

CPB Memo

CPB Netherlands Bureau for Economic Policy Analysis



From : Jos Ebregt and Gerard van Welzenis
Subject : World trade monitor: September 2009
Date : 27 November 2009

- **Third quarter: world trade up by 4.3%, the first quarterly increase since the first quarter of 2008.**
- **September: world trade up by 5.3% month on month, after a revised decline of 1.5% in August.**
- **September: world trade still 14% below its peak of April 2008.**

World trade volume

Based on preliminary data, world trade volume expanded by 5.3% in September from the previous month, following a revised decline of 1.5% in August (revised up from a decline of 2.0%). The September figure is the largest increase recorded so far in our series, which start in 1991. Export and import volumes in all major regions' have contributed to the September increase, the euro area's contribution being relatively modest. In September, world trade was still 14% below the peak level reached in April 2008, a result of the unprecedented drops in November 2008 up to January 2009. On the other hand, world trade was 8% above the trough reached in May 2009.

Monthly trade figures are volatile and focus on 'momentum' is therefore preferable.¹ In the third quarter, world trade was up by 4.3% from the second, one of the highest quarterly figures in our series. (The highest this far is 4.5% in the three months up to February 2000.) In July, momentum was positive for the first time since the three months up to May 2008. The recent rise contrasts sharply with the record drop of 12.3% that occurred in the three months up to February 2009 (relative to the preceding three months).

World trade growth is still on a sharp downward trend, when computed from twelve months' averages over the preceding twelve month's average (twelve months 'momentum'; see last chart in Figure 1). Trend growth was deeply negative in September: -14.4%, the lowest figure in our series so far.

World trade prices

World trade prices measured in US dollars increased by 0.6% in September relative to the previous month, after having increased by 2.0% in July (revised up from 1.0%). In September, energy prices declined by 4.9%, after having increased sharply in August (+9.8%).

In the third quarter, world trade prices were up by 3.7% from the second. This is the fourth consecutive month of rising price momentum. This contrasts sharply with the strong price declines that occurred late 2008. As in August, the rebound of prices in September was on account of energy (+14.5%) and other raw materials (+9.0%).

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

World industrial production

On the basis of preliminary data, world industrial production rose by 0.8% in September (relative to the previous month), following a rise of 0.7% in August (unrevised). In June, our series, which start in 1991, underwent a record increase. Nevertheless, in September, production was still 10% below the peak level reached in February 2008, due to the unprecedented drops in November 2008 up to January 2009. It was however 5% above the trough reached in March 2009.

In the third quarter, world industrial production was up 2.9% from the second. This rise differs greatly from the record drop of 6.8% that occurred in the three months up to February 2009 (relative to the previous three months). Most noticeable in the three months up to September are the continued production growth in Japan (+7.0%) and emerging Asia (+3.9%), while on the basis of momentum, US industrial production is now also seen to be rising (+1.4%), for the first time since March 2008.

Monthly increases in industrial production have been rather stable at around 0.9% since April. This translates to an annual rate of over 10%, way above the average of 3% per year during 1991-2008.

The release of the next monitor is scheduled tentatively for December 23rd.

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

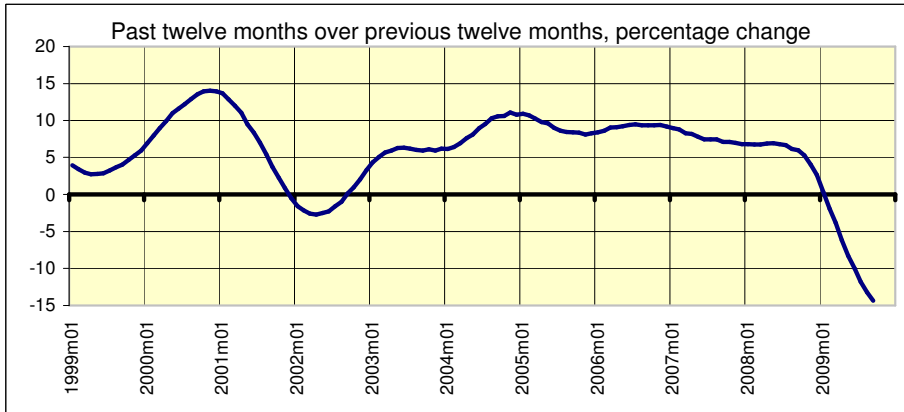
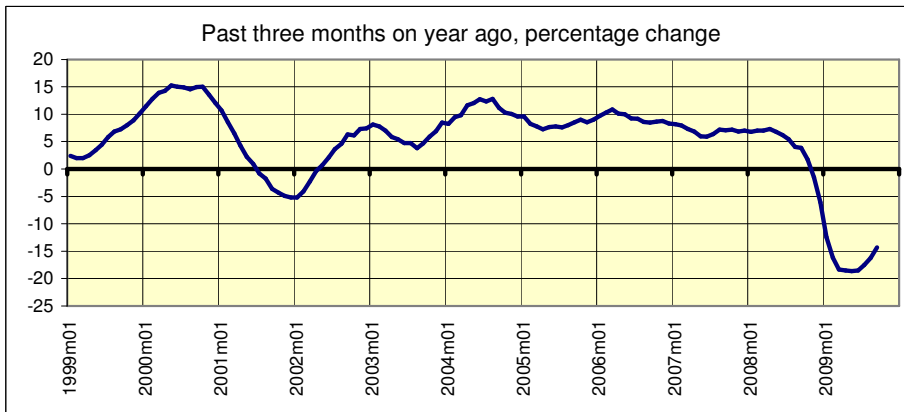
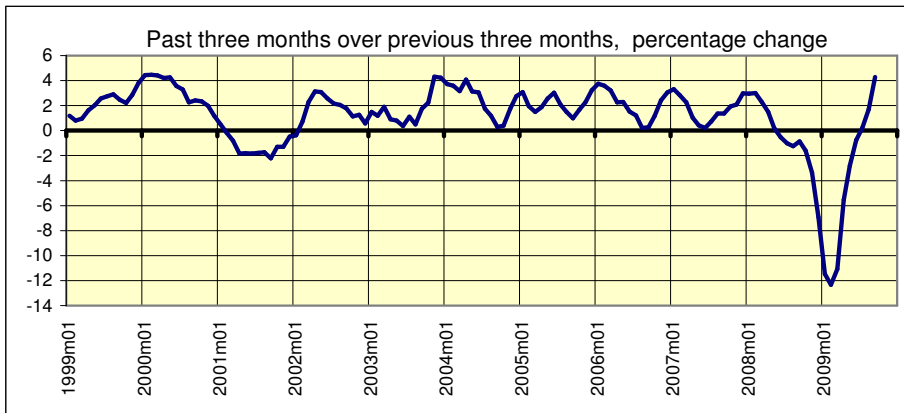
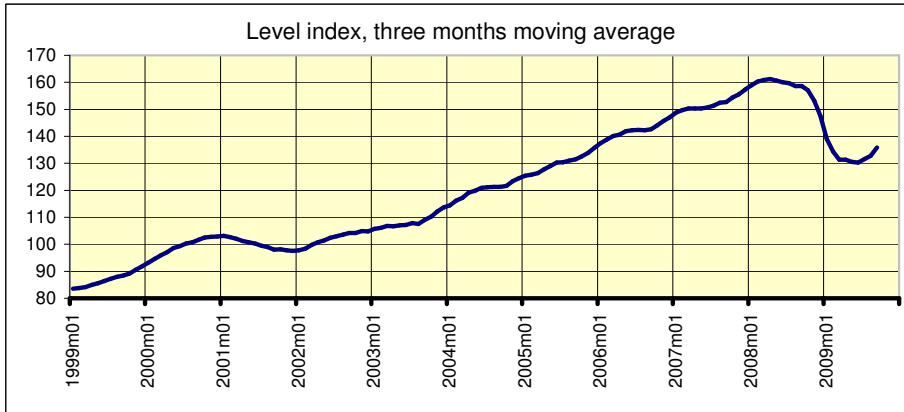


Table 1: World merchandise trade, percentage changes

	year on year			quarter on quarter			momentum (a)		month on month		
	2006	2007	2008	2009q1	2009q2	2009q3	2009m06	2009m09	2009m07	2009m08	2009m09
Volumes (s.a.)											
World trade	9.2	6.8	2.6	-11.1	-0.8	4.3	-0.8	4.3	3.2	-1.5	5.3
World imports	8.9	6.4	1.4	-11.1	-1.3	4.8	-1.3	4.8	3.2	-1.9	5.9
Advanced Economies (b)	6.0	2.6	-1.9	-10.9	-4.1	4.9	-4.1	4.9	4.1	-0.3	4.8
United States	5.6	1.5	-3.4	-14.5	-6.4	6.6	-6.4	6.6	6.5	-2.0	6.8
Japan	3.0	1.1	-0.6	-18.0	-1.7	8.6	-1.7	8.6	3.5	0.8	8.7
Euro Area	6.0	4.1	-1.7	-7.5	-3.0	2.9	-3.0	2.9	3.0	-0.2	3.8
Emerging economies	13.2	11.6	5.5	-11.4	2.1	4.6	2.1	4.6	2.2	-3.6	7.2
Asia	12.8	8.9	2.5	-8.7	5.3	6.2	5.3	6.2	4.3	-5.4	8.9
Central and Eastern Europe	17.8	18.8	9.4	-17.0	-2.2	1.9	-2.2	1.9	-1.1	1.3	2.8
Latin America	12.0	11.0	7.2	-16.8	-2.8	6.8	-2.8	6.8	0.7	-2.4	9.7
Africa and Middle East	10.2	15.4	12.1	-10.5	-1.1	-0.5	-1.1	-0.5	-1.2	-2.0	3.7
World exports	9.4	7.2	3.9	-11.0	-0.2	3.8	-0.2	3.8	3.1	-1.2	4.8
Advanced Economies (b)	7.5	4.3	0.3	-12.9	0.6	4.9	0.6	4.9	3.8	-0.9	3.3
United States	10.7	6.3	5.9	-12.1	-1.8	6.4	-1.8	6.4	3.5	-0.5	4.2
Japan	11.1	9.6	0.7	-28.7	12.4	11.1	12.4	11.1	2.6	1.2	5.6
Euro Area	6.4	4.6	-0.9	-10.5	0.4	3.9	0.4	3.9	5.0	-1.9	3.1
Emerging economies	11.8	10.8	8.0	-9.1	-1.1	2.7	-1.1	2.7	2.4	-1.4	6.3
Asia	15.5	13.9	9.3	-10.1	1.3	3.0	1.3	3.0	3.9	-2.7	5.2
Central and Eastern Europe	13.1	10.1	7.9	-5.7	-3.5	2.5	-3.5	2.5	0.1	0.5	4.9
Latin America	6.9	5.3	-1.1	-5.1	-3.0	-0.6	-3.0	-0.6	-2.3	-1.0	8.3
Africa and Middle East	-1.2	0.5	8.3	-10.3	-9.5	3.6	-9.5	3.6	-0.2	3.9	13.0
Prices / unit values in USD											
World trade	5.3	7.5	12.1	-5.7	1.8	3.7	1.8	3.7	-0.4	2.0	0.6
World imports	5.4	7.9	13.4	-6.3	1.6	3.3	1.6	3.3	-0.5	2.1	0.5
Advanced Economies (b)	6.4	8.9	12.9	-5.4	3.0	3.5	3.0	3.5	0.3	0.9	0.5
United States	4.8	4.2	11.3	-6.7	3.5	2.8	3.5	2.8	-0.6	1.5	0.2
Japan	8.9	6.0	22.0	-5.5	-6.5	-1.2	-6.5	-1.2	3.1	-0.9	-2.6
Euro Area	7.0	12.0	13.8	-6.0	3.1	5.2	3.1	5.2	0.9	0.8	1.6
Emerging economies	4.3	7.2	14.9	-7.6	0.2	3.0	0.2	3.0	-1.7	3.4	0.7
Asia	3.4	5.9	15.2	-8.4	0.7	3.0	0.7	3.0	-2.5	4.4	1.0
Central and Eastern Europe	5.8	9.5	12.8	-5.7	2.2	5.2	2.2	5.2	1.3	1.2	1.0
Latin America	5.6	6.0	13.8	-4.8	-1.0	1.9	-1.0	1.9	0.7	-0.4	1.0
Africa and Middle East	4.2	6.3	14.9	-7.5	-0.2	2.2	-0.2	2.2	-2.1	3.5	0.7
World exports	5.3	7.2	10.9	-5.0	2.0	4.2	2.0	4.2	-0.3	2.0	0.7
Advanced Economies (b)	4.3	8.9	10.1	-1.5	0.5	3.1	0.5	3.1	0.5	0.6	0.9
United States	3.3	4.7	5.9	-2.3	0.5	0.8	0.5	0.8	-0.3	0.6	-0.2
Japan	-2.2	0.8	7.5	10.8	-10.6	-6.5	-10.6	-6.5	-1.0	-2.0	-2.4
Euro Area	5.1	12.4	10.7	-2.9	2.3	5.3	2.3	5.3	0.7	0.8	2.1
Emerging economies	6.7	5.4	12.1	-8.6	3.5	5.2	3.5	5.2	-1.3	3.5	0.7
Asia	3.0	2.7	3.9	-4.1	-0.1	2.5	-0.1	2.5	-0.4	1.8	0.2
Central and Eastern Europe	9.1	12.8	17.0	-15.7	5.8	8.5	5.8	8.5	2.4	1.6	3.3
Latin America	11.7	7.6	14.8	-9.8	5.0	4.3	5.0	4.3	-2.0	2.9	0.2
Africa and Middle East	17.7	10.6	32.2	-16.1	19.0	11.5	19.0	11.5	-4.5	8.2	-3.0
World prices / unit values in USD											
Manufactures	1.9	5.6	9.1	-3.1	-0.5	1.9	-0.5	1.9	-0.1	0.7	1.0
Energy (HWWI)	19.1	12.0	40.3	-20.6	29.4	14.5	29.4	14.5	-5.9	9.8	-4.9
Other raw materials (HWWI)	26.7	17.6	12.5	-9.7	10.6	9.0	10.6	9.0	-0.4	7.3	-0.8
Energy real (HWWI)	16.7	5.6	27.9	-18.0	29.9	12.5	29.9	12.5	-5.8	9.1	-5.9
Other raw materials real (HWWI)	24.1	11.5	2.7	-6.8	11.1	7.1	11.1	7.1	-0.3	6.6	-1.8

(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

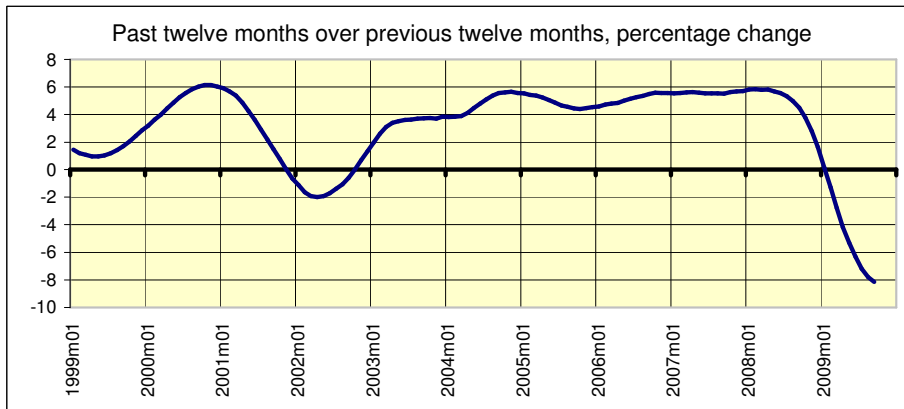
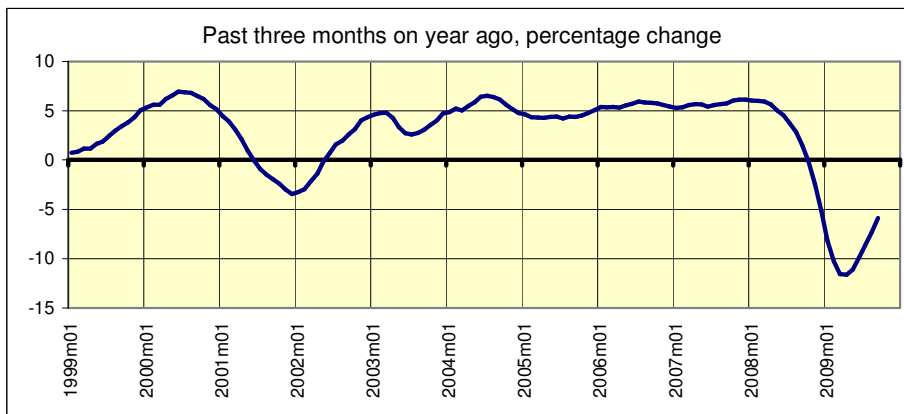
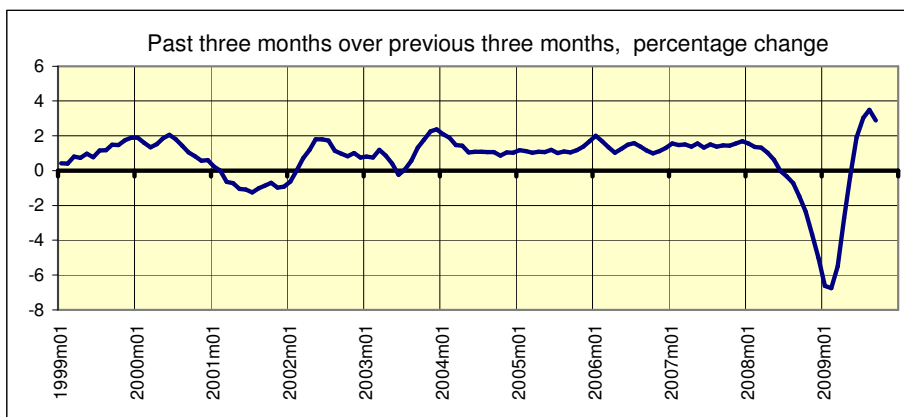
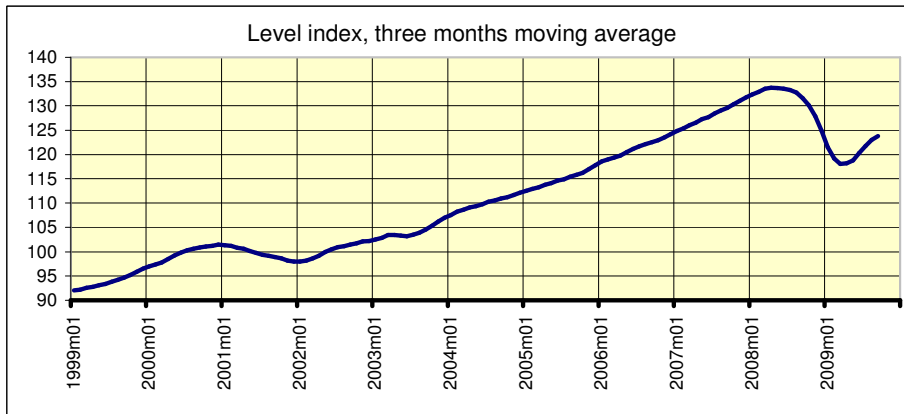


Table 2: World industrial production, percentage changes

	year on year			quarter on quarter			momentum (a)		month on month		
	2006	2007	2008	2009q1	2009q2	2009q3	2009m06	2009m09	2009m07	2009m08	2009m09
World (b)	5.6	5.7	1.6	-5.5	1.9	2.9	1.9	2.9	0.5	0.7	0.8
Advanced Economies (c)	2.9	2.4	-2.2	-9.1	-0.7	2.4	-0.7	2.4	0.9	1.0	0.7
United States	2.3	1.5	-2.2	-5.1	-2.7	1.4	-2.7	1.4	0.9	1.3	0.6
Japan	4.1	2.9	-3.2	-21.3	7.6	7.0	7.6	7.0	2.2	1.6	1.4
Euro Area	4.2	3.7	-1.6	-9.1	-1.6	2.7	-1.6	2.7	0.3	1.6	0.2
Emerging economies	9.2	10.0	6.3	-1.6	4.6	3.3	4.6	3.3	0.1	0.3	1.0
Asia	12.9	13.8	9.2	0.8	6.9	3.9	6.9	3.9	-0.4	0.7	1.0
Central and Eastern Europe	7.7	7.4	1.3	-4.6	0.1	2.6	0.1	2.6	0.9	-0.7	1.5
Latin America	4.5	5.4	1.7	-6.0	1.4	2.7	1.4	2.7	1.9	0.0	1.3
Africa and Middle East	1.5	1.5	3.4	-6.2	-0.4	1.2	-0.4	1.2	0.4	-0.3	0.0

(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.