

# ECONOMIC PULSE

7

## INTERNATIONAL TRADE: A NOTICEABLE SLOWDOWN

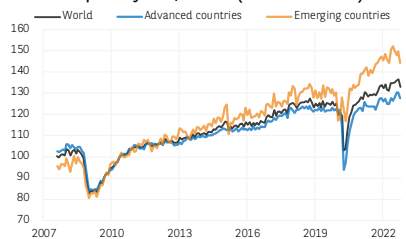
The second half of 2022 was marked by a significant and generalised fall in global transportation costs, accompanied by a freeing up of supply chains (Chart 3). Global maritime freight fell back to levels almost five times lower than at the peak in autumn 2021 (Chart 5). Only transportation costs for liquefied natural gas (LNG) increased significantly, due to Russian gas shortages, although prices have also fallen back since December. While the risks of disruption to trade and global logistics will not fully evaporate in 2023 (risk of strike action, reinstatement of health barriers in the event of a resurgence of Covid-19, tensions linked to China's precipitous exit from its zero-Covid strategy), the indicators will primarily be scrutinised on the demand side, in order to judge the health of the global economy.

However, the slowdown in demand seems to be well under way, and it remains to be seen what the extent of this will ultimately be. Indeed, PMI surveys deteriorated almost without discontinuity throughout 2022, reaching 48.6 in December. The decline in business confidence surveys corroborates the hard data: new export orders from Taiwan fell sharply over one month in November (-13.1% m/m), pulling the annual rate down to a 13-year low. No sector was spared by this fall in orders: chemicals (-28.9% y/y), electronics (-15.2% y/y), plastics and rubber (-38.7% y/y), and textiles (-13.5% y/y). German industrial orders also fell sharply in November by 5.3% m/m, hit by a fall of 8.1% m/m in orders from abroad. The export volumes data, provided by the CPB (Chart 1), are lagging, with the latest data available only until October. While export volumes may have remained high overall, a downward reversal could have started this autumn. Real exports fell by 2.6% m/m in October, the biggest monthly contraction since April 2020, when most of the lockdown measures were implemented around the world.

**Guillaume Derrien**

### GLOBAL TRADE INDICATORS

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



Source: CPB, BNP Paribas

2. Global manufacturing PMI, new export orders



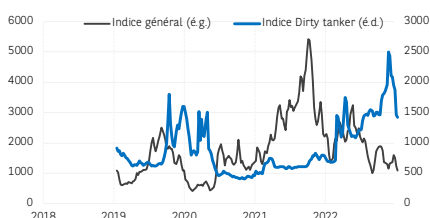
S&P Global (Markit), BNP Paribas

3. Global supply-chain pressures index



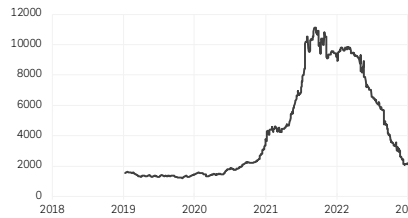
Source: Federal Reserve of New York

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



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