

INTERNATIONAL TRADE: THE WTO OUTLOOK IS REVISED UPWARDS

On 5 April, the World Trade Organisation (WTO) released its revised outlook for 2023 and its first forecasts for 2024. It is now projecting world exports in volume to grow by 1.7% this year, up from its October 2022 forecast of 1%. Although this is still a mild increase, the WTO is expecting a rebound in 2024 to 3.2%. That said, there are major divergences between regions in 2023: Asian exports are expected to accelerate (from +0.6% in 2022 to +2.5% in 2023), a slowdown is foreseen in North America (from +4.2% to +3.3%) and Europe (+2.7% to +1.8%), exports from the Middle East should stall (+9.9% to +0.9%), while African exports will contract (+0.7% to -1.4%).

According to CPB¹ data to January 2023, world exports have already contracted by more than 5% from the September 2022 peak (chart 1). China's lifting of health restrictions in December did not trigger an immediate rebound in exports in January, which were hampered by the Chinese New Year holiday. Yet it was only a matter of time, since the rebound did occur in February and March. According to the National Bureau of Statistics of China (NBS), exports of goods (in nominal terms, seasonally adjusted) increased a cumulative 26% in February and March compared to January, reaching a new record high.

Yet China's economic rebound did not spark a notable improvement in the world PMI index for new export orders (chart 2), which are pulled down by the widespread slowdown in global activity: at 46.6 in March, the index is still below the 50-threshold separating expansion from contraction for the 10th consecutive month.

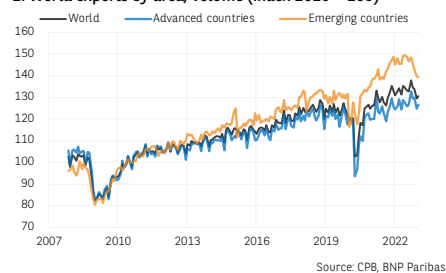
Maritime freight is approaching a floor level. The Freightos index (chart 5) declined again during the first half of April (-5.8% compared to the end of March) and is now only 1% above the 2018-2020 average, a period that preceded the surge in maritime transport costs. There has been a remarkable reversal of supply chain trends. In the span of about a year, supply-chain pressures have totally dissipated, and the slowdown in world trade recently facilitated this rapid easing trend. In March, the New York Federal Reserve index (chart 3) dropped to its lowest level since summer 2009, a decline reflecting the easing of pressures. The PMI delivery times indicator (chart 6) also shows a similar dynamic.

Guillaume Derrien

¹Netherlands Bureau for Economic Policy Analysis.

GLOBAL TRADE INDICATORS

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



2. Global manufacturing PMI, new export orders



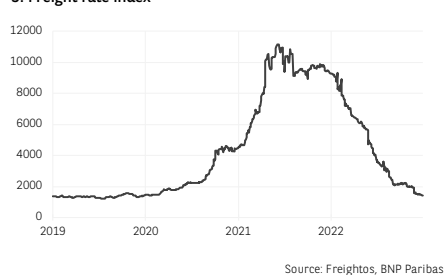
3. Global supply-chain pressures index



4. Baltic Exchange Dry Index



5. Freight rate index



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

