ECONOMIC PULSE

TRADE: MARITIME FREIGHT CONTINUES TO FALL SHARPLY

UK, Greece, South Africa: the strikes in the ports industry have multiplied in recent days, leading to disruptions to activity, in particular in South Africa. However, global maritime traffic continued to decongest and freight, as measured by the Freightos index, fell to its lowest level since the end of December 2020 (Figure 5). This represents a fall of 70% from the peak in September 2021 and a two-thirds drop in costs since the beginning of 2022.

The Baltic Dry Index, which measures dry freight costs, was stable but, as highlighted in the previous Pulse, it is appropriate to distinguish energy-related products from other goods being shipped. Indeed, the cost of transporting crude oil (Baltic Dirty Tanker index) has continued to rise in October, due to the increased demand for Liquefied Natural Gas (LNG), which in turn is mainly driven by European countries seeking to compensate for Russian gas (Figure 4).

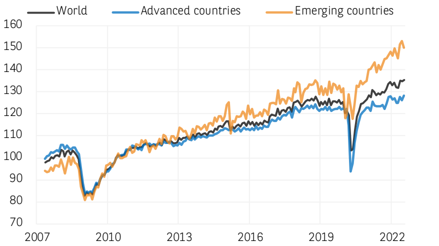
The normalisation of maritime traffic goes hand in hand with reduced tensions in global supply chains, as clearly illustrated by the composite index of the New York Federal Reserve (Figure 3), as well as by the rise in the global PMI index on delivery times for manufacturing goods (Figure 6).

However, the slowdown in the global economy is becoming increasingly evident, as shown by the decline in global sales of semiconductors since the summer as well as the deterioration in the PMI index for new export orders (Figure 2). These gloomy prospects are probably also prompting companies to slow down the pace of replenishing their inventories, which tends to exacerbate the slowdown in world trade. Admittedly, in its latest forecasts published at the beginning of October, the World Trade Organisation slightly increased its growth projections for global trade for 2022 compared to last April – at 3.5% compared to 3.0% previously – but the message for 2023 was clear: expected growth has been significantly lowered, from 3.4% to 1.0%.

Guillaume Derrien

GLOBAL TRADE INDICATORS

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



Source: CPB, BNP Paribas

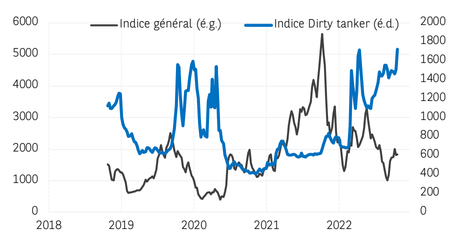
2. Global manufacturing PMI, new export orders

Source: S&P Global (Markit), BNP Paribas

3. Global supply-chain pressures index

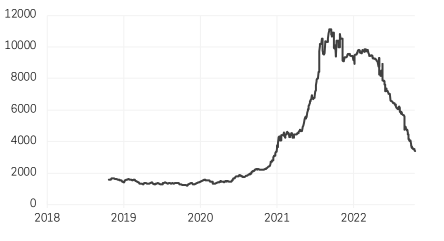
Source: Federal Reserve of New York

4. Baltic Exchange Dry Index



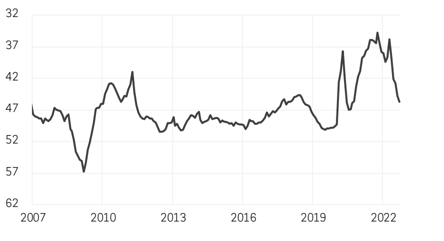
Source: Baltic Exchange, BNP Paribas

5. Freight rate index



Source: Freightos, BNP Paribas

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



Source: S&P Global (Markit), BNP Paribas