

ECONOMIC PULSE

INTERNATIONAL TRADE: UNCERTAIN TIMES AHEAD AS WINTER APPROACHES

Disruption in global trade has continued to abate. Despite this, there could still be major trade friction this winter, in addition to the direct repercussions of the war in Ukraine. China is facing a record rise in Covid-19 infections, and its Zero-Covid policy has shut down several plants in Henan province, which is home to the production lines for major global technology groups. In South Korea, another trucker strike began on 24 November and could further disrupt production lines in Asia. These strikes follow on from others across the world (UK, South Africa and Greece), which reflect the tense social mood driven by the sharp rise in food and energy prices.

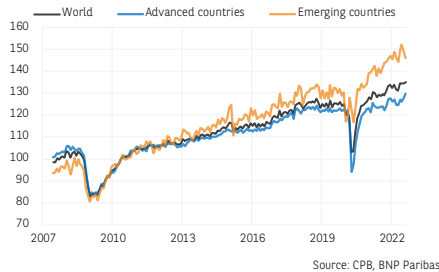
However, the direction of travel is clear. The Freightos index (see graph 5), which measures developments in global freight prices, has continued to decline in November (-10% over the first three weeks of the month), hitting its lowest level in two years. The value-chain-pressures synthetic index, which is published by the Federal Reserve of New York, is also falling. However, there is one exception to this trend. Shipping prices for oil products are soaring as a result of a shortage in ships, mainly due to high demand from European countries for liquefied natural gas. As a matter of fact, the Baltic dry indices, specifically for crude oil (dirty tanker) and refined oil (clean tanker), have both risen more than a third since the end of October.

Industrial activity has continued to slow, judging by the global manufacturing PMI, which fell further in October, from 49.8 in September to 49.4. The volume of world exports, calculated by the CPB (chart 1), has grown modestly so far during 2022 (+0.8% between December 2021 and August 2022), but reached nonetheless a new record level over the summer. The increase was mainly driven by Africa and the Middle East (+6.0% during the first eight months of the year), the United States (+4.0%) and the euro zone (+2.8%), while exports from Central and Eastern Europe plunged (-18.7%), due to the war in Ukraine. Chinese exports also decreased over the period (-1.0%).

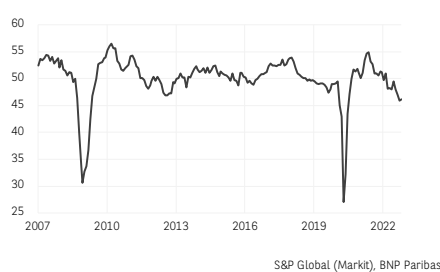
Guillaume Derrien

INTERNATIONAL TRADE INDICATORS

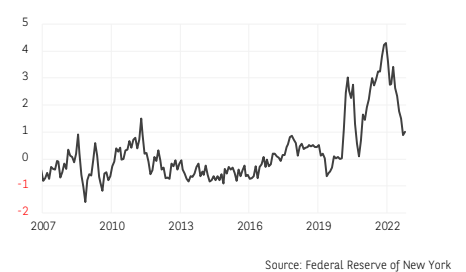
1. World exports by area, volume (index 2010 = 100)



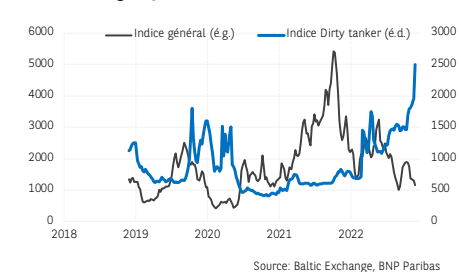
2. Global manufacturing PMI, new export orders



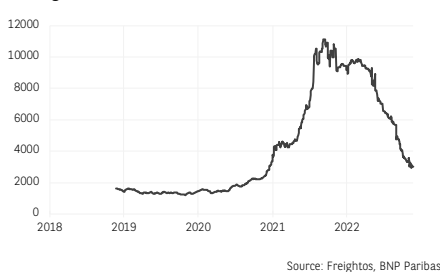
3. Global supply-chain pressures index



4. Baltic Exchange Dry Index



5. Freight rate index



6. Global manufacturing PMI, delivery times (Inverted line)

