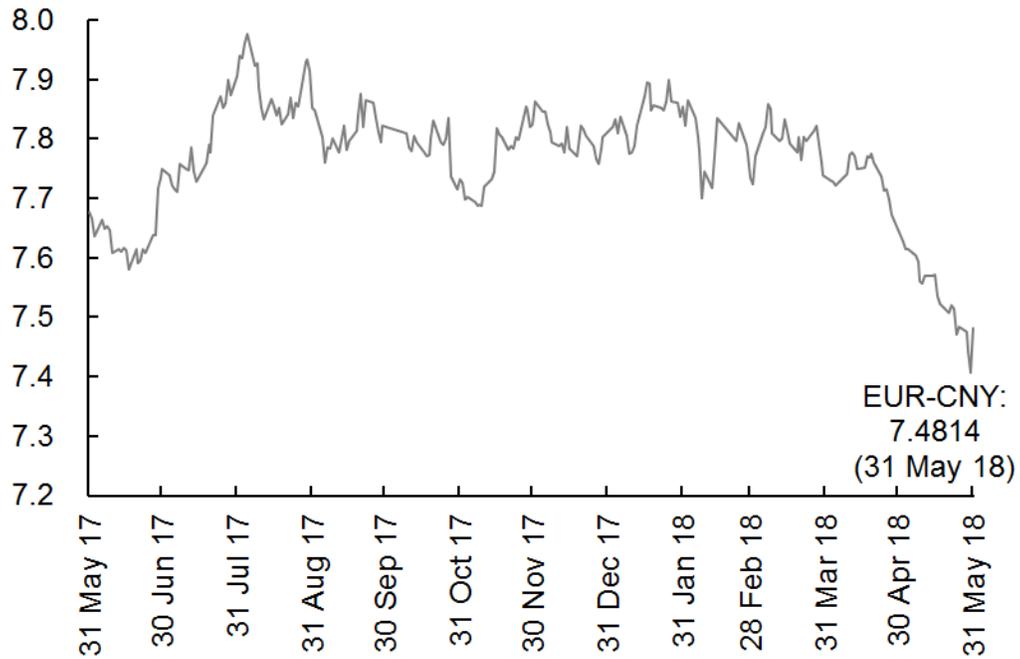
Exchange Rates

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



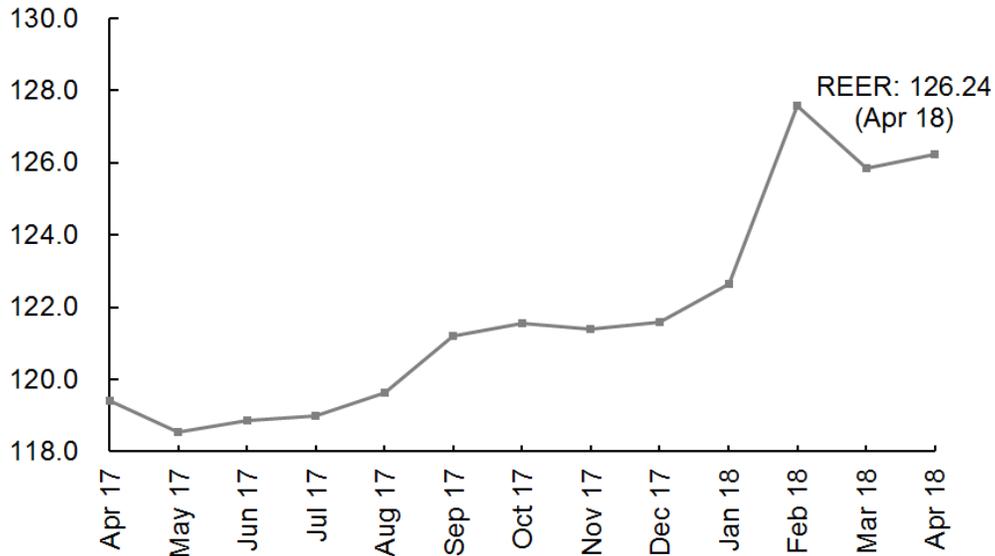
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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