

ECONOMIC PULSE

INTERNATIONAL TRADE BAROMETER: TRADE PRESSURES CONTINUE TO ABATE

Although supply timescales are still historically long, the PMI index which assesses them has gradually improved since last autumn, rising from 34.8 in October 2021 to 42.3 in June (chart 6)¹. According to the PMI sector survey, this reduction in delivery times can also be seen in most industries, particularly in the automotive, electronic equipment and agri-food sectors. As a result of these reductions, the backlogs of work indicator recorded its biggest fall in over two years, dropping from 52.7 in May to 50.0 in June. The aggregate value chain pressures index, which is published by the Federal Reserve of New York, confirms these positive developments. It has fallen to its lowest level since March 2021 (chart 3). These gradual but continuous improvements should help to ease some of the inflationary pressures currently weighing on the manufactured goods sector in particular.

This easing of pressures is due in part to less disrupted global maritime traffic. This traffic is gradually becoming more fluid and the bottlenecks in ports, particularly those on the west coast of the United States, are receding. Based on the available data, the average wait time for ships berthed in the port of Los Angeles had reduced to an average of 18 days in early July. This is the shortest wait time since November 2020 and close to the levels recorded before the global pandemic. The peak was reached in November 2011, with an average of 127 days. At the same time, the maritime freight indicator (chart 5) fell by almost a third compared to its level at the end of 2021, mainly as a result of significant cost reductions for routes from northern Europe to eastern China (-55% since the end of December) and from eastern China to the west coast of the United States (-52%).

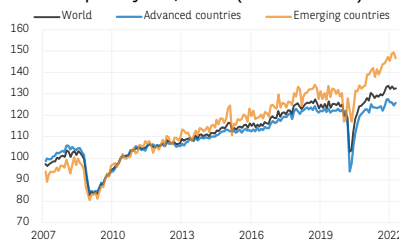
That said, global demand is slowing considerably and is also helping to ease the pressures on international trade, but for the wrong reasons: the early results of the PMI surveys for July in the euro zone (France, Germany) and in Japan show a marked deterioration in ongoing activity in the third quarter of 2022.

Guillaume Derrien

1. A rising number represents a shortening of delivery times. For this reason, the Y-axis in chart 6 is inverted.

INTERNATIONAL TRADE INDICATORS

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



Source: CPB, BNP Paribas

2. Global manufacturing PMI, new export orders



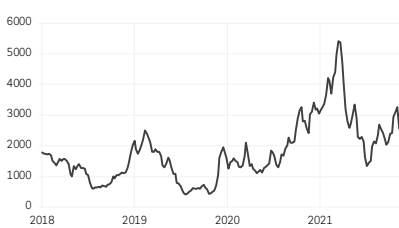
S&P Global (Markit), BNP Paribas

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)



S&P Global (Markit), BNP Paribas

