

# CPB Memo

CPB Netherlands Bureau for Economic Policy Analysis



From : Gerard van Welzenis  
Subject : World trade monitor: October 2009  
Date : 24 December 2009

- **October: world trade up by 0.8% month on month, after a strong 5.4% increase in September, but still 13.2% below its peak of April 2008.**

## World trade volume

Based on preliminary data the world trade volume expanded by 0.8% in October from the previous month, following an unprecedented increase of 5.4% in September. Import volumes of the advanced economies declined in October, particularly in Japan. Import volumes of the emerging countries grew by 3.7% on average, extending the 6.9% increase in September. In October, world trade was still 13.2% below the peak level reached in April 2008 mainly resulting from the unprecedented drops in November 2008 up to January 2009. Compared to last year world trade was down by 9.4% in October, but it was already 9.0% above the trough reached in May 2009.

Monthly trade figures are volatile and focus on ‘momentum’ is therefore preferable.<sup>1</sup> In the three months up to October, world trade was up by 4.6% from the preceding three months, the highest momentum in our series starting at the beginning of the nineties.

## World trade prices

World trade prices measured in US dollars increased by 1.6% in October relative to the previous month, mainly through higher energy and other commodity prices. But dollar prices of manufactures increased as well, partly explained by the fall of the effective exchange rate of the US dollar.

In the three months up to October, dollar prices of world trade were up by 3.7% from the preceding three months. This is the fifth consecutive month of rising price momentum, which contrasts sharply with strong price declines at the end of 2008.

## World industrial production

On the basis of preliminary data, world industrial production rose by 0.4% in October relative to the previous month, following a rise of 0.9% in September. Production in the advanced economies was slightly down, but the emerging markets powered on, especially in Asia. World industrial production is still 6.5% below the peak level reached in March 2008 and 2.4% down from October last year. However, it has risen continuously since the trough in March 2009 by an accumulated 6.4%.

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<sup>1</sup> Momentum is the change in the three months average up to the current month relative to the average of the preceding three months period.

In the three months up to October world industrial production was up 2.4% from the preceding three months, contrasting sharply with the record drop of 6.8% in the three months up to February 2009. Industrial production in Japan and the emerging economies in Asia has recovered strongly, following massive declines at the beginning of this year.

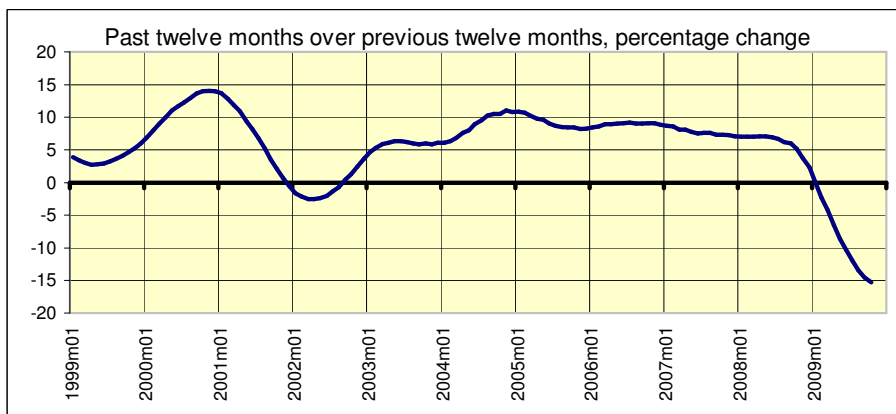
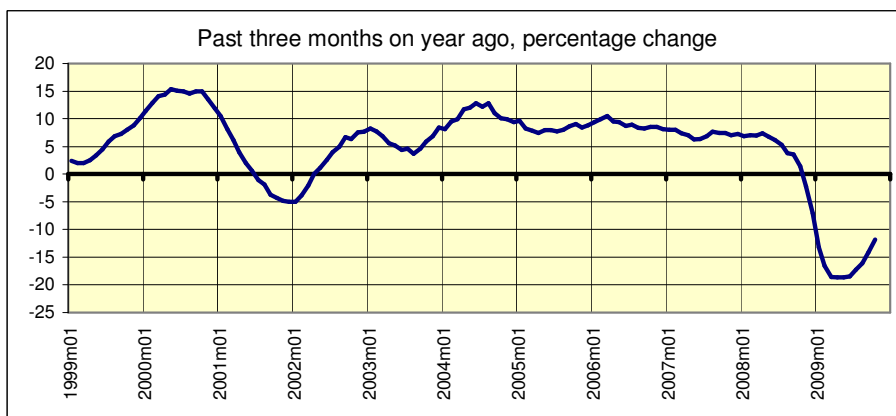
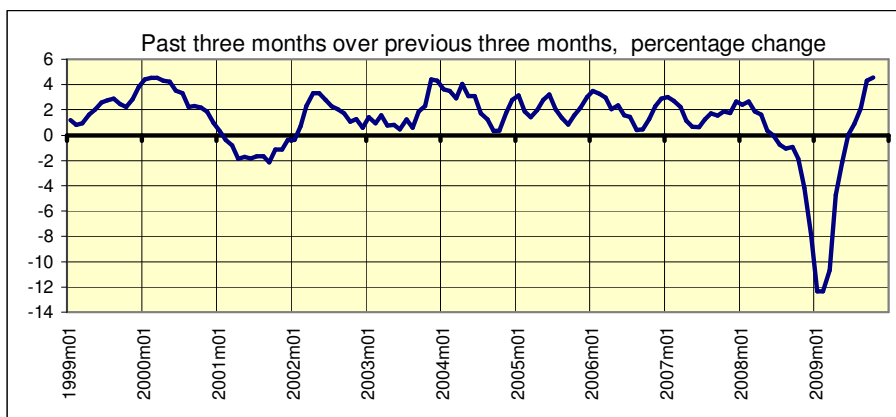
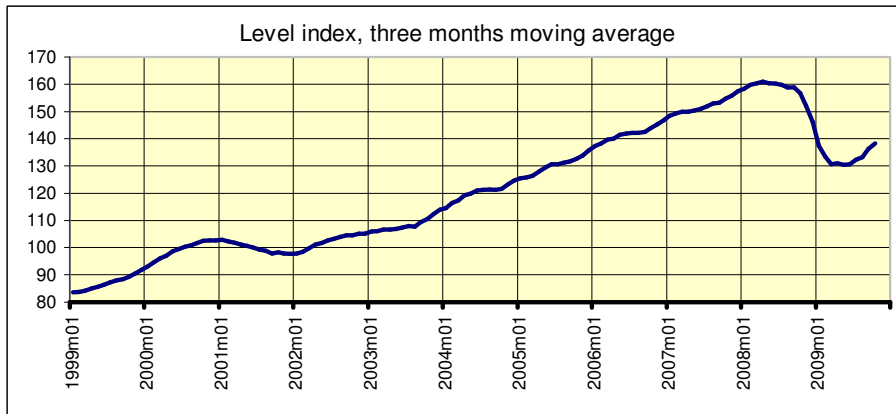
The release of the next monitor is scheduled tentatively for 25 January 2010.

*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 merchandise trade, volume, seasonally adjusted**



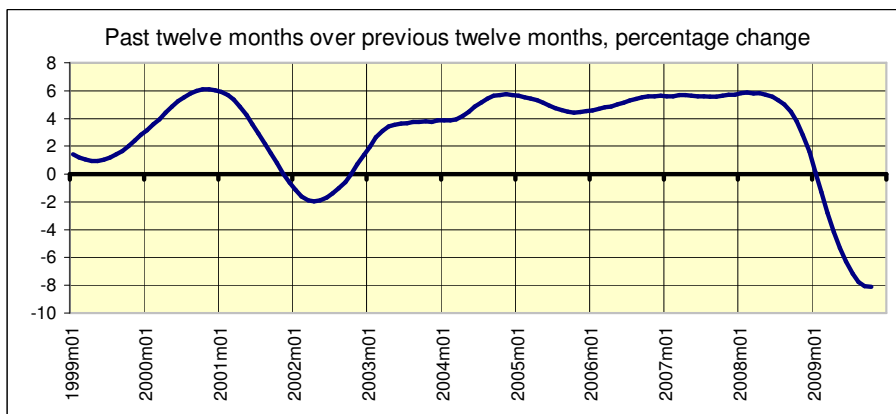
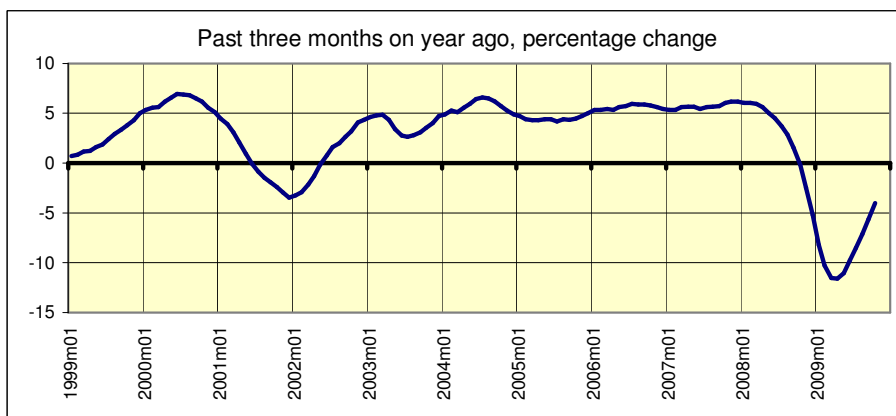
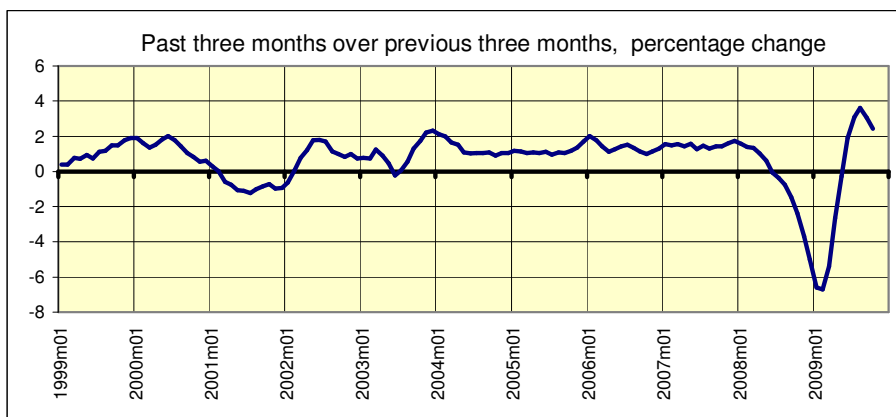
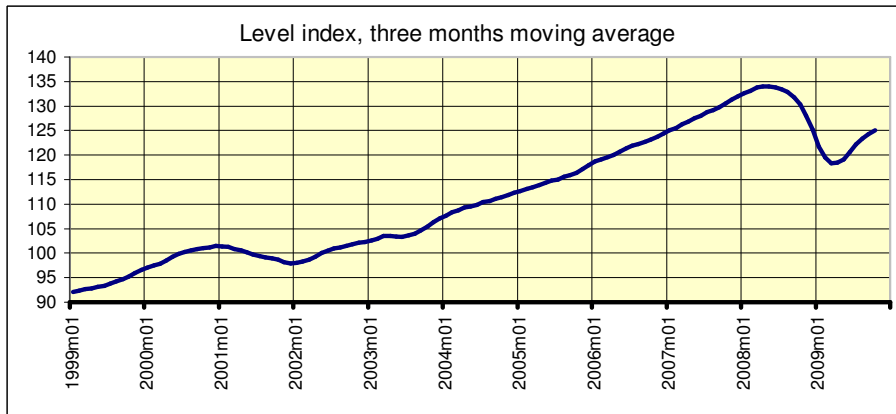
**Table 1: World merchandise trade, percentage changes**

	year on year			quarter on quarter			momentum (a)		month on month		
	2006	2007	2008	2009q1	2009q2	2009q3	2009m07	2009m10	2009m08	2009m09	2009m10
<b>Volumes (s.a.)</b>											
World trade	8.9	7.1	2.3	-10.7	0.0	4.3	0.9	4.6	-1.9	5.4	0.8
World imports	8.3	6.6	1.2	-11.0	-0.5	4.7	1.1	4.8	-2.2	5.5	1.2
Advanced Economies (b)	6.0	2.6	-1.9	-10.7	-4.1	4.6	-1.5	4.7	-0.5	4.2	-1.1
United States	5.6	1.5	-3.4	-14.5	-6.4	6.5	-2.0	6.5	-2.0	6.6	-0.3
Japan	3.0	1.1	-0.6	-16.7	-2.5	6.3	3.5	5.0	0.0	9.7	-8.8
Euro Area	6.0	4.1	-1.7	-7.2	-2.8	2.3	-2.3	2.4	-0.4	2.1	-1.6
Emerging economies	11.8	12.3	5.3	-11.4	3.8	4.9	4.3	5.0	-4.0	6.9	3.7
Asia	10.6	9.3	2.1	-8.7	7.3	6.7	8.1	5.7	-5.5	8.5	4.3
Central and Eastern Europe	17.5	19.9	9.3	-17.6	-4.1	0.9	-4.7	2.8	0.6	2.2	1.0
Latin America	12.4	10.9	7.1	-15.4	0.4	7.5	1.9	6.0	-5.4	8.9	-0.8
Africa and Middle East	9.7	17.1	11.4	-9.9	2.7	0.5	2.4	3.9	-2.0	4.8	7.6
World exports	9.4	7.5	3.4	-10.4	0.6	4.0	0.7	4.3	-1.6	5.4	0.4
Advanced Economies (b)	7.5	4.3	0.3	-12.7	0.8	4.5	2.1	3.7	-1.2	3.1	0.6
United States	10.7	6.3	5.9	-12.1	-1.8	6.3	1.3	6.3	-0.5	4.2	3.4
Japan	11.1	9.6	0.7	-27.4	12.3	7.2	15.7	5.4	0.3	4.6	1.7
Euro Area	6.4	4.5	-0.9	-10.4	0.5	3.8	1.1	2.4	-1.9	2.6	-1.0
Emerging economies	11.7	11.4	6.8	-8.0	0.4	3.4	-0.7	5.0	-2.0	7.8	0.3
Asia	15.6	13.9	8.3	-9.1	2.4	3.7	0.7	4.5	-2.6	7.1	0.4
Central and Eastern Europe	11.9	14.3	4.7	-9.2	-2.5	1.9	-3.1	3.7	0.2	4.4	-0.9
Latin America	6.9	5.5	-0.6	-5.5	-1.6	-2.1	-5.6	0.6	-4.0	7.7	-0.9
Africa and Middle East	-1.4	0.8	7.2	-2.5	-4.8	7.8	-1.7	12.2	0.4	14.9	1.5
<b>Prices / unit values in USD</b>											
World trade	5.6	7.3	12.5	-5.7	1.3	3.7	3.7	3.7	2.1	0.6	1.6
World imports	5.9	7.6	13.6	-6.5	0.9	2.9	2.8	2.9	2.1	0.4	0.7
Advanced Economies (b)	6.4	8.9	12.9	-5.3	2.9	3.8	4.9	3.4	0.9	1.1	2.1
United States	4.8	4.2	11.3	-6.7	3.5	2.8	4.2	2.4	1.5	0.2	0.8
Japan	8.9	6.0	22.0	-5.5	-6.9	-1.2	-5.9	1.3	-1.1	-2.3	8.6
Euro Area	7.0	12.0	13.8	-6.0	3.0	5.8	6.4	5.3	0.8	2.8	2.6
Emerging economies	5.7	6.5	15.2	-8.0	-1.0	1.8	0.4	2.4	3.5	-0.3	-0.7
Asia	5.5	5.5	15.6	-8.8	-0.9	1.9	0.2	2.6	4.6	-0.7	-1.2
Central and Eastern Europe	6.2	8.5	13.0	-5.2	4.0	5.8	7.0	4.9	1.4	1.9	1.4
Latin America	5.3	6.2	14.7	-5.9	-3.8	-0.3	-2.3	0.3	0.5	0.8	-0.5
Africa and Middle East	4.8	5.2	15.1	-9.0	-3.1	-0.3	-1.9	0.7	3.0	-0.6	-0.8
World exports	5.3	6.9	11.5	-4.8	1.7	4.5	4.6	4.4	2.0	0.8	2.6
Advanced Economies (b)	4.3	8.9	10.1	-1.8	0.5	3.9	3.2	3.8	0.8	1.6	2.2
United States	3.3	4.7	5.9	-2.3	0.5	0.8	1.1	0.7	0.6	-0.2	0.2
Japan	-2.2	0.8	7.5	8.0	-9.9	-1.9	-8.8	0.2	-0.8	-0.1	1.9
Euro Area	5.1	12.4	10.7	-3.0	2.3	5.7	6.0	4.9	0.7	3.1	1.1
Emerging economies	6.8	4.8	13.4	-7.9	3.0	5.1	6.0	5.2	3.3	0.2	3.1
Asia	2.9	2.7	4.8	-4.2	-0.9	2.2	1.0	2.8	1.8	-0.3	2.7
Central and Eastern Europe	10.4	8.6	20.9	-11.7	5.9	8.4	9.4	6.7	1.5	3.1	1.1
Latin America	11.7	7.6	14.8	-9.8	5.0	4.2	7.4	3.0	3.1	0.0	-0.8
Africa and Middle East	17.7	10.5	33.0	-16.0	16.2	10.7	21.1	9.5	8.1	-2.8	7.9
<b>World prices / unit values in USD</b>											
Manufactures	2.0	5.6	9.1	-3.3	-0.6	2.3	1.5	2.5	0.5	1.5	1.5
Energy (HWWI)	19.1	12.0	40.3	-20.6	29.4	14.5	35.0	10.5	9.8	-4.9	8.2
Other raw materials (HWWI)	26.7	17.6	12.5	-9.7	10.6	9.0	12.8	9.0	7.3	-0.8	3.2
Energy real (HWWI)	16.7	5.7	28.0	-17.9	30.0	12.1	32.8	7.8	9.3	-6.3	6.7
Other raw materials real (HWWI)	24.1	11.5	2.7	-6.6	11.2	6.7	11.1	6.4	6.7	-2.3	1.7

(a) Average of three months ending in current month over average of preceding three months.

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

**Figure 2: World industrial production, volume, seasonally adjusted**



**Table 2: World industrial production, percentage changes**

	year on year			quarter on quarter			momentum (a)		month on month		
	2006	2007	2008	2009q1	2009q2	2009q3	2009m07	2009m10	2009m08	2009m09	2009m10
World (b)	5.6	5.7	1.6	-5.4	1.9	3.0	3.1	2.4	0.7	0.9	0.4
Advanced Economies (c)	2.9	2.4	-2.2	-9.1	-0.8	2.6	1.3	2.3	1.0	0.7	-0.2
United States	2.3	1.5	-2.2	-5.1	-2.7	1.5	-1.9	2.3	1.4	0.4	0.0
Japan	4.1	2.9	-3.2	-21.3	7.6	7.2	12.3	5.2	1.6	2.0	0.5
Euro Area	4.2	3.7	-1.6	-9.1	-1.6	2.9	1.3	2.2	1.6	0.3	-0.8
Emerging economies	9.3	10.1	6.3	-1.4	4.5	3.5	4.8	2.6	0.4	1.0	0.9
Asia	12.9	13.8	9.2	0.9	6.7	3.8	6.5	2.9	0.6	1.0	1.4
Central and Eastern Europe	7.7	7.4	1.0	-5.6	0.0	3.9	1.9	1.9	0.1	1.4	-1.9
Latin America	4.5	5.4	1.6	-5.1	1.7	3.1	1.9	3.1	0.1	1.8	0.9
Africa and Middle East	2.2	1.8	3.4	-4.9	0.2	1.6	1.5	0.7	-0.1	-0.2	0.3

(a) Average of three months ending in current month over average of preceding three months.

(b) 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.

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