

ECONOMIC PULSE

7

INTERNATIONAL TRADE: A (FRAGILE) RETURN TO NORMAL

After several months of improvement, global supply-chain disruptions appear to have bottomed out, and some signs of deterioration are emerging again. The synthetic indicator of the Federal Reserve of New York (FRNY; chart 3), which measures these tensions, rose slightly in June, for the first time in 2023, as did the PMI delivery times index, which is part of the FRNY aggregate indicator. Similarly, maritime freight has changed little in recent weeks: the Freightos index (chart 5) remained stable between mid-June and mid-July after another very significant fall of 40% during the first half of 2023. In particular, a decline can be seen in the costs of transporting crude oil: they had risen jumped last winter, due to the increase in energy demand, and have fallen sharply since (chart 4).

Meanwhile, world exports are levelling off reflecting fragile international demand. Exports do not stall, however, even if some leading indicators have deteriorated lately. According to the CPB, world exports increased by 0.6% between January and April 2023¹ but remained stable compared to their level observed twelve months earlier (chart 1). However, new export orders from Taiwan fell much more significantly (-24.9% year-on-year), reaching their lowest level in three years. The drop in recent months is almost generalised to all export products and regions, and in particular in Europe where the drop, year-on-year, reached 44.2%. The largest decline ever recorded.

Escalation of the conflict in Ukraine, record drought affecting certain maritime routes (Panama Canal, Rhine) or the emergence of social movements in response to the increase in the cost of living: the sources of disruption to world trade remain multiple and active. The threat of a strike in the postal transport sector in the United States constitutes one of the major risks of tension in this respect, which will be worth monitoring in the coming weeks. This strike, if it materializes, may have significant repercussions on American economic activity².

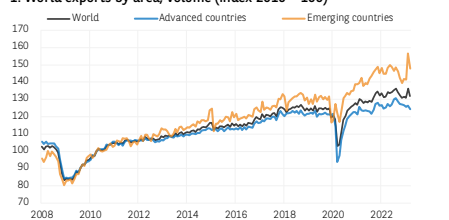
Guillaume Derrien

¹ Data for the month of May will be published on July 25th.

² See *UPS strike would cause 'massive harm' to US Economy*, Bloomberg, 18 July 2023

INDICATORS OF INTERNATIONAL TRADE

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



Source: CPB, BNP Paribas

2. Global manufacturing PMI, new export orders



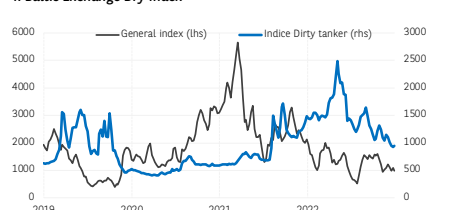
S&P Global (Market), BNP Paribas

3. Global supply-chain pressures index



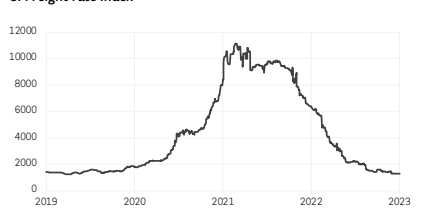
Source: Federal Reserve of New York

4. Baltic Exchange Dry Index



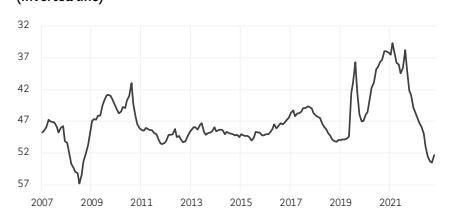
Source: Baltic Exchange, BNP Paribas

5. Freight rate index



Source: Freightos, BNP Paribas

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



S&P Global (Market), BNP Paribas



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