

## ECONOMIC PULSE

6

## INTERNATIONAL TRADE: EXPECTATIONS DOWNGRADED SIGNIFICANTLY

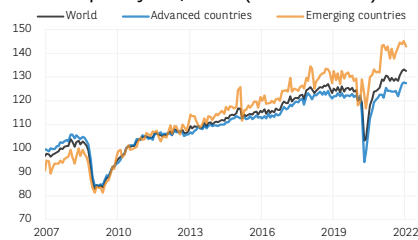
After the World Trade Organisation (WTO), the International Monetary Fund also revised significantly lower its forecast for global trade for 2022. Exports are now expected to rise by 4.4%, compared with an estimate of 6% in October. This is above the WTO's projections of 3% growth in 2022. Given the sharp rebound seen in 2021 – an increase of 9.8% – a lower rate of growth in goods exchange was expected. However, the war in Ukraine and the difficulties facing China in terms of its economy and the public health situation are important headwinds to growth. Some signs of this slowdown can already be seen: the global manufacturing PMI index for new export orders dropped sharply in March (-2.8 points to 48.2), reaching its lowest level in 18 months (chart 2). New export orders from Taiwan, often seen as a bellwether for global demand, fell in March but are holding at a very high level.

China is once again at the centre of attention. The lockdown measures imposed in Shanghai and surrounding areas have forced a number of businesses to shut down, including those in the electronics sector. This is likely to heighten global production chain disruption further and affect multiple industries. The global supply chain pressures index (chart 3), down in January and February, is likely to rebound. Manufacturing sector delivery times have increased again last month, according to the PMI report (chart 6). Shipping bottlenecks are also very unlikely to ease before 2023. Since the end of 2021, the average freight rate has stabilised at a high level (chart 5). Furthermore, container prices (Harpex index) have continued to increase in 2022 (up 19% between 1st January and 15th April), after having almost trebled in 2021.

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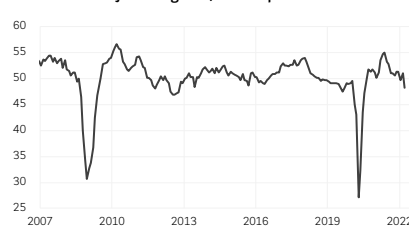
## INTERNATIONAL TRADE INDICATORS

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



Source: CPB, BNP Paribas

2. Global manufacturing PMI, new export orders



Source: 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: Markit, BNP Paribas



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