



# Still cautiously optimistic

## Trade data and policy tracker

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Economics - Global

- ◆ Peak container shipping season has arrived early this year amid ongoing disruption and impending tariff hikes...
- ◆ ...while freight rates could trend higher in the coming months
- ◆ HSBC economists expect world export volumes to grow by 2.8% in 2024 and 3.6% in 2025

At the beginning of this year we said to “proceed with caution” regarding the outlook for trade and, six months on, we remain “cautiously optimistic” about global trade prospects. Demand is holding up but risks abound. And there is a question around whether global trade growth can continue to hold up outside of flows to the US. As a result, our global economists expect world trade to grow by 2.8% this year and 3.6% next.

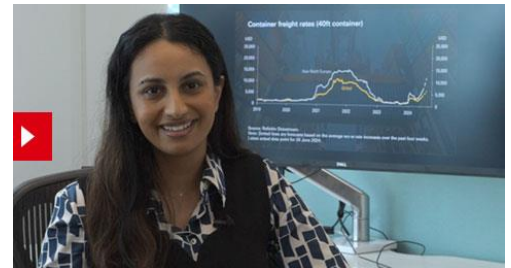
In the US, the National Retail Federation estimates import cargo volumes to be 4.8% higher y-o-y over July-October amid an earlier-than-usual peak container shipping season this year. Given ongoing Red Sea shipping disruption, some retailers are stocking up on goods well ahead of the holiday season, while others are front-loading ahead of higher US tariffs on certain Chinese goods that are due to take effect in waves from 1 August.

Meanwhile, congestion at key transshipment ports is growing as ships continue to avoid the Suez Canal. As at the time of writing, there were over 200,000 20ft containers and 23 ships waiting at anchorage in Singapore according to data from Linerlytica, while throughput at the port was up 8% y-o-y in the first five months of this year. There were nearly 40 ships waiting at sea at Port Klang in Malaysia and c.20 at Jebel Ali in Dubai.

As a result, the number of moving operating containerships has plunged in recent weeks, while freight rates have been soaring. It currently costs more than USD7,000 spot to send a 40ft container from Asia to North Europe – more than four times the cost in December 2023. And if we project out the recent pace of week-on-week increases, global spot container freight rates could reach USD6,000 by the end of July (up from USD4,400 currently) if disruption persists – right in the swing of peak container shipping season – though that would still leave rates about 45% below their pandemic peak.

Political factors could also impact trade. China wants the EU to ditch its plans to impose tariffs on EVs by 4 July, while there could be more US tariffs to come depending on the outcome of the presidential election. In the UK, the upcoming election could also lead to some shifts in trade policy if there is a change in government. The Labour Party, which is leading in the polls, has pledged to improve relations with the EU by agreeing a veterinary deal (though it is unclear how this squares with a stated lack of support for a return to the EU's single market or customs union), and may take a more targeted approach to trade talks with other markets though it has said striking a deal with India is a priority.

*This is a Free to View version of a report with the same title published on 27-June-24. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for more information.*



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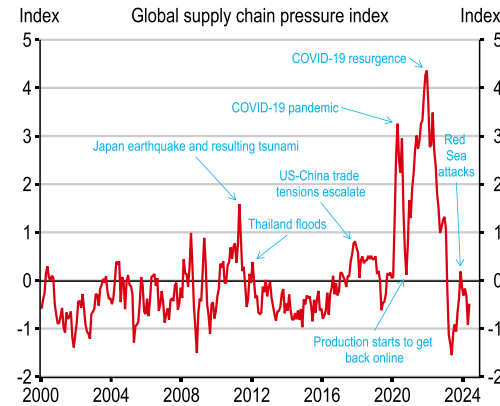
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## Monthly trade trends

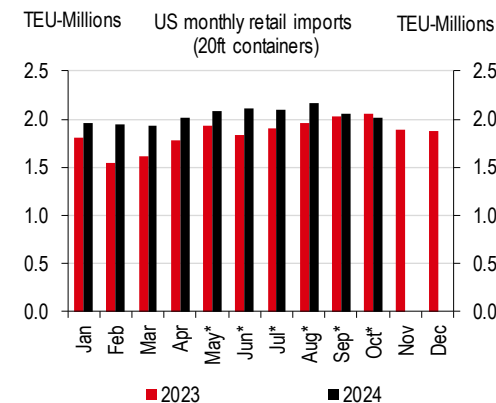
### 1. Supply chain pressures have picked up slightly...



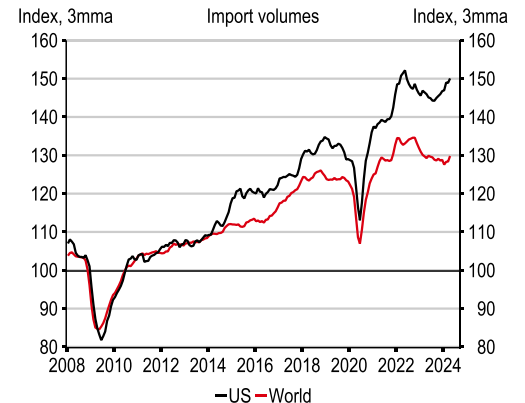
### 2. ...while global trade indicators have expanded in recent months



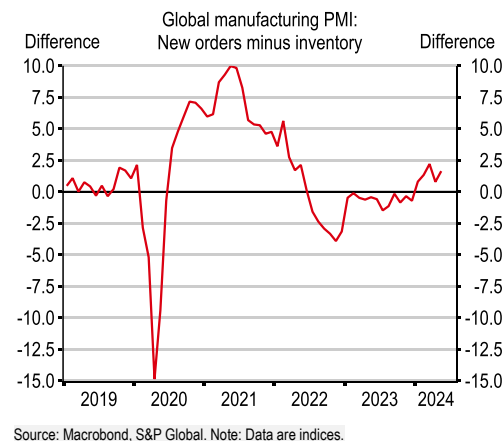
### 3. US inbound cargo volumes are set to remain strong amid an extended peak container shipping season...



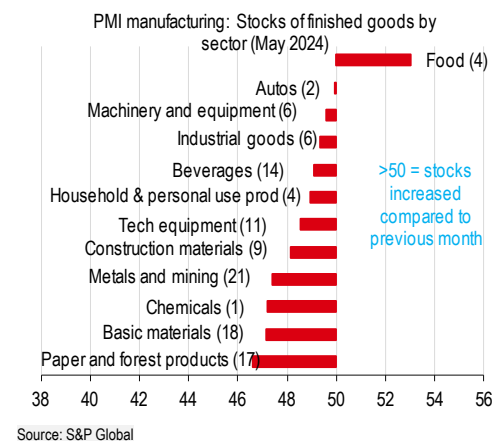
### 4. ...but there is a risk that global trade growth could falter if flows to other markets outside the US remain weak



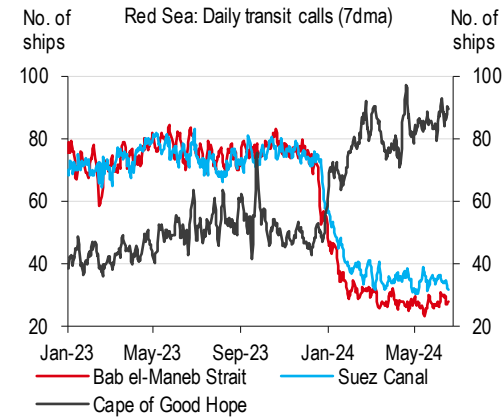
### 5. Inventories continue to be drawn down...



### 6. ...as businesses across many sectors destock

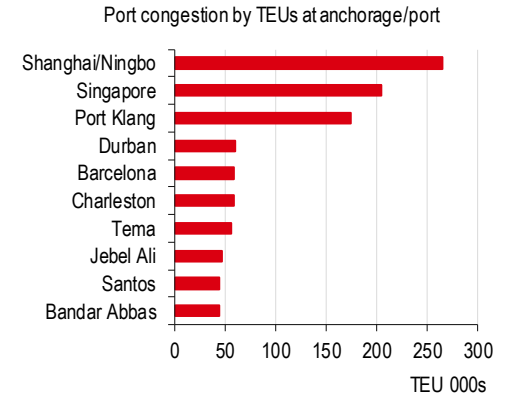


### 7. Ships continue to avoid the Suez Canal....



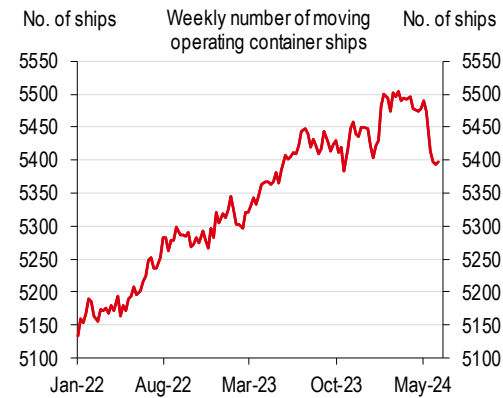
Source: IMF Portwatch. Note: Latest data point for 18 June 2024.

### 8. ...with the longer journey leading to congestion at key ports



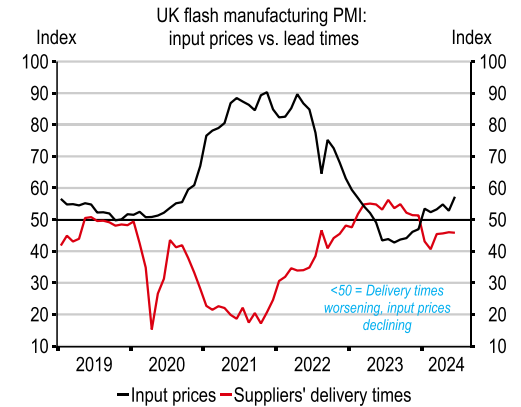
Source: Linerlytica. Note: Data as of 25 June 2024.

### 9. As a result, the number of moving container ships has fallen...



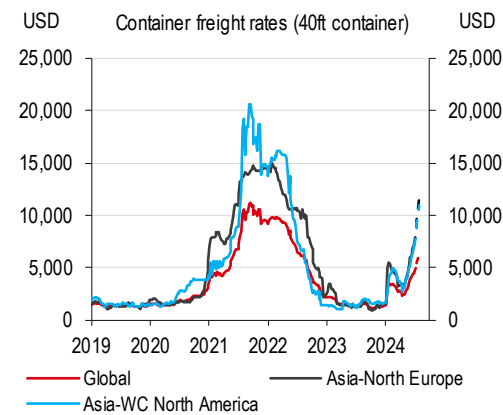
Source: Kiel Institute. Note: Latest data point for 9 June 2024.

### 10. ...with disruption leading to delivery delays for British manufacturers



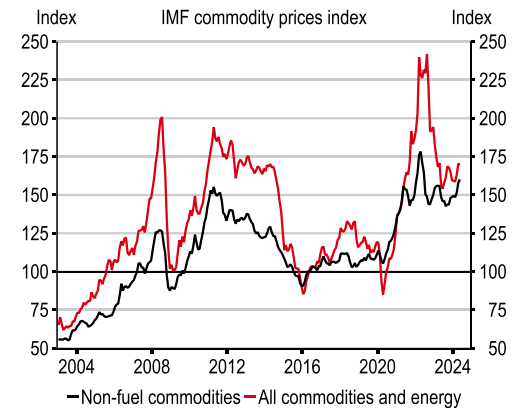
Source: Macrobond, S&P Global

### 11. Ongoing shipping disruption could see freight rates soar further...



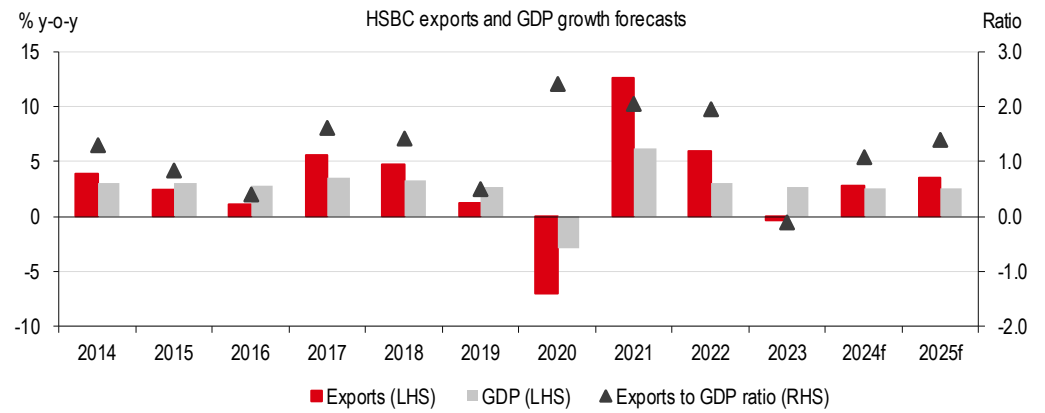
Source: Refinitiv Datastream. Note: Dotted lines are forecasts based on the average w-o-w rate increases over the past four weeks. Latest actual data point for 24 June 2024.

### 12. ...while commodity prices also remain elevated



Source: Macrobond

### 13. HSBC economists expect global trade to grow by 2.8% this year



Source: HSBC. Note: See Global Economics Quarterly: Dodging the dangers, 26 June 2024

## Trade policy calendar

### 14. Key upcoming trade events

● Deadline ● Event ● Report

Date	Type	Details
H2 2024	●	CPTPP expected to take effect for the UK
27 June 2024	●	First US presidential debate to be held
01 July 2024	●	USTR to complete its review of autos trade under the USMCA
	●	EU to raise tariffs on imports of grain from Russia and Belarus
02 July 2024	●	Canada to launch a 30-day consultation on protecting Canadian workers and EV supply chains from “unfair” Chinese trade practices
04 July 2024	●	Deadline for the EU to impose provisional tariffs of between 17.4% and 38.1% on Chinese-made BEVs, following its anti-subsidy investigation
	●	UK General Election
18 July 2024	●	Deadline for comments on provisional EU tariffs on Chinese-made BEVs
	●	US Commerce Department to issue a preliminary determination on countervailing duties on solar imports from four Southeast Asian economies
01 August 2024	●	First tranche of increases in US Section 301 tariffs on China due to take effect
06 September 2024	●	Deadline for comments on final EU tariffs on Chinese-made BEVs
10 September 2024	●	Second US presidential debate to be held
September 2024	●	Next IPEF Ministerial meeting
01 October 2024	●	US Commerce Department to issue a preliminary determination on antidumping duties on solar imports from four Southeast Asian economies
31 October 2024	●	UK safety and security declarations for EU imports will take effect, while the UK's Single Trade Window should help to remove duplication across different pre-arrival datasets
02 November 2024	●	Deadline for EU to impose final tariffs on Chinese-made BEVs. These could last for up to five years
05 November 2024	●	US Presidential election
10 to 16 November 2024	●	APEC economic leaders' week in Peru
01 December 2024	●	Mainland China's new tariff law that strengthens its trade defence measures set to take effect
31 December 2024	●	Deadline to restore a properly functioning WTO dispute settlement system
01 January 2025	●	Second tranche of US Section 301 tariff hikes on Chinese goods due to take effect
March 2025	●	EU ban on using ports within the bloc to transship Russian LNG due to take effect (part of the EU's 14th package of sanctions against Russia adopted in June 2024)

Source: HSBC, Inside US Trade, Bloomberg, Thomson Reuters, Politico, European Commission, WTO, UK Government, APEC, CNN, International Trade Administration, Government of Canada.

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