

## INTERNATIONAL TRADE: MARITIME TRANSPORT FACES A NEW SHOCK

The Red Sea conflict has already had a substantial impact on global shipping. While maritime freight prices are, at this stage, still well below the levels seen in 2021, when the global economy was recovering post-lockdown, they have spiked in January 2024. The Freightos index (chart 5) shows that transportation costs have tripled on average compared to the end of last year. Due to their geographical locations, China and Europe have been the regions most directly affected by these disruptions, and are already facing threefold (China-Europe route) to fivefold (Europe-China route) increases in transportation costs. However, the effects are gradually being felt on all global shipping routes. For example, according to Freightos data, transportation costs between China and the west coast of the United States have more than doubled in January.

In addition, the PMI indices for January point to longer shipping times for goods in most regions, with a major deterioration in some cases (chart 6). This has been particularly true for the United Kingdom, where the PMI delivery times index has plummeted 8 points in January (a drop indicates that delivery times are rising), the biggest decline ever recorded in a month, excluding the lockdown period. The New York Federal Reserve's supply chain pressures index (chart 3) fell slightly in December, but it is very likely to rebound in January.

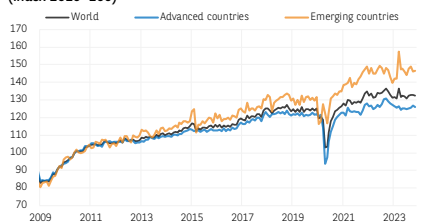
However, it should be noted that not all indicators are deteriorating significantly yet. The Baltic Dry index (chart 4), which measures dry bulk transportation costs, has remained stable in January. The price of container ships (Harpex index) is also still at an all-time low, as a result of a persistently high excess capacity for this type of infrastructure.

The beginning of 2024 has seen further global trade tensions emerge, even though global trade had already declined in 2023. According to the CPB (chart 1), cumulatively over the first eleven months of the year, export volumes fell by 0.9% compared to the same period in 2022. Most regions recorded a decline (-2.7% in the euro zone, -1.8% in Japan, -1.4% in Latin America and Africa/Middle East, and -4.0% in Asia excluding China), with the exceptions of the United States and China, where exports were up 3.4 and 2.3% respectively.

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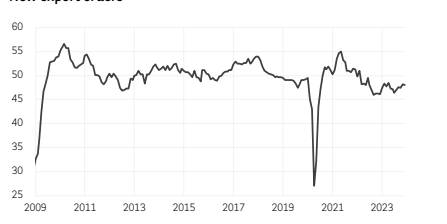
### INDICATORS OF INTERNATIONAL TRADE

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



Source: CPB, BNP Paribas

2. Global manufacturing PMI, New export orders



S&P Global (Markit), BNP Paribas

3. Global supply-chain pressures index



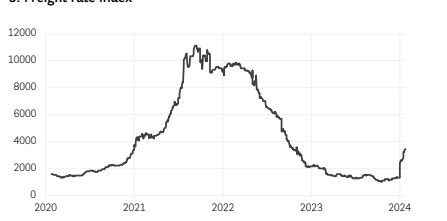
Source: Federal Reserve of New York

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

