ECONOMIC PULSE

INTERNATIONAL TRADE: BUSINESS ACTIVITY IS WITHSTANDING LOGISTICAL PRESSURES FOR THE TIME BEING

The increase in global shipping flows, and the resulting logistical problems, continue to push up freight rates and container ship prices, but are not, at this stage, causing a significant slowdown in business activity or a major rise in import prices. The increase in prices gained momentum in June: the Freightos Index (chart 5) climbed by 43% m/m last month, compared with an increase of almost 15% in May. At the end of June, the index was 30% above the previous peak seen in mid-February, but still 60% below the record levels reached in autumn 2021.

Nevertheless, the increase in freight is concentrated on the flow of goods to and from China using container ships. Transport prices for dry bulk, as measured by the Baltic Exchange Dry Index (chart 4), are, overall, in an upward phase, but their rise is more contained. The cost of transporting crude oil (dirty tanker) or refined oil (clean tanker) even stabilised in the first half of 2024.

These supply disruptions are likely to have a more limited impact on global activity than when lockdown ended, as demand is now less sustained than in 2021/2022. The Global Supply Chain Pressure Index, published by the New York Federal Reserve, rebounded as expected in May, but remains at a historically low level (chart 3).

Global PMI indicators remained positive in the spring, above the expansion line. The index of new export orders in the manufacturing sector (chart 2) edged down slightly, from 0.1 points to 50.4, but remains at a level consistent with the momentum of export volumes published by the CPB. In April, world exports rose by 1.8% m/m and 2.5% year-on-year. The rise was mainly driven by China, which saw its exports rebound by 5.2% m/m, while the rest of Asia (excluding Japan) and the eurozone recorded a similar increase of 2.4% m/m. US exports edged up by 0.6% m/m, while Japanese exports slipped by 0.2% m/m.
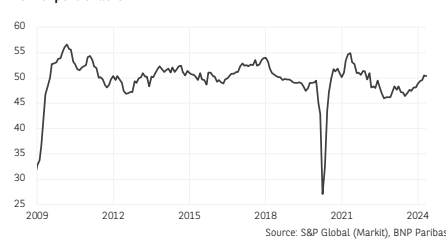
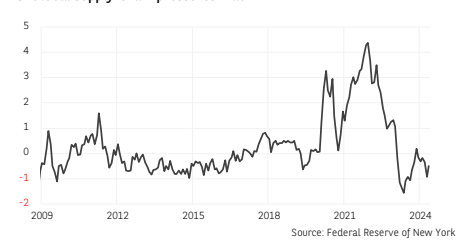**Guillaume Derrien**

INDICATORS OF INTERNATIONAL TRADE

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

Source: CPB, BNP Paribas
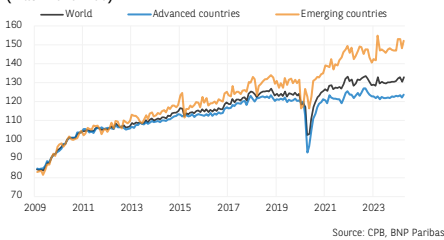
2. Global manufacturing PMI, New export orders

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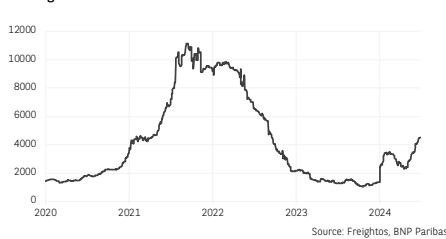
6. Global manufacturing PMI, Delivery times (Inverted line)

Source: S&P Global (Markit), BNP Paribas

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