

ECONOMIC PULSE

INTERNATIONAL TRADE: STILL LIMITED VISIBILITY

2022 will be another tense year for international trade. Although some of the tensions are easing, visibility is still limited and supply-chain bottlenecks will probably continue for much of the year, affecting the outlook for growth and inflation. We explore this subject in greater detail in two of our recent publications¹. On the positive side, the Baltic Dry Index, which tracks the price of transporting dry bulk materials, has fallen almost 30% in the first three weeks of 2022, continuing the decline that began in October last year. However, transport costs for other goods has become even more expensive, as shown by the China containerized freight price index (see chart 3).

Delivery times for goods also seem to be improving slightly, although they remain very long. The global PMI measuring supplier delivery times has improved in the last quarter (a rise in the index indicates shorter delivery times). However, the pandemic will continue to have major repercussions on trade, particularly in China, where activity in ports such as Shenzhen is being disrupted by Covid-19 case numbers. Chinese New Year could also lead to a slowdown in trade activity in the region.

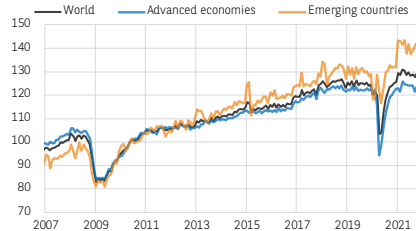
Nevertheless, these tensions also reflect the strong level in global demand, which is likely to continue throughout 2022. Although global trade volumes have plateaued since last summer, they remain historically high, while the growth in new export orders registered by Asian tiger economies (Taiwan and South Korea) shows the unprecedented dynamism in the manufacturing sector. However, not all regions are seeing such a strong recovery. This is particularly the case for Africa and the Middle East, where exports (combined) are still more than 5% below their end-2019 level in real terms, according to the CPB.

Guillaume Derrien

1. See BNP Paribas EcoWeek, *Supply side disruption, some hopeful signs*, 10 January 2022. See also BNP Paribas EcoConjoncture *More resilient supply chains after Covid-19 pandemic*, December 2021.

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



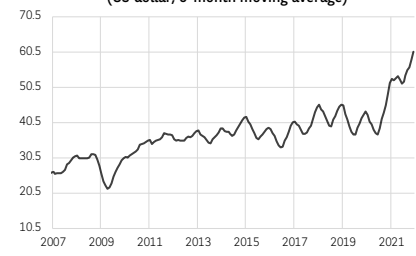
Source: Markit, BNP Paribas

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

