



## China Sourcing Update

November 2, 2016

### Transportation Cost

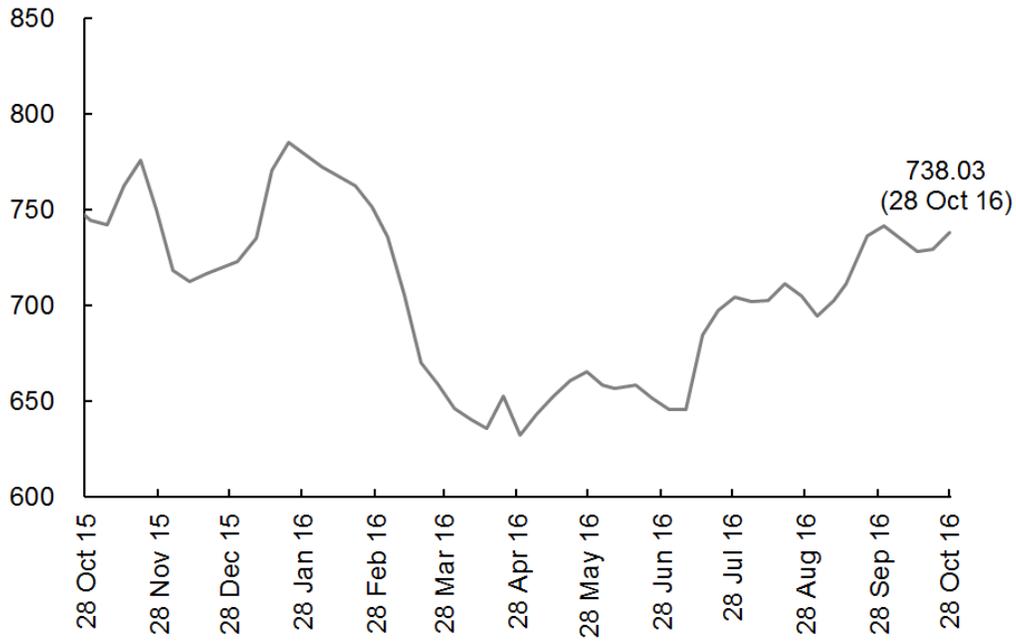
#### China Containerized Freight Index stays high in October

The China Containerized Freight Index (CCFI) went down from a seven-month high of 741.81 on 30 September to 728.22 on 14 October, and then rebounded to 738.03 on 28 October (see *exhibit 1*).

The decline in freight rates in early to mid-October was mainly caused by a fall in the market demand for containerized freight services during the Chinese National Day holiday, and fading fears of capacity shortages created by Hanjin Shipping's bankruptcy. However, freight rates have rebounded since mid-October alongside improvement in the market demand for containerized freight services after the National Day holiday ended.

According to the latest media reports, a number of carriers have raised freight rates lately amid the improving demand. Thus, we predict the China Containerized Freight Index to rise further in the coming future.

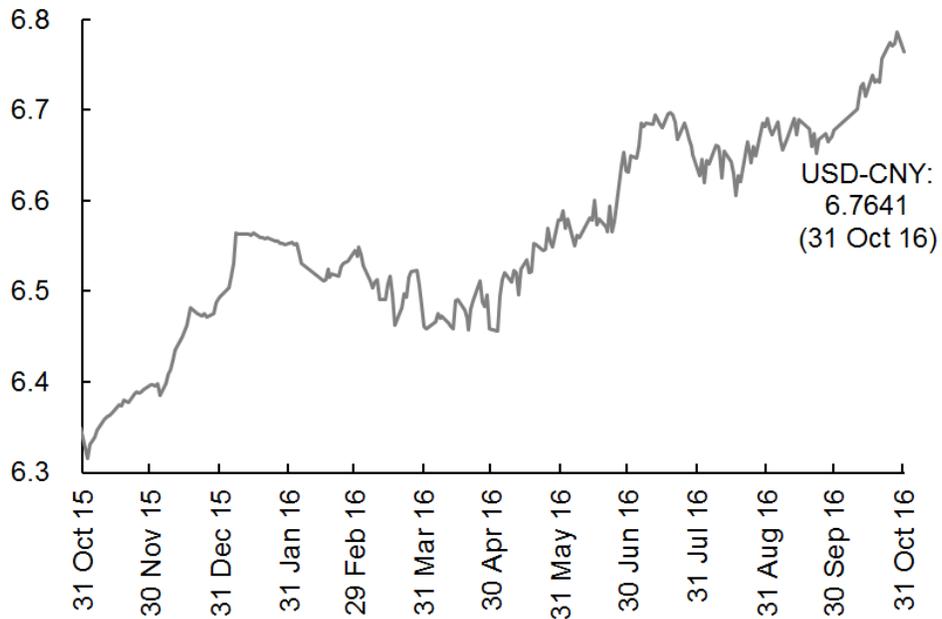
### Exhibit 1: China Containerized Freight Index, October 2015 to October 2016



Source: Shanghai Shipping Exchange

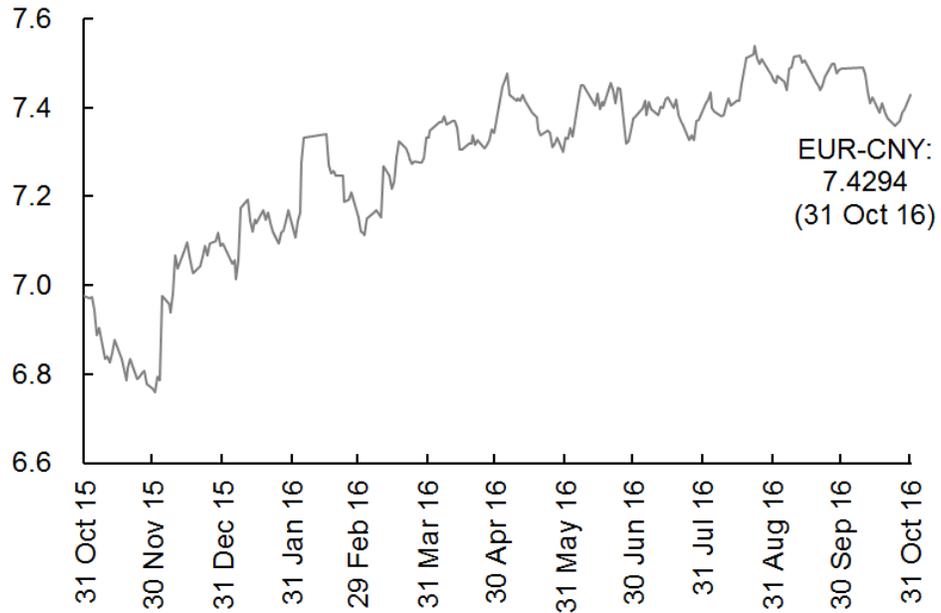
### Exchange Rates

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



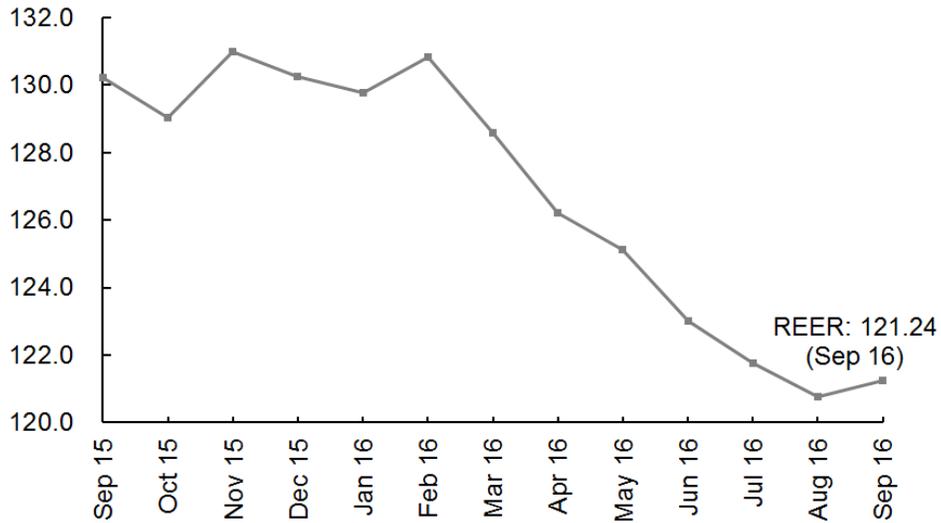
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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