

ECONOMIC PULSE

INTERNATIONAL TRADE: ONGOING SUPPLY PRESSURE ALTHOUGH DEMAND IS SOFTENING

After a spectacular rebound in 2021, global trade in goods is likely to see slower growth this year. The World Trade Organisation’s latest forecasts show that trade in goods will rise by 4.7% this year, following a jump of 10.8% in 2021.

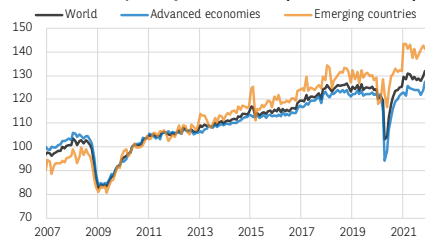
The global PMI manufacturing new orders index also fell below the 50 threshold in January, for the first time in a year and a half (see chart 4). That said, the slowdown will not be visible in all sectors. Indeed, demand for semiconductors remains very high, and this dynamic largely explains why Taiwan continues to record rapidly rising export orders (see chart 6).

Global supply chains, which were already very stretched, will be affected by the conflict in Ukraine since many production plants will shut down. It will also be harder to transport goods by road and rail from China to Europe, but the overall impact will be small given that a majority of trade between the two regions is through the maritime channel. The PMI delivery times index remains close to its October 2010 record (see chart 5). PMI indices at the sectoral level show particularly long delivery times in the electronic equipment, food and automotive sectors. The Baltic Exchange Dry index, which shows the cost of transporting dry bulk goods, is now rising again following a sharp drop in the second half of last year (see chart 2). Concerning container freight rates from Shanghai, it remains to be seen whether the recent weakening represents the start of a downward trend.

Guillaume Derrien

TRADE INDICATORS

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



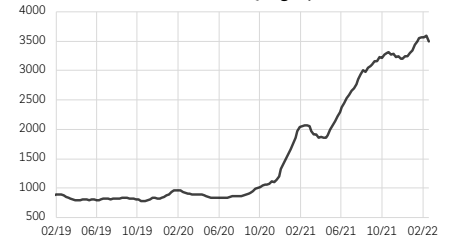
Source: CPB, BNP Paribas

2. Baltic Exchange Dry Index



Source: Baltic Exchange, BNP Paribas

3. China containerized freight price index



Source: Shanghai Shipping Exchange, BNP Paribas

4. Global manufacturing PMI
New export orders



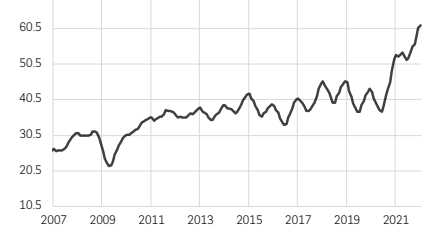
Source: Markit, BNP Paribas

5. Global manufacturing PMI
Delivery times



Source: Markit, BNP Paribas

6. Taiwan, new export orders received
(US dollar, 6-month moving average)



Source: Ministry of Economic Affairs

