

# ECONOMIC PULSE

## INTERNATIONAL TRADE: STRONG DYNAMISM

Indicators related to international trade remain very strong. Even though the most recent CPB<sup>1</sup> figures are for March, world trade in volumes (both exports and imports) increased 2.2% m/m, pushing the quarterly rise to 3.5% in Q1 2021. This represents a solid growth that was almost identical to that recorded in the previous quarter. This said, world exports growth in Q1 2021 was mainly driven by China (14.4% q/q) and emerging Asia (+6.2%). Given that the health situation remained challenging over the winter, trends in exports were still fragile in the eurozone (+0.4% in Q1), Latin America (+0.6%), Africa and the Middle East (+1.7%), the US (-0.1%) and particularly in the UK (-15.2%). The British economy was also hit by the initial effects of Brexit, which most noticeably resulted in January in an abrupt, albeit mostly temporary, fall in goods exports to the European Union.

It is hard to predict when this very strong recovery in trade will begin to level out. However, opinion surveys suggest that this increase will continue into the summer at least. The global PMI for new export orders in the manufacturing sector (shown below) continued to improve in May, reaching its highest level for 11 years. New export orders from Taiwan – another reliable indicator to gauge the state of global demand – also rose in April.

Meanwhile, bottlenecks caused by significant imbalances between supply and demand for goods are unlikely to ease in the short term. This could keep prices for several commodities and transport costs at historically high levels. As can be seen in the chart below, the China containerized freight price index – which measures transport costs for a container originating in China to the rest of the world – jumped by nearly 12% in May.

1. The Netherlands Bureau for Economic Policy Analysis.

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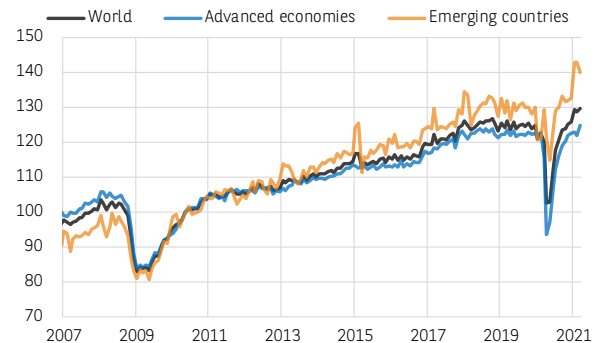
### INTERNATIONAL TRADE INDICATORS

World trade (exports & imports), volume, index 2010 = 100



Source: CPB, BNP Paribas

World exports by area, volume, index 2010 = 100



Source: CPB, BNP Paribas

Global manufacturing PMI: new export orders



Source: Markit, BNP Paribas

China containerized freight price index



Source: Shanghai Shipping Exchange, BNP Paribas

