



China Sourcing Update

December 1, 2016

Transportation Cost

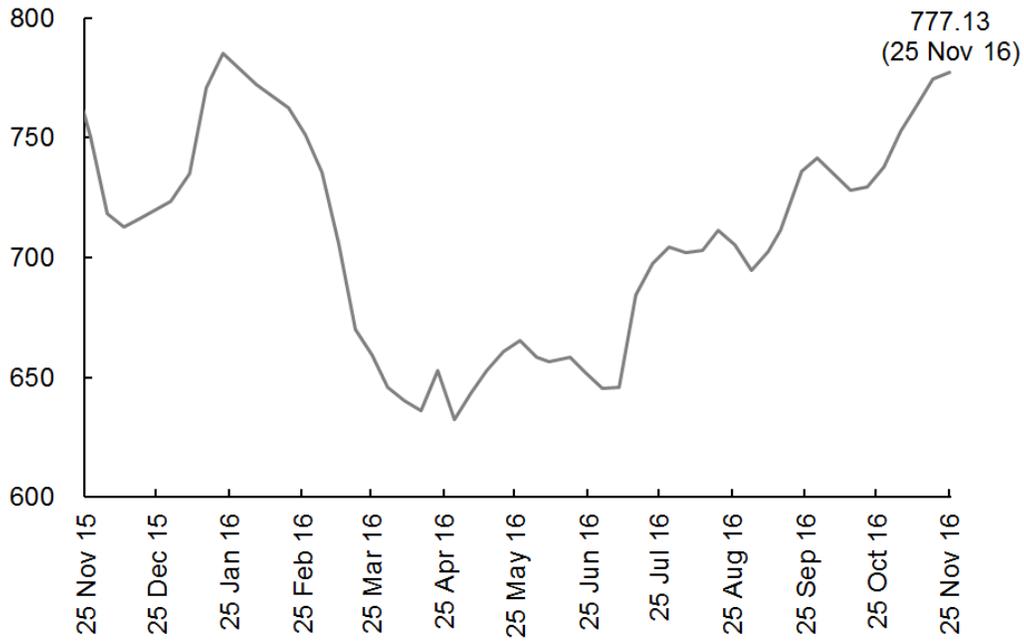
China Containerized Freight Index goes up further in November

The China Containerized Freight Index (CCFI) rose from 738.03 on 28 October to 777.13 on 25 November, the highest level since late January (see *exhibit 1*).

The main reason for the increase in freight rates in the month was a seasonal rise in the market demand for containerized freight services, in particular in European routes and North American routes.

Looking ahead, the demand for containerized freight services is expected to slow in the near term as the high season comes to an end. Thus, we expect the China Containerized Freight Index to peak soon.

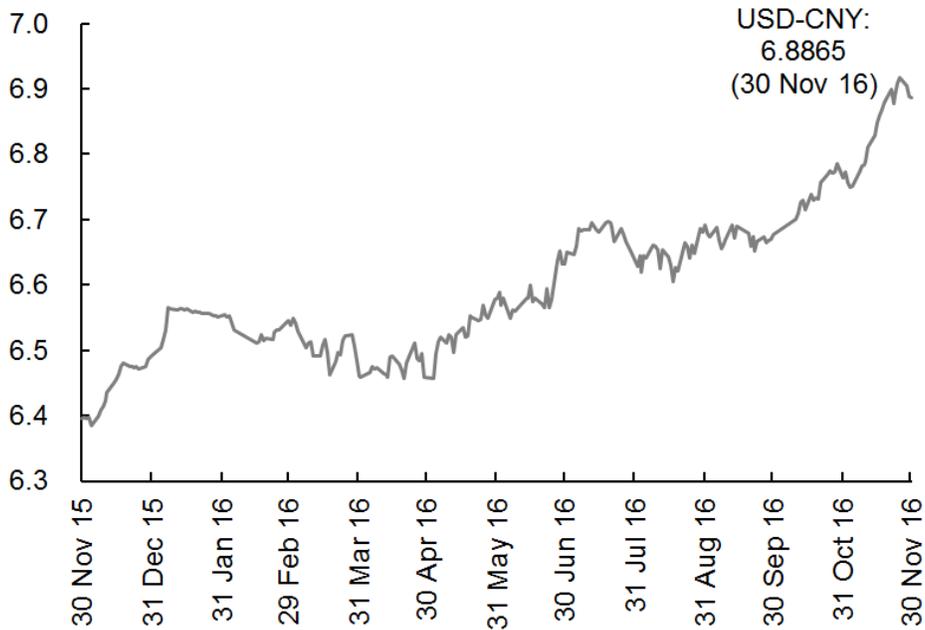
Exhibit 1: China Containerized Freight Index, November 2015 to November 2016



Source: Shanghai Shipping Exchange

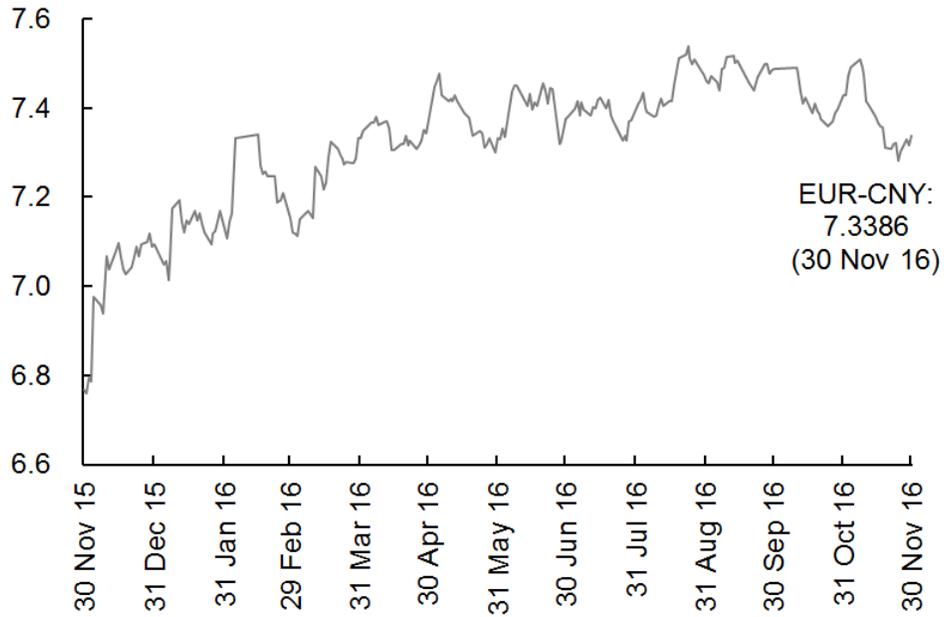
Exchange Rates

Exhibit 2: USD-CNY daily fixing rate, November 2015 to November 2016



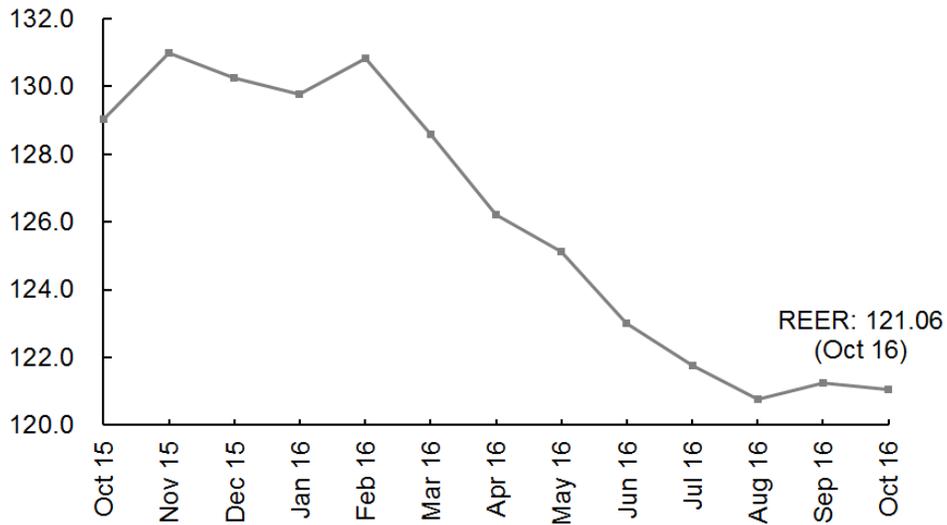
Source: State Administration of Foreign Exchange

Exhibit 3: EUR-CNY daily fixing rate, November 2015 to November 2016



Source: State Administration of Foreign Exchange

Exhibit 4: Real effective exchange rate of the Chinese yuan, October 2015 to October 2016



Source: State Administration of Foreign Exchange

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