

CPB Memo

CPB Netherlands Bureau for Economic Policy Analysis



From : Wim Suyker and Gerard van Welzenis
Subject : World trade monitor: July 2009
Date : 25 September 2009

**** In July: world trade up 3.5% m/m, strongest rise in more than 5 years.**

**** In three months up to July: world trade up for the first time in more than a year.**

**** In July: world trade still 16% below its peak of April 2008.**

World trade volume

World trade volume rose by 3.5% in July from the previous month based on preliminary data, following a rise of 1.6% in June (revised down from a rise of 2.5%). The rise in July was the strongest since December 2003. Nevertheless, due to the unprecedented drops in November 2008 up to January 2009, world trade was in July still 15.9% below its peak in April 2008. In July, world trade was 5.2% above the trough reached in May 2009.

Monthly trade numbers are volatile and focus on 3-months moving averages is therefore preferable. In the three months up to July, world trade was up by 0.5% from the preceding three months. This is the first rise since the three months up to May 2008. The recent rise is in sharp contrast with the record drop of 12.3% in the three months up to February 2009 from the previous period. Most noticeable in the three months up to July are the sharp rise in imports of emerging Asia (+7.3%), and the sharp rises in Japanese foreign trade (imports +6.0% and exports +13.9%).

Despite the further clear rise in July, world trade volume growth is still on a sharp downward trend, based on twelve months over the previous twelve months (see final part of Figure 1). Trend growth was strongly negative in July: -11.1%, down from the record growth rate of +9.6% in November 2006. Trend growth is negative since February, after having been positive for more than six years.

World trade prices

World trade prices measured in US dollars decreased by 0.8% in July from the previous month, after a rise of 2.1% in June (revised up from a rise of 1.8%). In July, energy prices dropped strongly (-5.9%).

Monthly trade numbers are volatile and focus on 3-months moving averages is therefore preferable. In the three months up to July, world trade prices were up by 3.7% from the preceding three months. This is in sharp contrast with the strong drops since mid-2008. The rebound in prices was due to energy (+35.0%) and other commodities (+12.8%).

World industrial production

World industrial production was unchanged in July from the previous month based on preliminary data, following a rise of 2.0% in June. The rise in June was the strongest on record (data series start in 1991).

Nevertheless, due to the unprecedented drops in November 2008 up to January 2009, world production was in July still 8.5% below its peak in March 2008. In July, production was 4.1% above its trough reached in March 2009.

Monthly trade numbers are volatile and focus on 3-months moving averages is therefore preferable. In the three months up to July, world industrial production was up by 3.2% from the preceding three months. The rise sharply diverges from the record drop of 6.8% in the three months up to February 2009 from the previous period. Most noticeable in the three months up to July are the rebound of production in Japan (+12.2%) and in emerging Asia (+7.2%), while US industrial production was still falling (-1.9%).

The release of the next monitor is tentatively scheduled for October 26.

An explanatory note on our world trade series is available at

<http://www.cpb.nl/nl/pub/cpbreeksen/memorandum/116/> The CPB world trade system has been extended earlier this year. See the short description at the end of this note.

The trade database is available in xls-format at <http://www.cpb.nl/eng/research/sector2/data/trademonitor.xls>

Figure 1: World trade goods, volume, seasonally adjusted

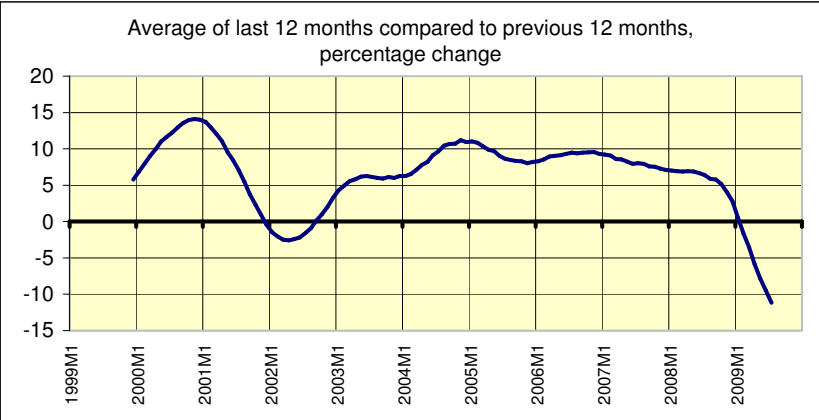
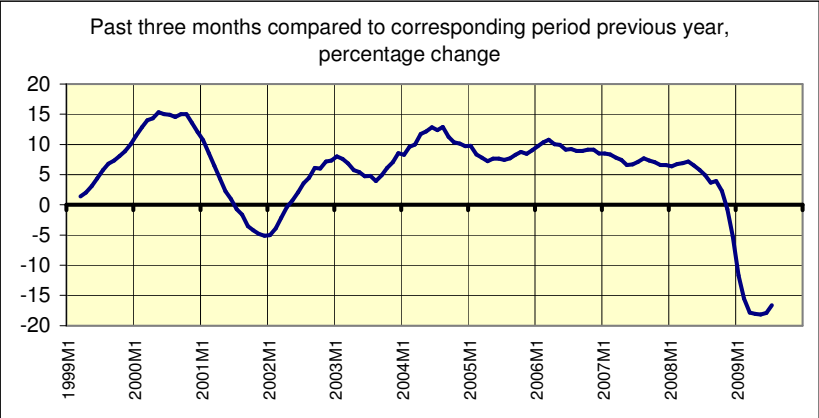
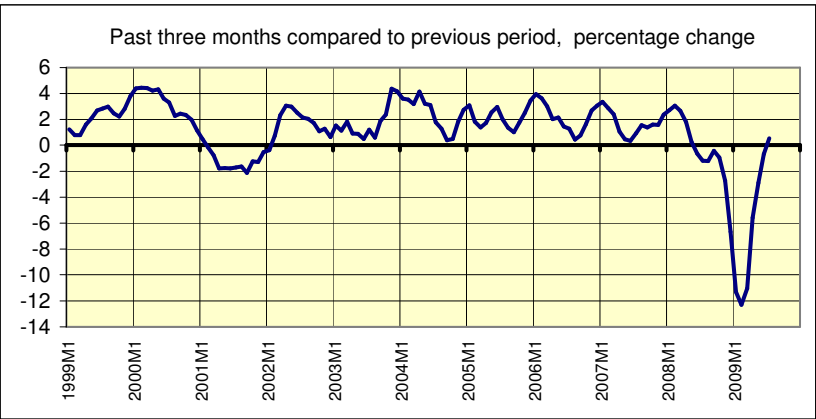
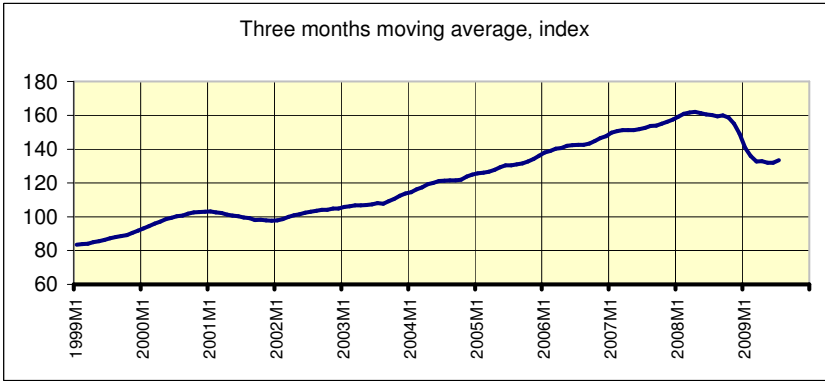


Table 1: World Trade Monitor, percentage changes

	Year on year			Quarter on quarter			Momentum (b)		Month on month		
	2006	2007	2008	2008Q4	2009Q1	2009Q2	2009M4	2009M7	2009M5	2009M6	2009M7
Volumes (s.a.)											
World trade	9.3	7.1	2.8	-6.7	-11.0	-0.7	-5.6	0.5	-1.4	1.6	3.5
World imports	8.5	7.0	2.4	-6.1	-11.1	-1.2	-6.9	1.1	-1.5	2.5	3.8
Advanced Economies (a)	6.0	2.6	-2.2	-4.6	-10.8	-4.2	-8.8	-1.6	-1.8	-0.3	4.0
United States	5.6	1.5	-3.4	-1.3	-14.5	-6.4	-12.7	-2.0	-2.1	-0.2	6.5
Japan	3.0	1.1	-0.6	0.4	-17.9	-0.5	-18.3	6.0	3.1	0.9	2.0
Euro Area	6.0	4.1	-1.9	-6.3	-7.6	-3.1	-4.3	-2.6	-2.6	-1.0	3.2
Emerging Countries	12.3	13.3	8.2	-7.8	-11.4	2.3	-4.7	4.1	-1.2	5.5	3.5
Asia	11.6	11.2	6.3	-8.7	-8.4	5.5	-0.9	7.3	0.2	6.2	4.3
Central and Eastern Europe	17.8	18.8	8.9	-11.3	-16.7	-2.4	-8.0	-2.5	-3.6	3.6	0.6
Latin America	12.0	11.0	7.4	-8.7	-16.7	-3.9	-11.5	-0.2	-5.8	6.9	6.4
Africa and Middle East	8.7	17.7	15.8	0.8	-12.1	-0.4	-9.4	2.0	-1.4	4.1	1.6
World exports	10.1	7.2	3.2	-7.2	-11.0	-0.2	-4.3	0.0	-1.2	0.7	3.3
Advanced Economies (a)	7.6	4.3	0.3	-9.1	-13.0	0.1	-6.6	1.5	0.0	0.6	3.9
United States	10.7	6.3	5.9	-8.7	-12.1	-1.8	-7.4	1.3	2.2	1.4	3.5
Japan	11.1	9.6	0.7	-14.4	-28.8	12.4	-16.3	13.9	5.1	5.7	-2.2
Euro Area	6.4	4.5	-0.7	-9.0	-10.7	0.2	-4.8	1.3	-0.6	-0.8	5.7
Emerging Countries	13.2	10.5	6.3	-5.3	-9.1	-0.4	-2.1	-1.4	-2.4	0.7	2.8
Asia	17.6	13.4	6.9	-6.0	-10.7	1.6	-1.4	-0.4	-2.6	0.5	3.9
Central and Eastern Europe	13.3	9.9	7.9	-9.1	-8.0	-3.6	-3.1	-3.6	-5.1	3.8	0.8
Latin America	6.8	5.0	-1.9	-1.6	-4.4	-0.9	-0.9	-2.7	-5.8	7.7	-4.4
Africa and Middle East	-1.3	0.6	8.0	0.5	-4.5	-7.4	-5.9	-3.7	4.6	-6.1	4.7
Prices / unit values in US\$											
World trade	5.2	7.2	12.0	-14.5	-5.4	1.6	-3.7	3.7	2.4	2.1	-0.8
World imports	5.8	7.2	12.2	-13.4	-6.2	1.2	-3.8	2.6	1.7	1.7	-1.2
Advanced Economies (a)	6.4	8.9	13.1	-15.0	-5.5	2.9	-2.7	4.5	2.3	2.6	-0.6
United States	4.8	4.2	11.3	-15.0	-6.7	3.5	-1.8	4.0	1.7	2.7	-1.2
Japan	8.9	6.0	21.9	-9.1	-4.5	-8.7	-3.5	-7.9	-4.0	-2.8	3.0
Euro Area	7.0	12.0	14.0	-16.1	-6.2	3.1	-4.5	5.9	3.3	3.4	-0.6
Emerging Countries	5.2	5.6	11.9	-11.5	-7.2	-0.3	-5.0	0.7	1.1	1.1	-2.0
Asia	4.5	3.7	11.0	-12.1	-7.9	0.1	-4.9	0.6	1.1	1.2	-2.7
Central and Eastern Europe	5.8	9.5	12.9	-14.3	-5.9	2.3	-4.1	5.1	3.2	2.5	0.1
Latin America	5.6	6.0	13.7	-6.8	-4.7	-1.6	-3.7	-0.5	0.0	0.5	-0.9
Africa and Middle East	5.6	4.3	11.1	-9.3	-6.2	-1.1	-4.6	-0.7	0.5	0.0	-2.0
World exports	4.6	7.2	11.7	-15.5	-4.6	2.0	-3.6	4.9	3.0	2.6	-0.4
Advanced Economies (a)	4.3	8.9	10.3	-11.3	-1.7	0.8	-2.2	3.3	2.1	1.8	0.3
United States	3.3	4.7	5.9	-5.9	-2.3	0.5	-0.9	0.9	0.4	1.0	-0.8
Japan	-2.2	0.8	7.4	5.1	11.1	-11.4	-0.1	-9.2	-2.9	-4.5	2.9
Euro Area	5.1	12.4	10.8	-13.7	-3.1	2.2	-3.2	5.4	3.0	3.2	-0.1
Emerging Countries	5.4	5.6	13.9	-19.8	-7.5	3.5	-4.7	6.4	3.9	3.5	-1.3
Asia	1.1	3.1	6.3	-9.9	-2.8	-0.5	-3.6	1.7	2.0	0.8	-0.6
Central and Eastern Europe	8.9	13.0	16.7	-18.6	-13.6	6.0	-7.4	8.9	4.3	3.7	1.0
Latin America	11.8	7.9	15.5	-16.7	-11.5	5.1	-5.2	6.1	2.6	2.5	-0.9
Africa and Middle East	17.7	10.7	32.3	-43.8	-16.3	18.8	-3.4	23.0	10.2	12.6	-4.6
World prices / unit values in US\$											
Manufactures	1.9	5.6	9.1	-7.6	-2.6	-1.0	-3.2	0.9	1.4	0.1	0.3
Energy (HWWI)	19.1	12.0	40.3	-51.1	-20.6	29.4	-2.3	35.0	15.0	18.1	-5.9
Other raw materials (HWWI)	26.7	17.6	12.5	-29.2	-9.7	10.6	-3.4	12.8	5.9	4.3	-0.4
Energy real (HWWI)	16.7	5.6	27.9	-47.0	-18.4	30.6	0.9	33.8	13.4	18.0	-6.2
Other raw materials real (HWWI)	24.2	11.5	2.7	-23.4	-7.3	11.7	-0.2	11.8	4.4	4.2	-0.8

(a) OECD countries excluding Turkey, Czech Republic, Slovak Republic, Hungary, Poland, Mexico and Korea

(b) Three months ending in indicated month compared to previous period

Figure 2: World industrial production, volume, seasonally adjusted

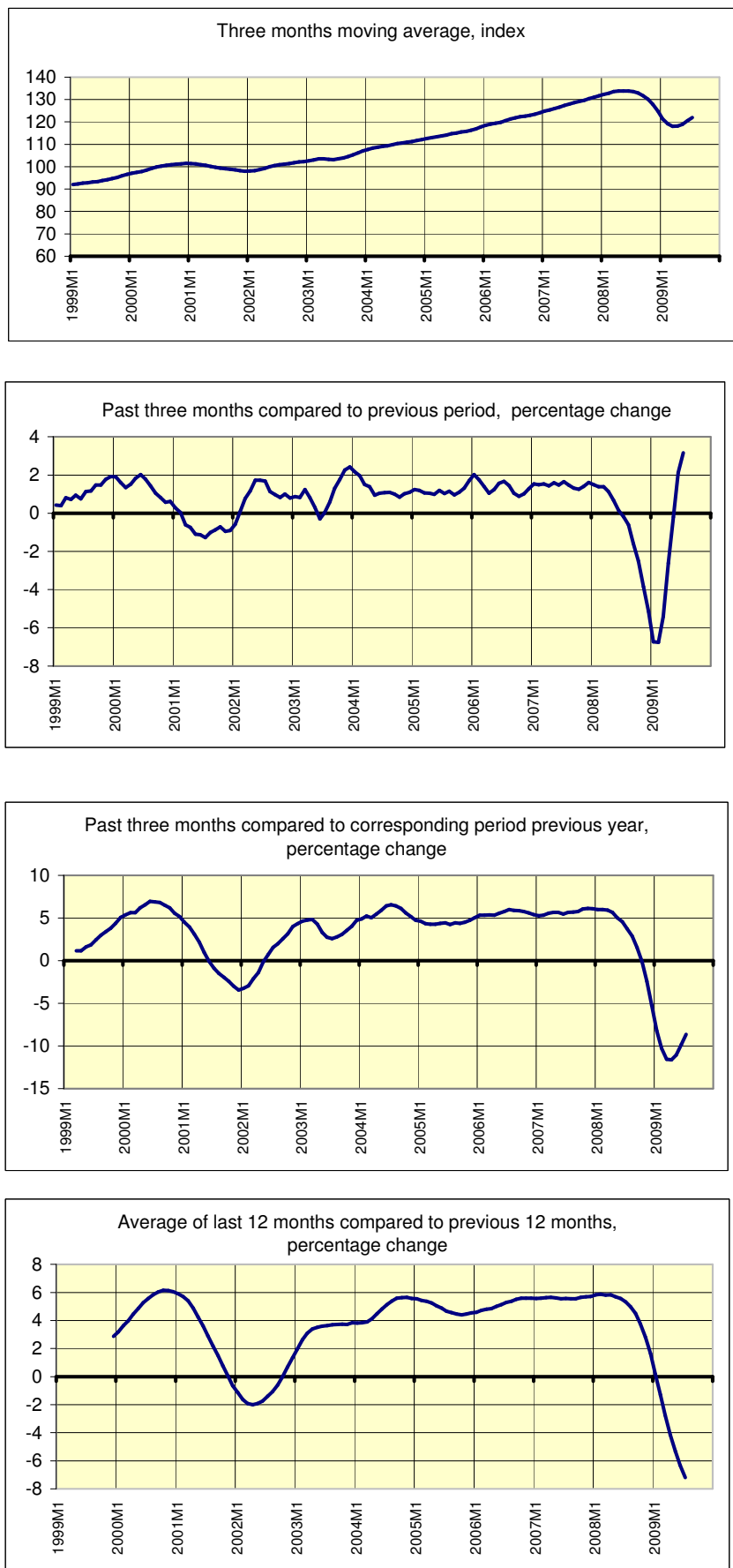


Table 2: World industrial production, percentage changes

	Year on year			Quarter on quarter			Momentum (b)		Month on month		
	2006	2007	2008	2008Q4	2009Q1	2009Q2	2009M4	2009M7	2009M5	2009M6	2009M7
World production (c)	5.6	5.7	1.6	-5.2	-5.4	2.1	-2.6	3.2	1.4	2.0	0.0
Advanced Economies (a)	3.0	2.4	-2.2	-5.9	-9.1	-0.8	-7.0	1.1	0.9	0.4	0.8
United States	2.3	1.5	-2.2	-3.4	-5.1	-2.7	-4.2	-1.9	-1.1	-0.4	1.0
Japan	4.1	2.9	-3.2	-11.0	-21.3	7.6	-15.3	12.2	5.8	1.9	2.0
Euro Area	4.2	3.7	-1.7	-7.0	-9.2	-1.7	-7.6	1.1	2.0	0.8	0.1
Emerging Countries	9.2	10.0	6.4	-4.3	-1.4	5.0	2.1	5.1	1.9	3.6	-0.8
Asia	12.9	13.8	9.2	-3.1	1.1	7.7	4.6	7.2	2.6	4.9	-1.6
Central and Eastern Europe	7.7	7.4	1.3	-8.4	-4.6	0.1	-0.9	1.2	0.9	2.0	0.8
Latin America	4.5	5.5	1.6	-6.6	-6.0	1.2	-1.2	1.3	-0.1	0.4	1.7
Africa and Middle East	1.5	1.5	3.4	-3.6	-6.3	-0.4	-4.7	1.4	1.1	1.0	0.5

(a) OECD countries excluding Turkey, Czech Republic, Slovak Republic, Hungary, Poland, Mexico and Korea

(b) Three months ending in indicated month compared to previous period

(c) Country data are weighted with shares in world production. This is also done for other aggregates such as advanced economies.

World and other aggregates based on shares in world imports are available in the xls-file on the CPB-website

Annex: The extension and revision of the CPB world trade monitor

Earlier this year, the monthly CPB world trade monitor was extended and revised. It is now based on more actual country information and less on estimations of missing country data. Monthly merchandise trade values are available for almost 150 countries. For about 100 countries the data are more or less timely, covering over 95% of world trade. Merchandise trade volumes and prices are available for approximately 125 countries, but only for some 50 countries these data are timely and robust. They cover 85% to 90% of world trade, which is appreciably more than the price information of the 26 countries we covered previously. The extra information enables us to publish trade data for geographical sub-regions in the emerging world, so far covered as one group. Missing trade values, volumes and prices are still estimated as described in the “Explanatory note on the CPB world trade series”, available on the CPB site. Furthermore, we now employ two more main sources for our trade series: Eurostat (exclusively for data of all 27 EU member countries) and the World Bank Global Economic Monitor.

The accompanying charts present the old and new series for the volume of total world trade. Chart 1 compares the annual changes over the period 1992-2008. The differences are due to changes of the standard sources for a large number of countries, but primarily to the use of extra price and volume information. The largest discrepancy is in 1992 and is mainly located in Central and Eastern Europe. In the beginning of the nineties a lot of new states were formed in this region effecting the volume of international trade. For most of these countries we do not have actual trade information up to 1993. Estimates of the missing data in the various sources and by ourselves can differ substantially.

Chart 1 **World trade volume 1992-2008**
annual percentage changes

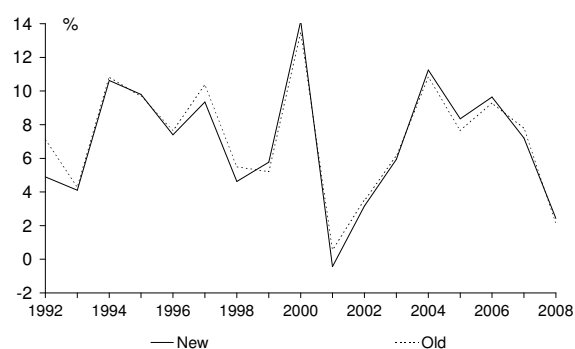
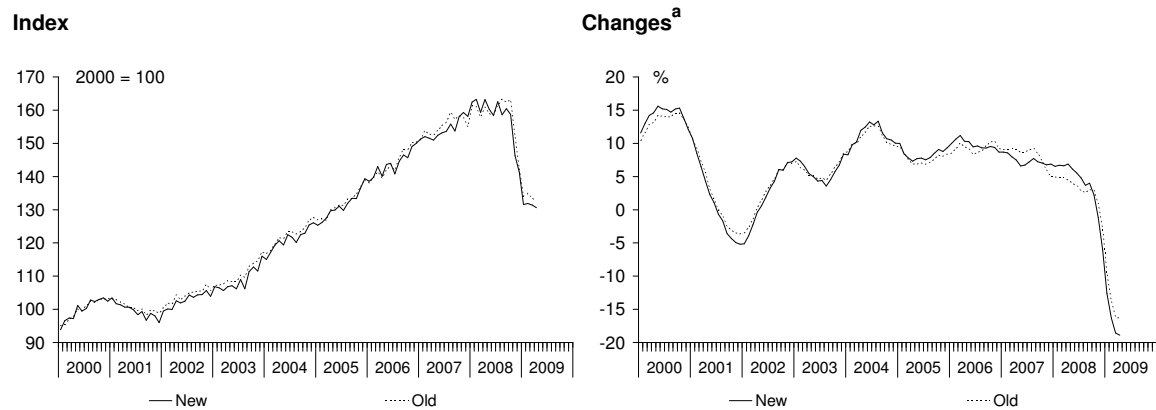


Chart 2 compares the monthly world trade data from 2000 to 2009. Up to 2007 the data hardly differ, but thereafter the monthly patterns start to deviate somewhat, which is entirely due to the use of more country volume and price information under the new system. Estimation of missing trade volumes and prices had been difficult in 2007 and 2008 given the huge changes in exchange rates and commodity prices. The year-on-year fall of the world trade in the beginning of 2009 is a bit steeper now. But the message is essentially the same: a steep drop in the months November 2008 - January 2009 followed by a stabilisation at a very depressed level in the months thereafter.

Chart 2 World trade volume, 2000-2009



^a Annual percentage changes of 3mma.