

ECONOMIC PULSE

INTERNATIONAL TRADE: BOTTLENECKS IN SHIPPING TRANSPORT LIKELY TO WORSEN

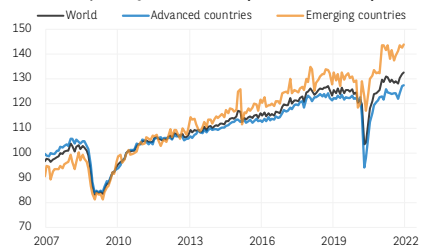
Bottlenecks in shipping transport are already intense and could get worse. First, it is becoming very difficult, not to say impossible, to move merchandises by rail and road networks between China and Europe, because of the routes crossing Russia and the conflict zones in Ukraine. Furthermore, many Chinese production lines, and logistics around the country's ports, have been disrupted by a resurgence of Covid-19 cases and the authorities' 'zero-Covid' policies. This could result in new increases in shipping costs, which had stabilised at historically high levels (chart 5). As a result, the limited reduction in supply delivery times for manufactured goods in February, as shown by the global PMI index, may stall (chart 6). Similarly, the synthetic index of supply chain pressures, which fell over the first two months of 2022, could start to rise again (chart 3). Thus, it cannot be excluded that a significant slowdown, if not a fall, in global trade volume will occur over the first half of 2022. Although the global PMI for new export orders rose again in February – up to 50.7 (chart 2) – the available data for March so far (flash PMI in Europe, PMI in Japan) show a marked fall in demand. In Japan, most notably, this index fell from 50.6 to 46.4, the worst reading since the summer of 2020. However, demand for high-tech goods remains very robust: new export orders from Taiwan jumped 13.1% m/m in February, as demand for electronic goods hit a record in the US, Europe and China.

Meanwhile, 2021 proved to be a strong year for international trade. Goods exports in volume rose 9.8%, more than offsetting the 5.4% contraction recorded in 2020 (source: Netherlands Bureau for Economic Policy Analysis (CPB)).

Guillaume Derrien

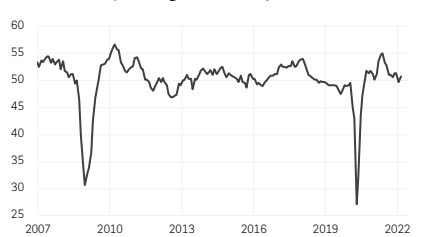
INTERNATIONAL TRADE INDICATORS

1. World exports by area, volume (index 2010 = 100)



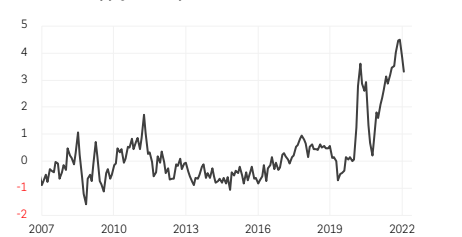
Source: CPB, BNP Paribas

2. Global manufacturing PMI, new export orders



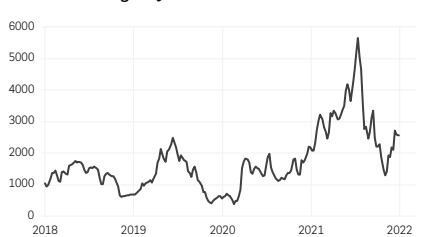
Source: Markit, BNP Paribas

3. Global supply-chain pressures index



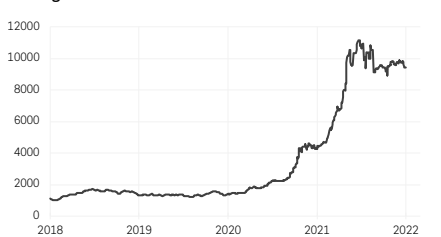
Source: Federal Reserve of New York

4. Baltic Exchange Dry Index



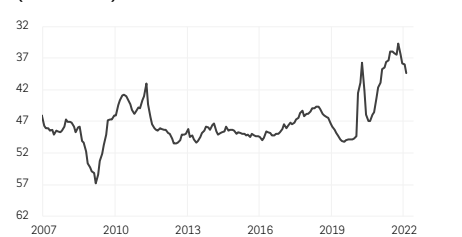
Source: Baltic Exchange, BNP Paribas

5. Freight rate index



Source: Freightos, BNP Paribas

6. Global manufacturing PMI, delivery times (Inverted line)



Source: Markit, BNP Paribas