

ECONOMIC PULSE

INTERNATIONAL TRADE: THE EFFECTS OF HIGHER FREIGHT RATES ON EXPORTS ARE LIMITED SO FAR

After easing, tensions in global maritime trade are resurfacing. According to the Freightos index, global freight rebounded by 40% between the last week of April and the last week of May (*chart 5*). Freight has returned to the levels seen in February, when the conflict in the Red Sea had intensified. The rise in transport costs varies markedly between shipping routes, and is more pronounced for trade from the west coast of the United States to the east coast of China. Despite a combination of factors (including the tightening of tariff barriers in the United States, longer transport distances linked to tensions in the Red Sea, and weather conditions impacting activity in certain ports in South-East Asia), the current rise in transport costs remains well below the peaks seen in autumn 2021. However, these episodes of tension on global supply chains are bound to recur, in particular due to climactic hazards and to geopolitical and trade tensions that are more marked than in the past.

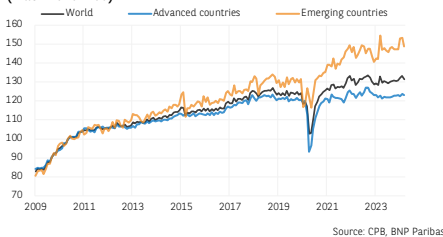
That said, the rise in freight has so far had little effect on the PMI delivery times indices, which fell marginally in both the US (-0.2 points to 50.3) and the eurozone (-1 point to 55.2) in May. The supply-chain pressures index, measured by the New York Federal Reserve (*chart 3*), and for which the latest data is for April, fell sharply but is expected to rise again in the following month.

The latest CPB data indicate a moderate rise in the volume of global exports in Q1 2024, following a slight decline over 2023 as a whole (-0.7%, *chart 1*). Export volumes picked up by 1.1% q/q in Q1, the best increase since Q3 2022. Exports from Central and Eastern Europe (+9.8% q/q) and China (+5.4% q/q) rebounded. Exports from the United States rose by 0.9% q/q, while exports from the eurozone and Japan fell by 0.3% q/q and 2.5% q/q, respectively. The global PMI index for new export orders has also been trending upwards in recent months: it moved back above the expansion threshold in May (at 50.5) for the first time since February 2022 (*chart 2*).

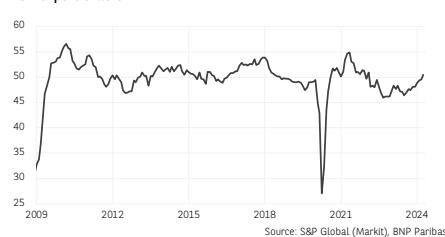
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INDICATORS OF INTERNATIONAL TRADE

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



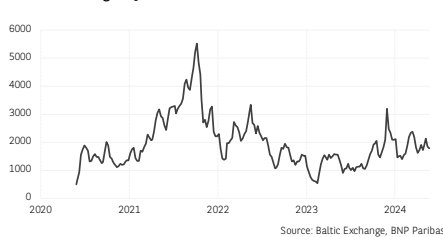
2. Global manufacturing PMI, New export orders



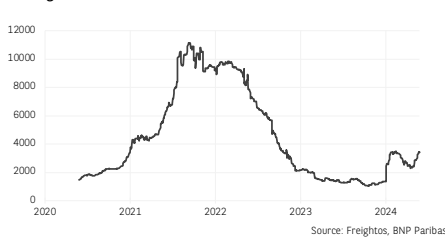
3. Global supply-chain pressures index



4. Baltic Exchange Dry Index



5. Freight rate index



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

