

CHART OF THE WEEK

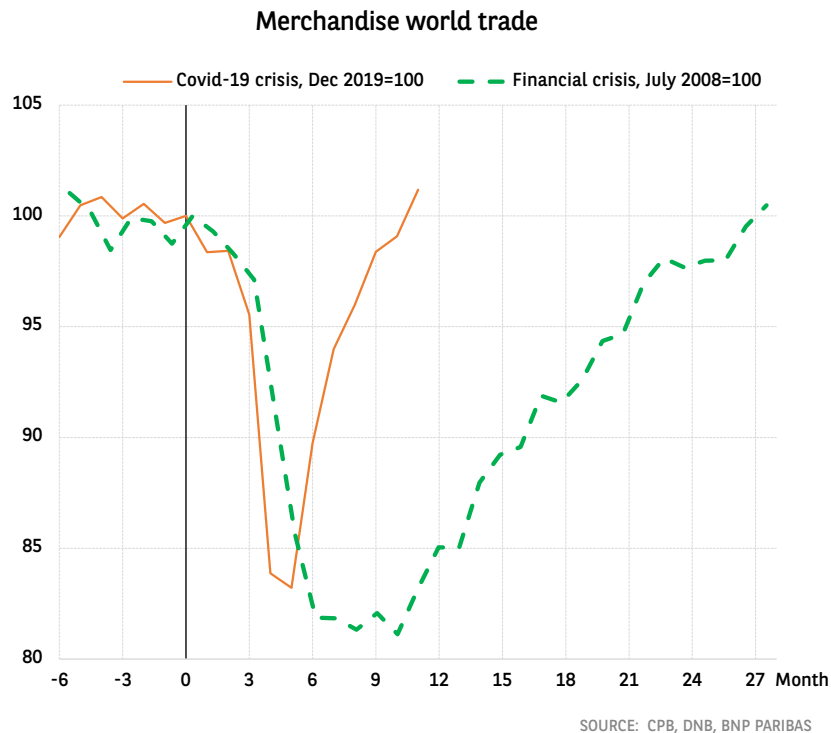
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by BNP PARIBAS

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WORLD MERCHANDISE TRADE QUICKLY BACK TO PRE-PANDEMIC LEVELS

Raymond Van Der Putten



World merchandise trade has recovered much quicker from the steep fall at the outbreak of the Covid-19 pandemic than anticipated. In March and April 2020, at the height of the crisis, trade was almost 20% lower than a year earlier. Despite the continuation of the lockdown restrictions and distancing rules in large parts of the industrial world, world trade has continued to expand. In November 2020 (latest data available), merchandise trade was back at the level at the end of 2019. After the financial crisis in 2008, it took more than two years for trade in goods to return to the pre-crisis level. The reason for the quick recovery in goods trade is due to the special nature of the shock, which affected in particular services such as retail trade and the catering industry. Government support measures have eased the impact on the economy, thus allowing goods imports to recover relatively fast.

The strong rebound in trade flows was noticed in container shipping. Recently, the large Danish international shipping company A.P. Møller Mærsk reported an almost doubling of net operating profits in Q4 2020. Given bottlenecks in supply chains and equipment shortages, the company expects Q1 2021 to be even stronger than Q4.

Despite the rapid recovery of trade in goods, certain internationally traded services such as travel and tourism have continued to suffer, largely because of travel restrictions. For example, Frankfurt Airport reported a fall in the number of air travelers by 80% in January 2021 from a year earlier. By contrast, cargo was up by 18%.

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