

ECONOMIC PULSE

INTERNATIONAL TRADE: TOWARDS PEAK GROWTH IN TRADE?

Although the momentum remains strong, world trade volumes could begin to taper off this summer, judging by the results of recent opinion surveys. The global PMI index declined 2 points to 56.6 in June, pulled down by the drop in the manufacturing “new export orders” component. At the national level, new export orders of Taiwan (June) and South Korea (May) – which are reliable indicators to assess the strength of global demand – have declined somewhat in recent months, although they are still holding at historically high levels.

The exports volume data provided by CPB¹ are somewhat lagging – the latest available figures are for the month of May – but also show a loss of momentum. The volume of world trade (exports and imports combined) slipped by 0.3% m/m after a solid rise in the beginning of the year (+4.8% during the first four months of 2021). In May, exports fell in China (-3.7%) and in the United States (-1.9%), but rose in the Eurozone (+1.9%) and in the UK (+7.8%). With regards to trade negotiations, on 19 July, the UK launched an 8-week consultation on the Developing Countries Trading Scheme, which ultimately aims to reduce trade and non-trade barriers with nearly 70 developing countries.

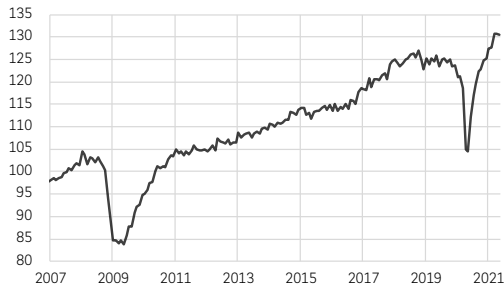
The very strong increase in global demand observed in recent months continues to drive up transport costs, notably for maritime trade. Since the beginning of 2021, the cost of maritime freight per container from China to the rest of the world has surged by nearly 70%, and it continued to rise during the first half of July.

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1. The Netherlands Bureau of Economic Policy Analysis

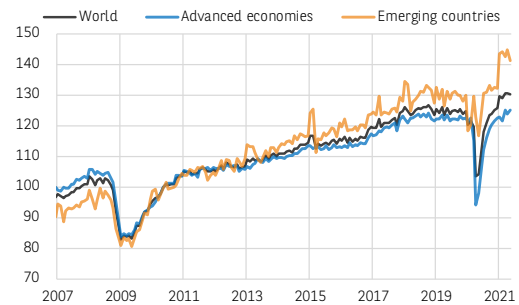
WORLD TRADE INDICATORS

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



Source: CPB, BNP Paribas

World exports by area, volume, index 2010 = 100



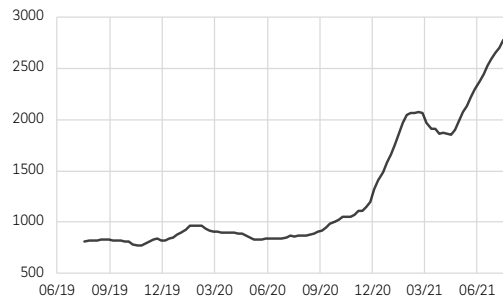
Source: CPB, BNP Paribas

Global manufacturing PMI: new export orders



Source: Markit, BNP Paribas

China containerized freight price index



Source: Shanghai Shipping Exchange, BNP Paribas

