



China Sourcing Update

December 6, 2017

Transportation Cost

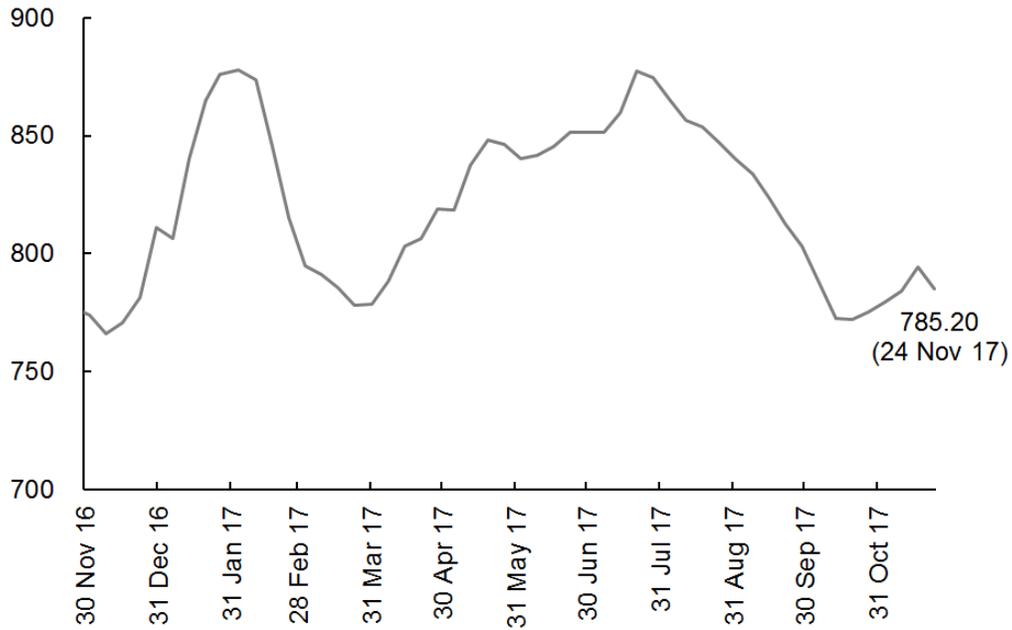
China Containerized Freight Index picks up in November

The China Containerized Freight Index (CCFI) rebounded from 775.54 on 27 October to 794.47 on 17 November, before retreating to 785.20 on 24 November (see *exhibit 1*).

The main reason for the increase in freight rates during early to mid-November was a seasonal rise in the market demand for containerized freight services due to the shipment of Christmas orders.

Going forward, the demand for containerized freight services is expected to slow in the foreseeable future as the high season has come to an end. Thus, we expect the China Containerized Freight Index to fall in the near term.

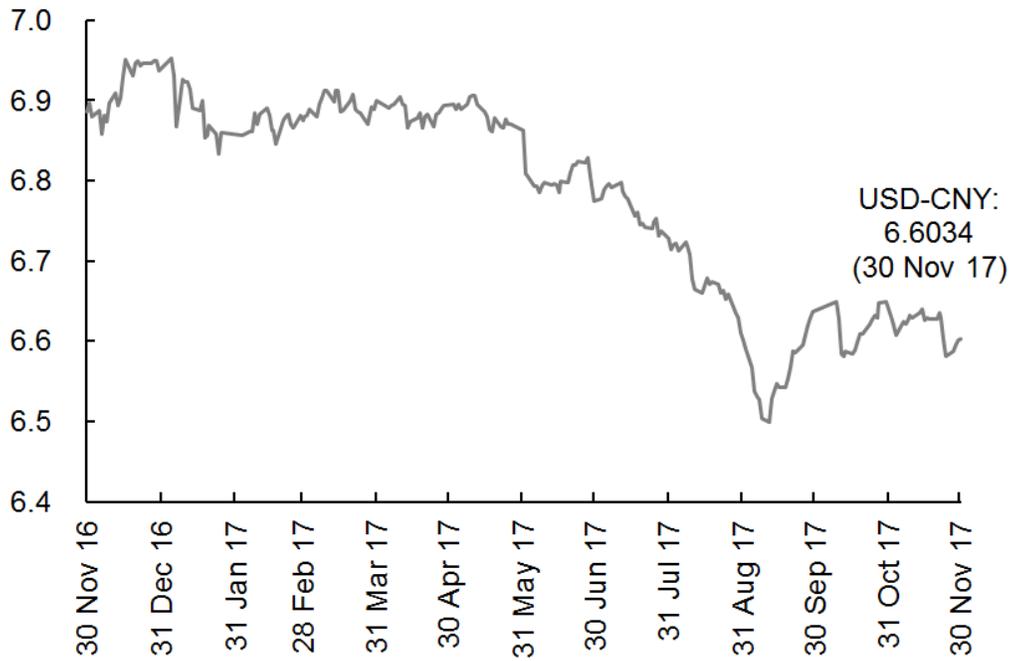
Exhibit 1: China Containerized Freight Index, November 2016 to November 2017



Source: Shanghai Shipping Exchange

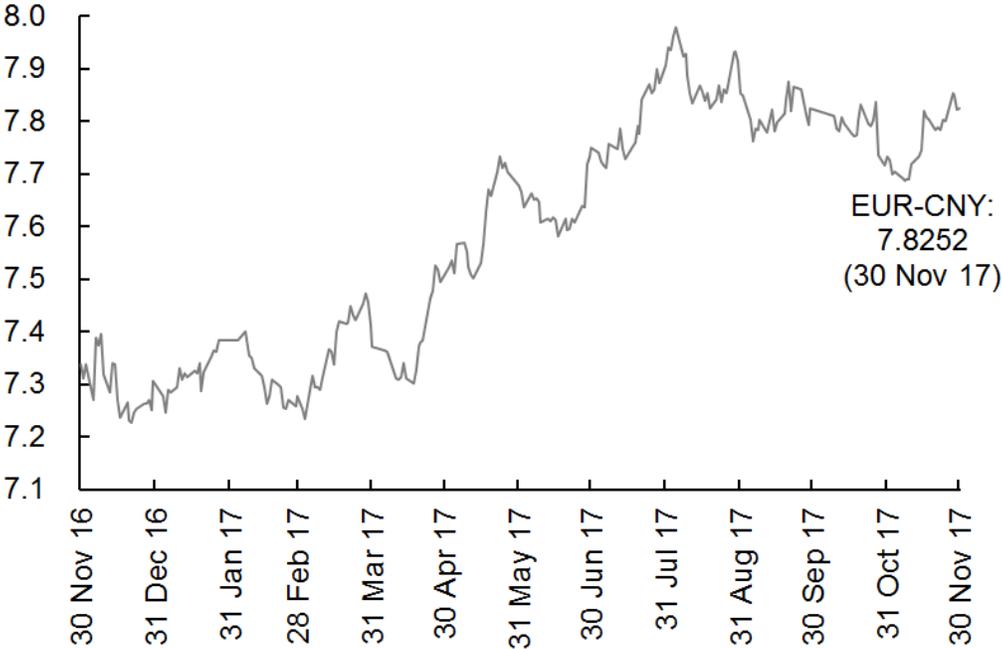
Exchange Rates

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



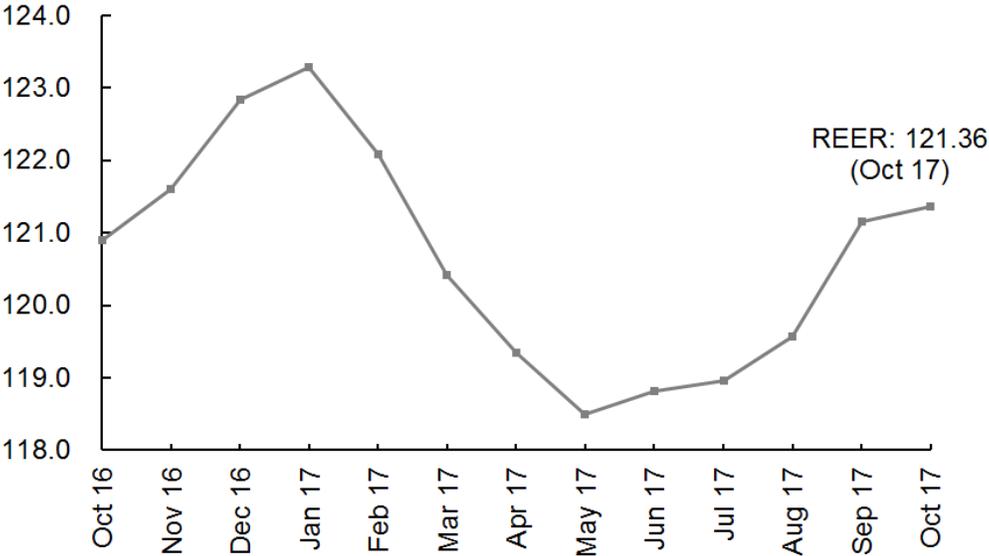
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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