



China Sourcing Update

October 14, 2019

Transportation Cost

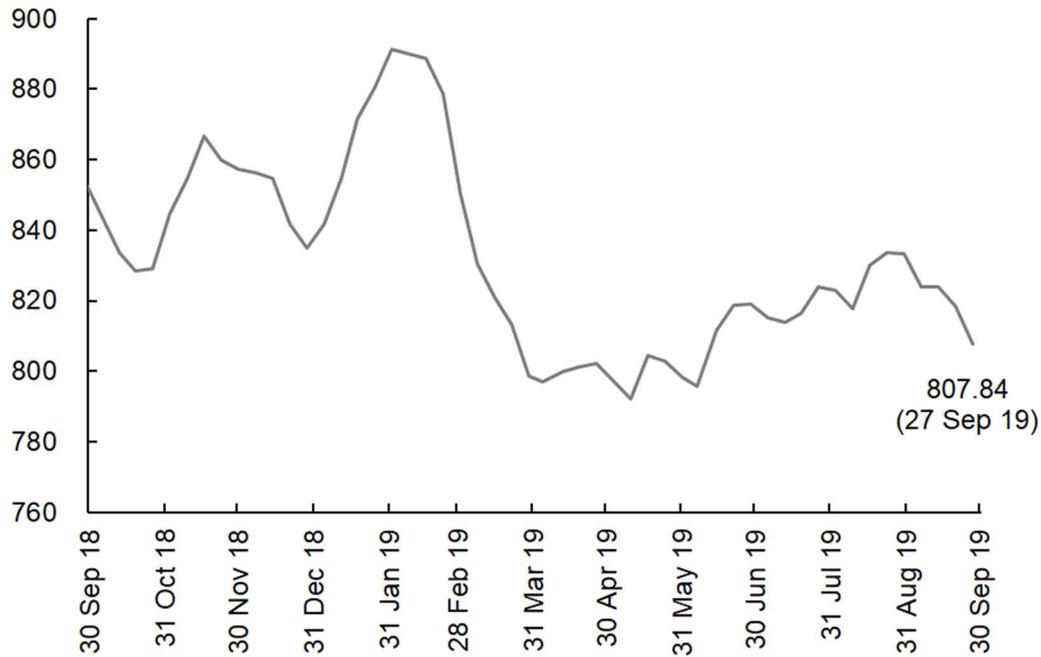
China Containerized Freight Index falls in September

The China Containerized Freight Index (CCFI) declined from 833.29 on 30 August to 807.84 on 27 September (*see exhibit 1*).

The decrease in freight rates in September was mainly attributable to sluggish demand for containerized freight services amidst economic slowdown, in particular for North American, Mediterranean and European routes.

Looking ahead, we expect the China Containerized Freight Index to stay low in the near future, as the market demand for containerized freight services is likely to remain soft amidst bleak economic outlook in Europe, the China-US trade war, and geopolitical uncertainties in the Persian Gulf.

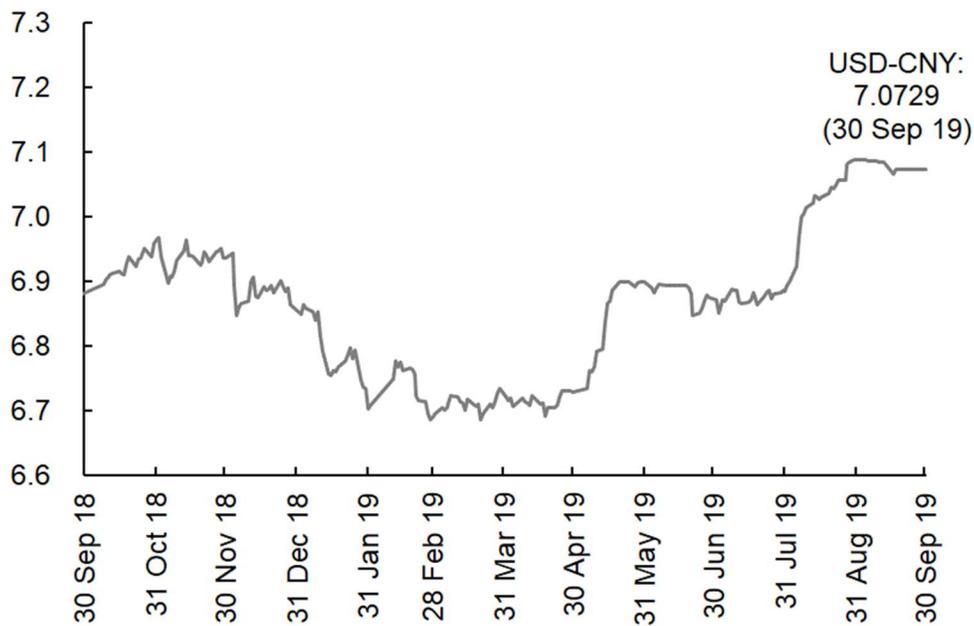
Exhibit 1: China Containerized Freight Index, September 2018 to September 2019



Source: Shanghai Shipping Exchange

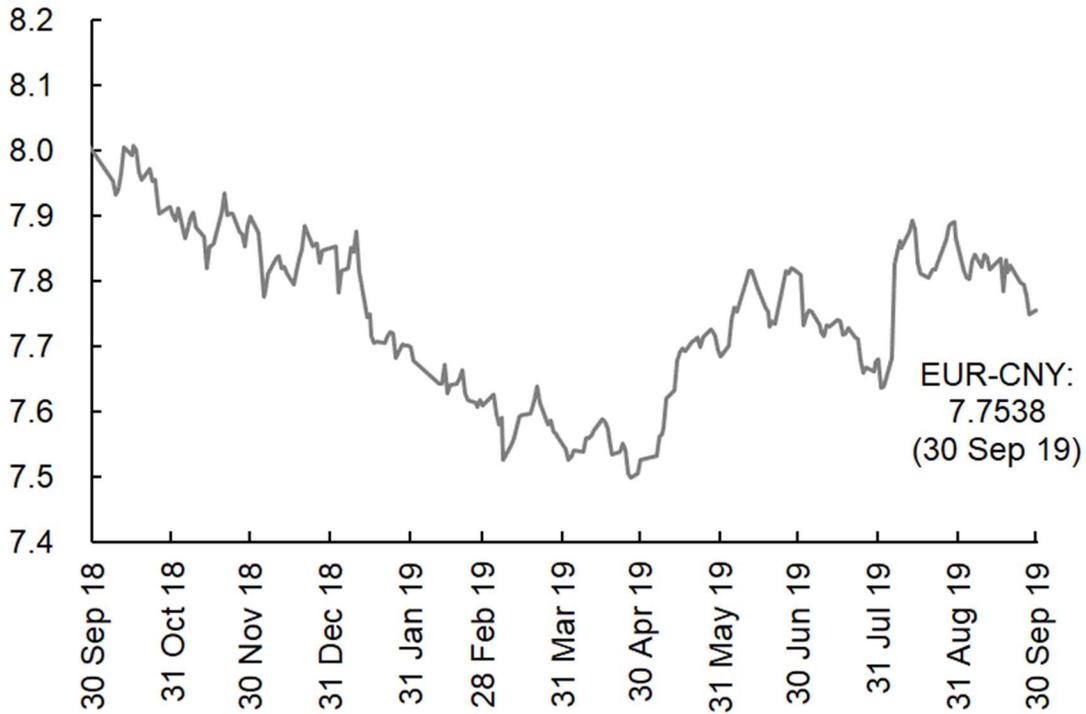
Exchange Rates

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



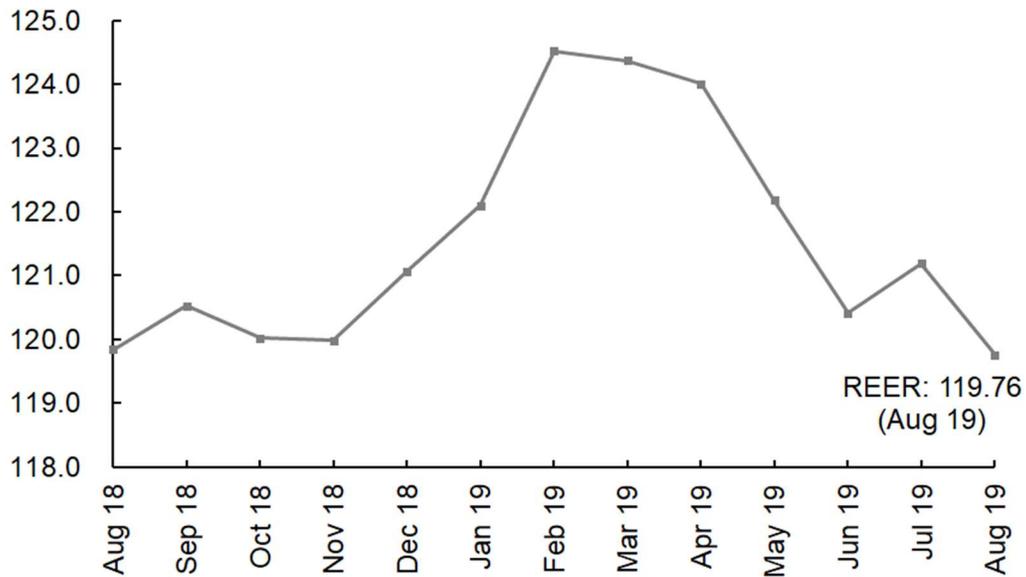
Source: State Administration of Foreign Exchange

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



Source: State Administration of Foreign Exchange

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



Source: Bank of International Settlements

FUNG BUSINESS INTELLIGENCE

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