



## China Sourcing Update

December 3, 2018

### Transportation Cost

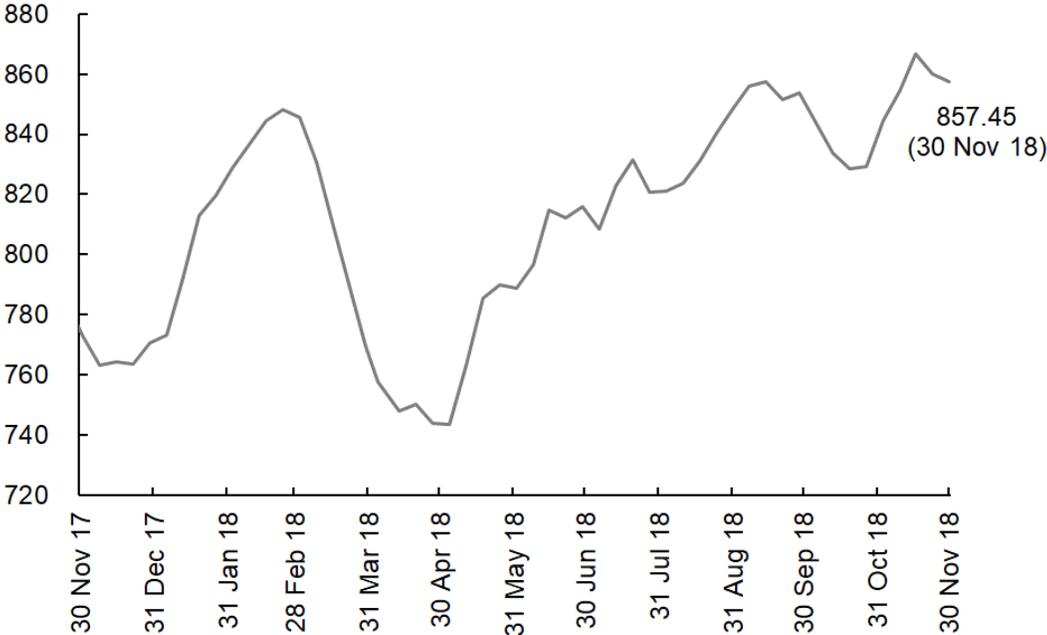
#### China Containerized Freight Index drops in second half of November

The China Containerized Freight Index (CCFI) rose from 829.24 on 26 October to 866.58 on 16 November, and then dropped to 857.45 on 30 November (*see exhibit 1*).

The index rose in the first half of November due largely to a strengthening market demand for containerized freight services for most routes and major shipping companies' moves to decrease the active capacities of their carriers. Afterwards, the index fell in the second half of the month as the industry entered the low season.

Looking ahead, we expect that the China Containerized Freight Index will drop further in the near future, as the market demand for containerized freight services is likely to weaken during the low season.

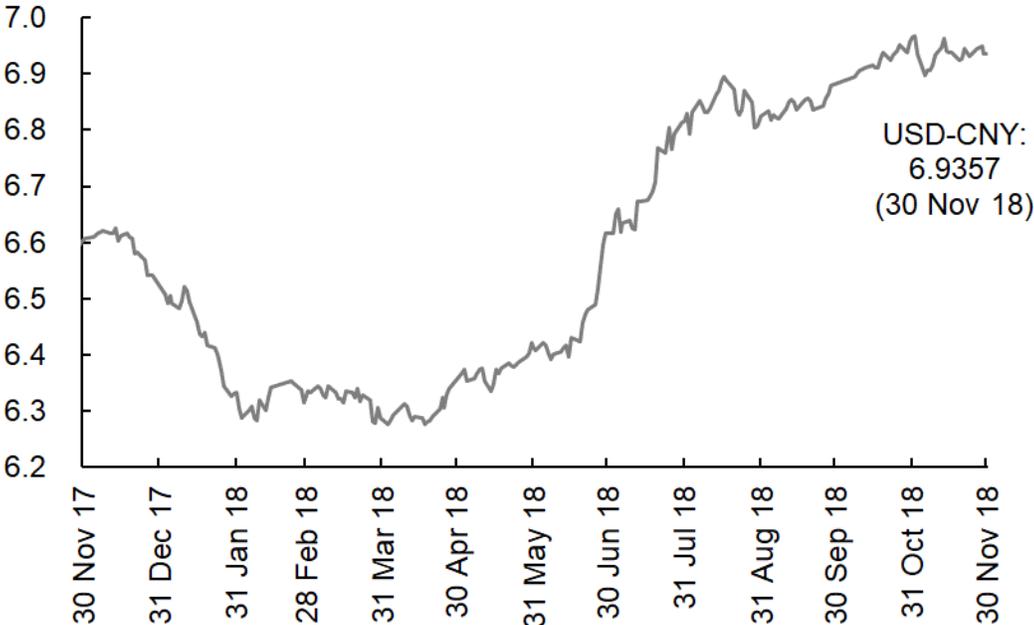
Exhibit 1: China Containerized Freight Index, November 2017 to November 2018



Source: Shanghai Shipping Exchange

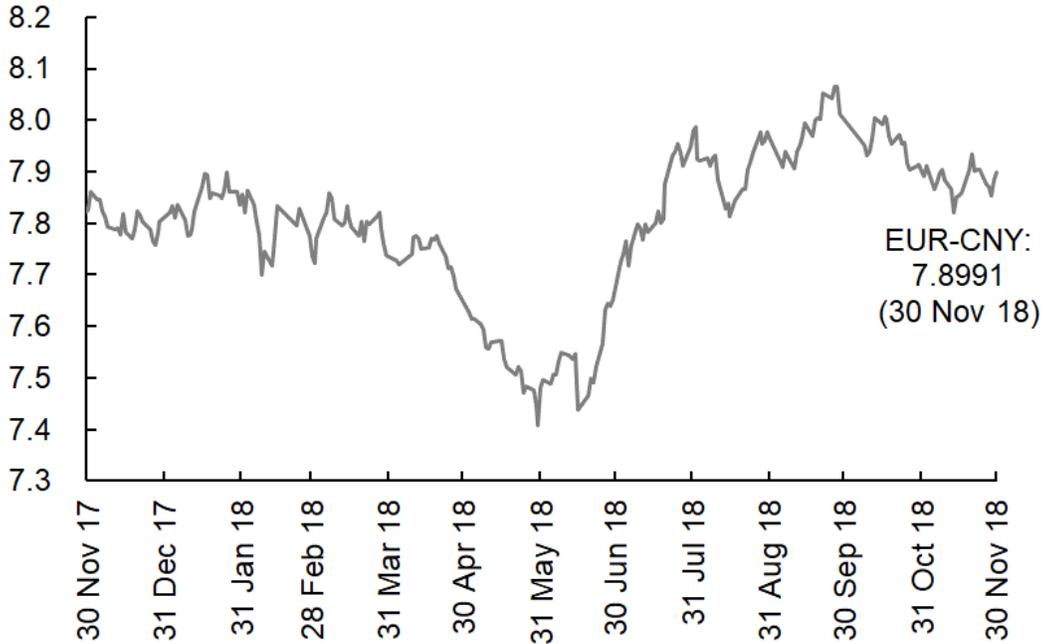
### Exchange Rates

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



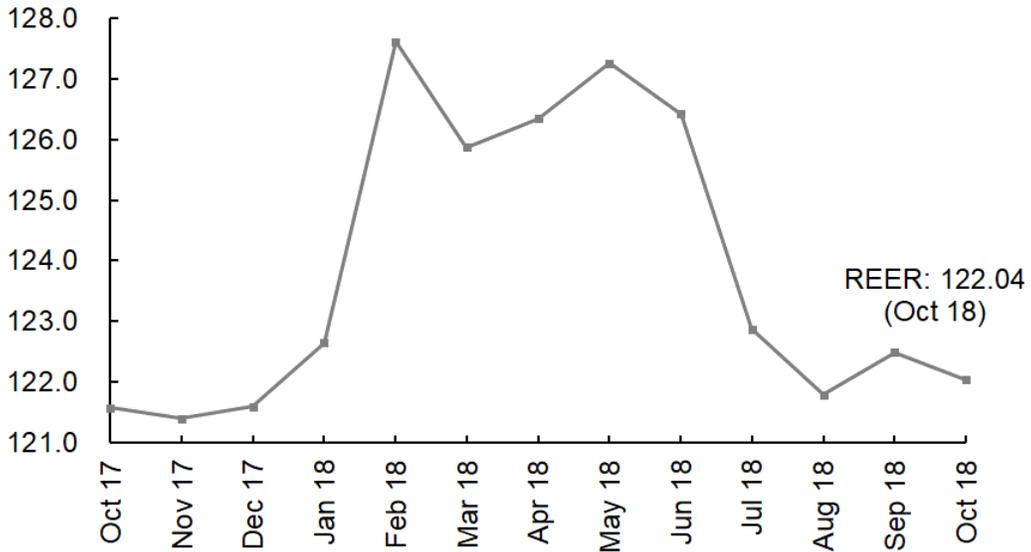
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

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