



## China Sourcing Update

December 16, 2019

### Transportation Cost

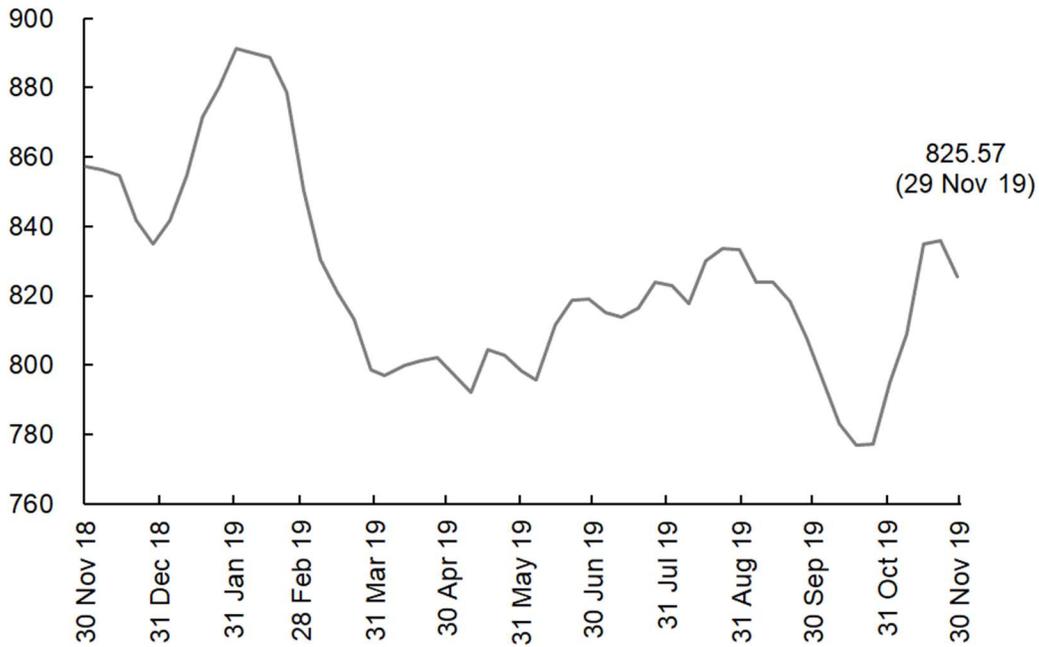
#### China Containerized Freight Index rises to eight-month high in November

The China Containerized Freight Index (CCFI) rose from 777.36 on 25 October to an eight-month high of 835.98 on 22 November and closed at 825.57 on 29 November (see *exhibit 1*).

The rise in freight rates in November was mainly due to the increased demand for containerized freight services during the peak season for Christmas shipments to Europe and North America. In addition, capacity adjustment by shipping companies led to a temporary reduction in supply for the European and North American routes, providing price support for those routes.

Looking ahead, we expect the China Containerized Freight Index to retreat in the near future, as the peak season for Christmas shipments ends. On the other hand, the decline in prices is likely to be limited amidst improved outlook of the European and North American routes, as the economies of Europe and the US show signs of recovery, and stable demand for the Japanese and Australian routes.

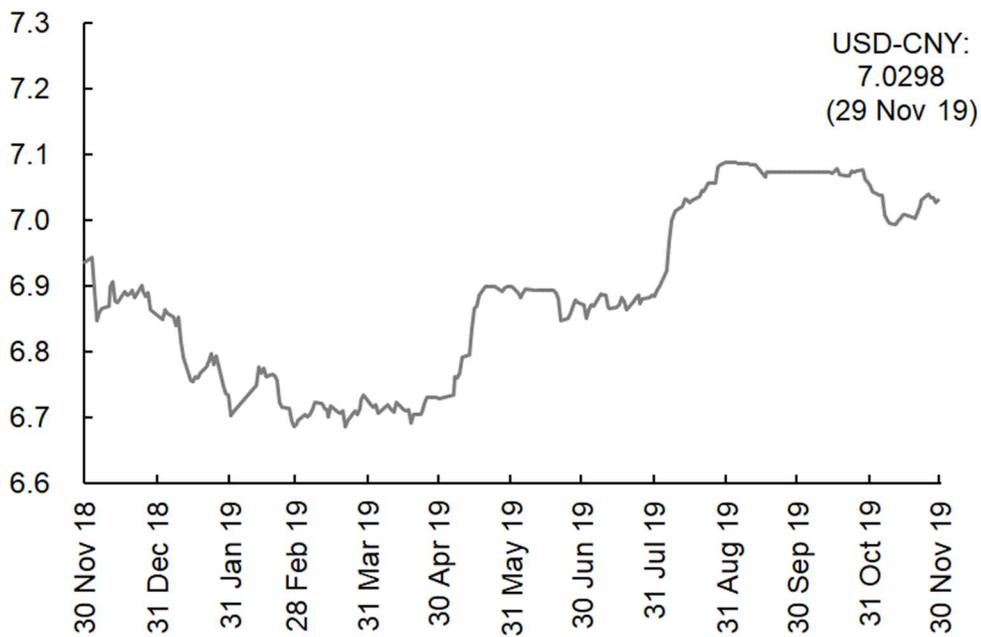
**Exhibit 1: China Containerized Freight Index, November 2018 to November 2019**



Source: Shanghai Shipping Exchange

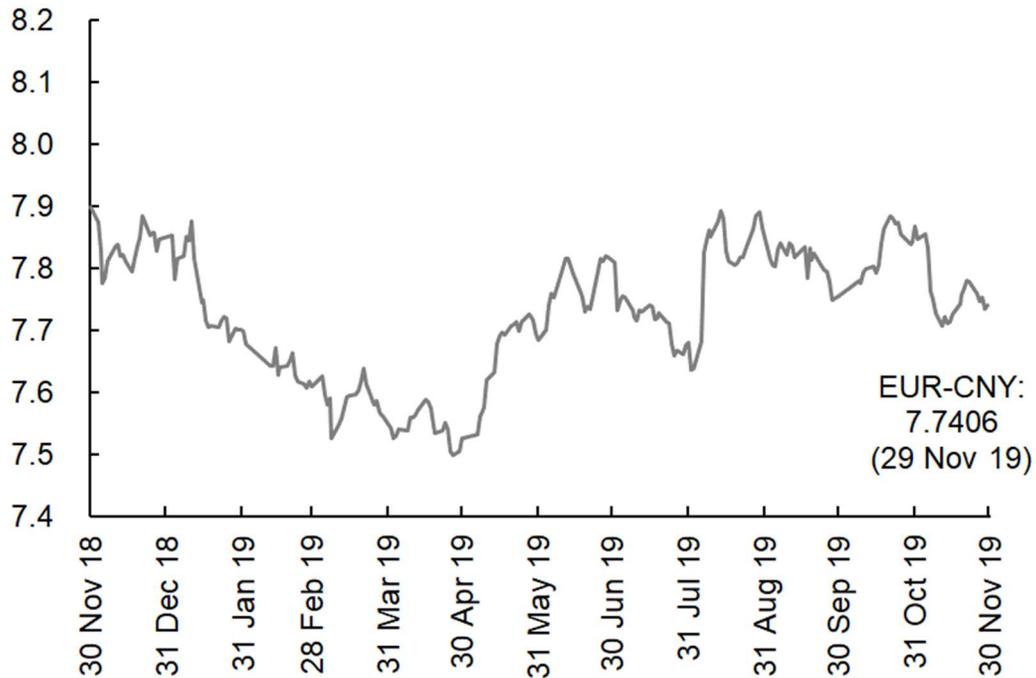
## Exchange Rates

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



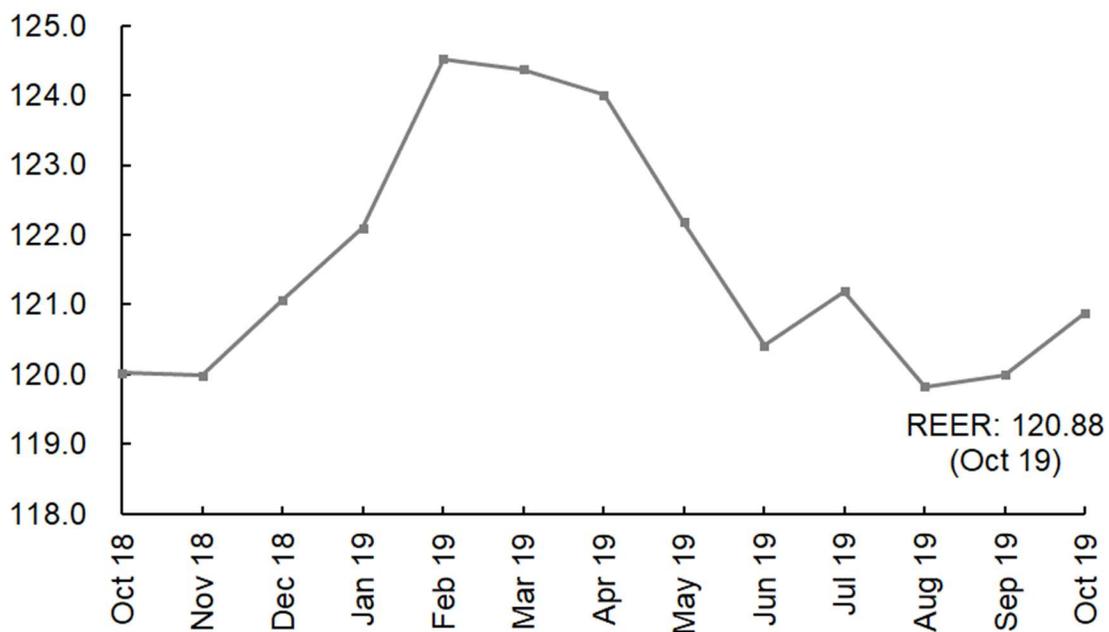
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

## FUNG BUSINESS INTELLIGENCE

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