

ECONOMIC PULSE

INTERNATIONAL TRADE: CLIMATE CHANGE IS DISRUPTING MARITIME TRANSPORT

The evolution of international trade is sending rather reassuring signals about the state of global demand. New machinery and equipment orders from South Korea, as well as export orders from Taiwan – generally seen as two reliable indicators of global manufacturing activity – rebounded sharply in October. While the manufacturing new export orders PMI remains deteriorated (Chart 2), it has nevertheless stabilised slightly below the expansion threshold (50) and was up in November compared to the previous month (+0.6 points to 48.1). Global exports may not be growing but at least they are stabilising towards their 2021 level (see Chart 1). According to the CPB¹, goods exports in real terms rose by 0.8% m/m in September, following an increase of 1.0% m/m in the previous month. Exports from the United States and China grew by 2.3% m/m and 3.1% m/m, respectively, while those from the euro area fell by 0.6% m/m.

The notable development in recent weeks is also the jump in dry bulk sea freight (Baltic Dry Index), which more than doubled in November (+119%), to its highest levels since spring 2022 (Chart 4). This rebound primarily reflects supply disruptions, rather than an increase in demand: this is a direct consequence of climate change on maritime flows, as an historic drought is affecting the Panama Canal. This is not an isolated case. Closer to home, river transport on the Rhine has been severely disrupted this year by low water flow. Transit through the Panama Canal is currently severely restricted, which leads to an increase in transport times and support demand for large (capesize) vessels, which are more suitable for long journeys. This supports freight rates on this type of transport, which have now reached the levels observed two years ago, at the end of the lockdown periods. That said, sea freight for all goods remains at an all-time low, according to the Freightos index (Chart 5).

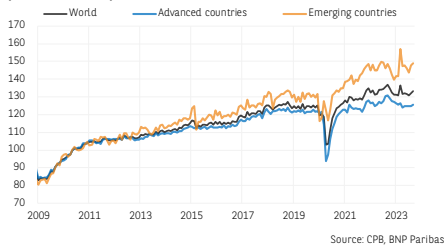
The New York Federal Reserve’s Global Supply Chain Pressure Index (GSCPI) hit its lowest level on record in October (Chart 3). However, this indicator should logically rise again in November, given the rebound of the Baltic Dry index, which is directly included in the calculation of the GSCPI index.

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INDICATORS OF INTERNATIONAL TRADE

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



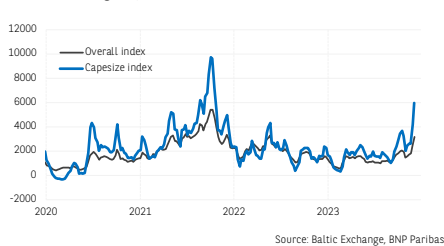
2. Global manufacturing PMI, New export orders



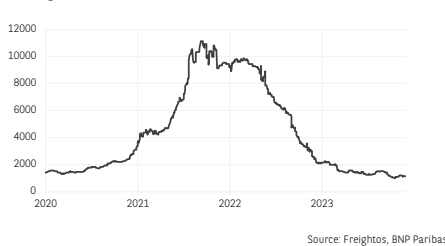
3. Global supply-chain pressures index



4. Baltic Exchange Dry Index



5. Freight rate index



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

