



# China Sourcing Update

June 26, 2019

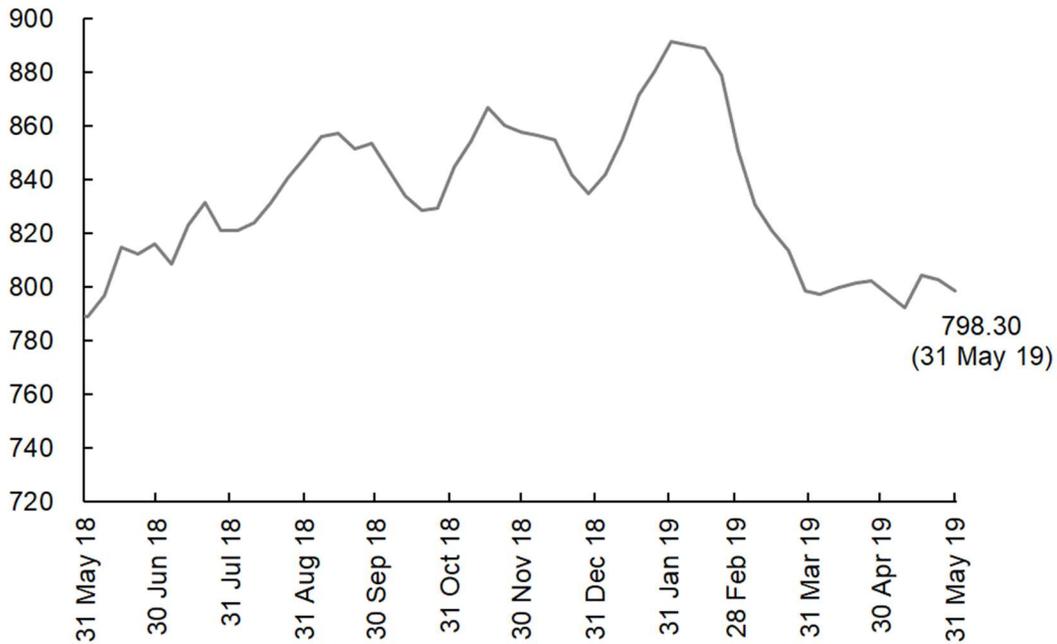
## Transportation Cost

### China Containerized Freight Index edges down in May

The China Containerized Freight Index (CCFI) declined slightly from 802.27 on 26 April to 798.30 on 31 May (see *exhibit 1*). The decline in the index in the month was due to uncertainties arising from China-US trade tensions, economic slowdown in Europe, and softened demand for freight services for the Australian and South American routes.

Looking ahead, we expect to see a mild rebound in the China Containerized Freight Index, as the high season for China's outbound containerized freight services approaches.

**Exhibit 1: China Containerized Freight Index, May 2018 to May 2019**



Source: Shanghai Shipping Exchange

## Exchange Rates

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



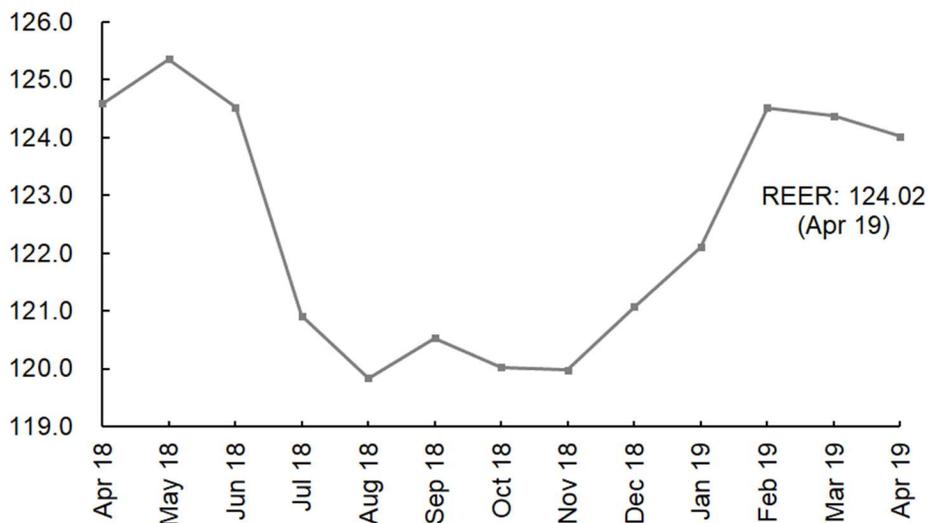
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

## FUNG BUSINESS INTELLIGENCE

**Fung Business Intelligence** collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The **Fung Group** comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

Listed entities of the Group include Li & Fung Limited (SEHK: 00494), Global Brands Group Holding Limited (SEHK: 00787) and Convenience Retail Asia Limited (SEHK: 00831). Privately-held entities include LH Pegasus, Branded Lifestyle Holdings Limited, Fung Kids (Holdings) Limited, Toys "R" Us (Asia) and Suhyang Networks.

For more information, please visit [www.funggroup.com](http://www.funggroup.com).

**CONTACT**

Helen Chin  
Vice President  
[helenchin@fung1937.com](mailto:helenchin@fung1937.com)  
(852) 2300 2471

Denise Cheung  
Senior Research Manager  
[denisecheungwy@fung1937.com](mailto:denisecheungwy@fung1937.com)  
(852) 2300 2463

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](mailto:fbicgroup@fung1937.com)  
W: <http://www.fbicgroup.com>



© Copyright 2019 Fung Business Intelligence. All rights reserved.  
Though Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of Fung Business Intelligence is prohibited.