

Relatively resilient

Trade data and policy tracker

Free to View
Economics - Global

- ◆ Trade flows continue to move in the face of ongoing shipping disruption, though some businesses are facing delivery delays
- ◆ There could be limited trade impacts from the Baltimore bridge collapse, mainly affecting the autos sector and US coal exports
- ◆ Our economists expect global trade to grow by 2.5% in 2024

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There is no doubt that these are testing times for global trade. But flows seem to be holding up relatively well, all things considered. Daily vessel transits via the Suez Canal are down around 50% since early December 2023, while transits via the Cape of Good Hope are up nearly 70% amid ongoing Red Sea shipping disruption. Container freight rates have softened recently as shipping companies (and supply chains) adjust to the longer sailing times, but Asia-US East Coast rates could spike temporarily on the back of the Baltimore shipping incident.

And product delays continue to filter through, though the financial impact on companies has been relatively limited for now. Adidas, for example, is experiencing delays of 2-3 weeks and there could be an impact on the company's working capital if disruptions continue, while Inditex (parent company of Zara) is experiencing delays of one week. German chemicals distributor Brenntag recently noted that Red Sea disruption has led to increased costs that it has passed onto customers, while several Malaysian companies have experienced cancellations and delays according to the Malaysian Minister of Investment, Trade and Industry (Yahoo, 7 March 2024 and 18 March 2024).

And with no end to the disruption in sight, Hapag-Lloyd's CEO is predicting an earlier container shipping 'peak season' this year – suggesting that a number of companies may look to bring in goods between June and August to ensure product is available ahead of the holiday season (CNBC, 15 March 2024). This may also coincide with inventory replenishment in the second half of the year.

Meanwhile, there could be limited fallout from the bridge collapse that has led to vessel traffic being suspended in and out of the Port of Baltimore in the US. The Port typically handles around 1m TEUs (twenty-foot equivalent units) annually – relatively small overall compared to the likes of New York & New Jersey and Virginia – but is the US's top vehicle-handling port so disruption could hit the autos sector the hardest as cargo is diverted to other East Coast ports. It is also the US's second largest port for coal exports, with 50% of volumes sent to India, though Baltimore ships less than 2% of world seaborne coal.

Looking ahead, our global economists recently revised up their forecasts for world trade growth this year to 2.5% (up from 1.8%) and continue to expect growth of 3.4% in 2025. Although there are some signs that the trade cycle might be bottoming out, it is too early to call for a sustained recovery just yet.

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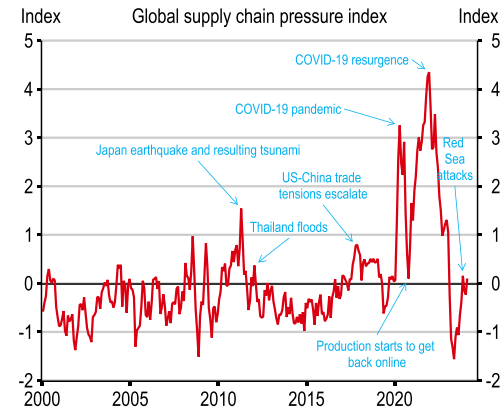
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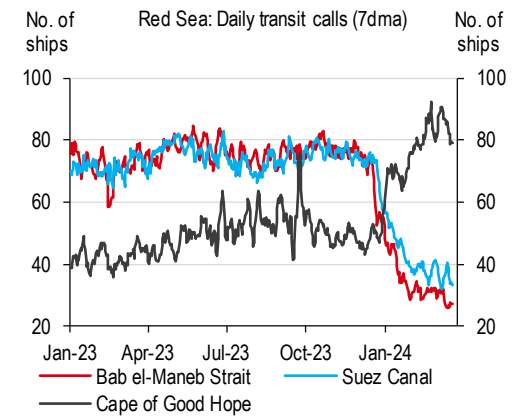
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Monthly trade trends

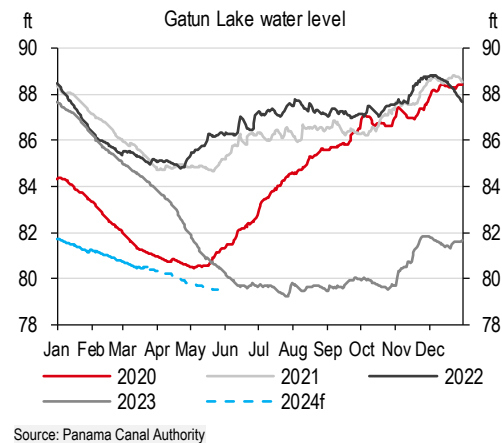
1. Global supply chain pressures persist...



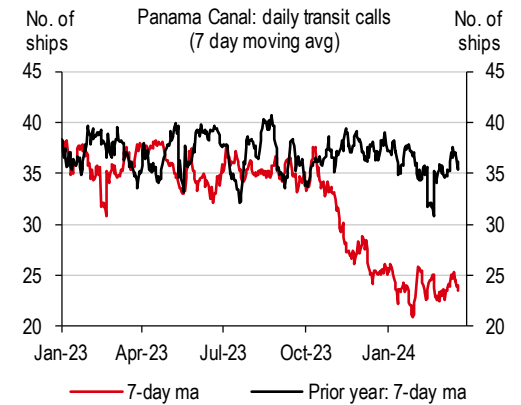
2. ...as cargoes continue to be re-routed away from the Suez Canal amid ongoing vessel attacks



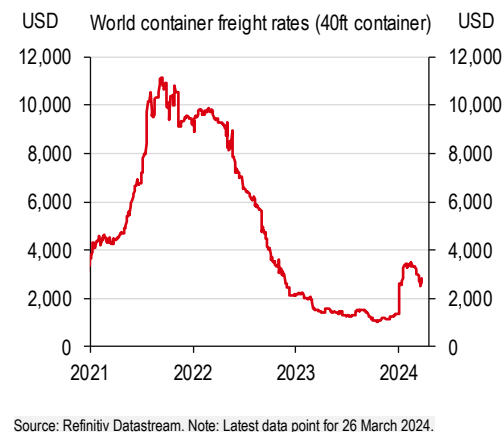
3. Meanwhile, low water levels continue to disrupt trade via the Panama Canal...



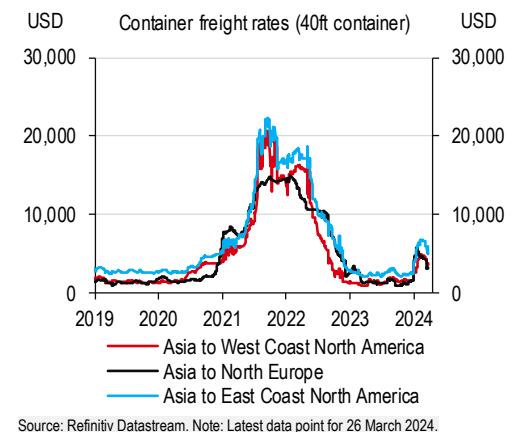
4. ...but recent rains have led to an increase in the number of vessels that can transit daily, though restrictions remain



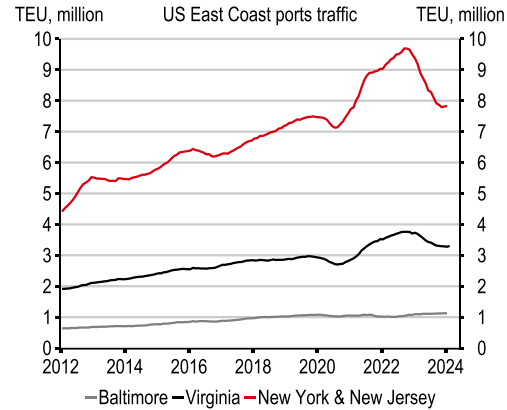
5. Container freight rates have softened recently but are elevated...



6. ...and disruption at the Port of Baltimore could see rates increase to the US East Coast

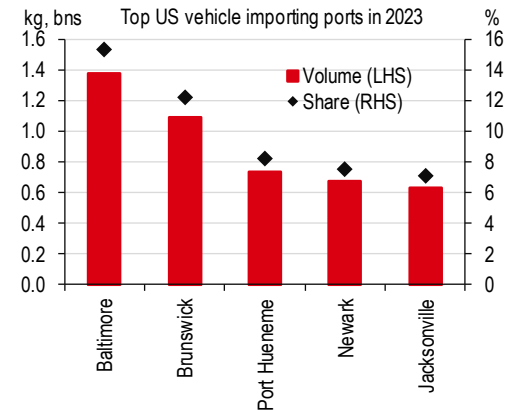


7. There could be limited disruption at Baltimore port following the bridge collapse...



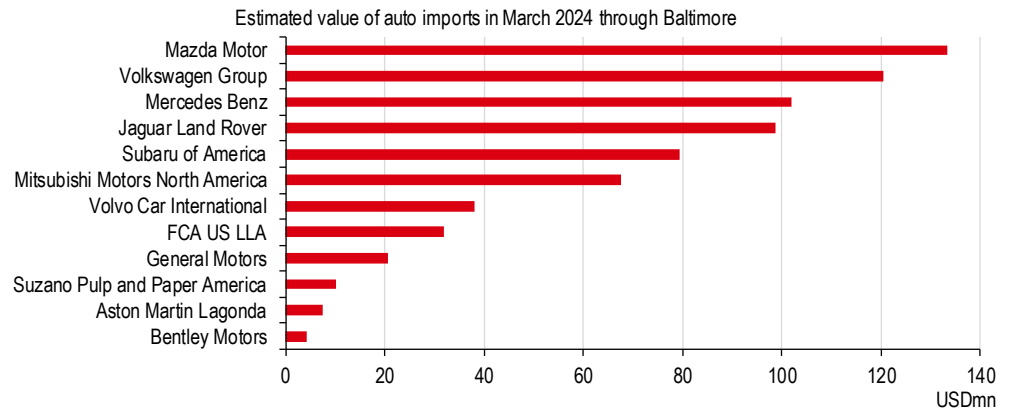
Source: Macrobond. Note: Latest data point for January 2024. 12-month rolling sum.

8. ...with autos supply chains likely to be most impacted...



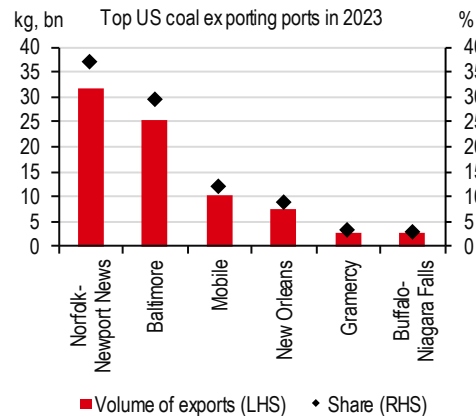
Source: USA Trade Online. Note: HS8703 refers to vehicles mainly for transporting people.

9. ...as key autos companies divert cargo to other ports



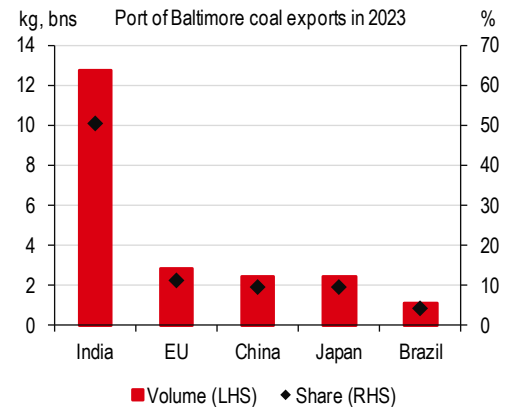
Source: Bloomberg. Note: Data as at 26 March 2024. Top companies shown.

10. Baltimore is also a key port for US coal exports...



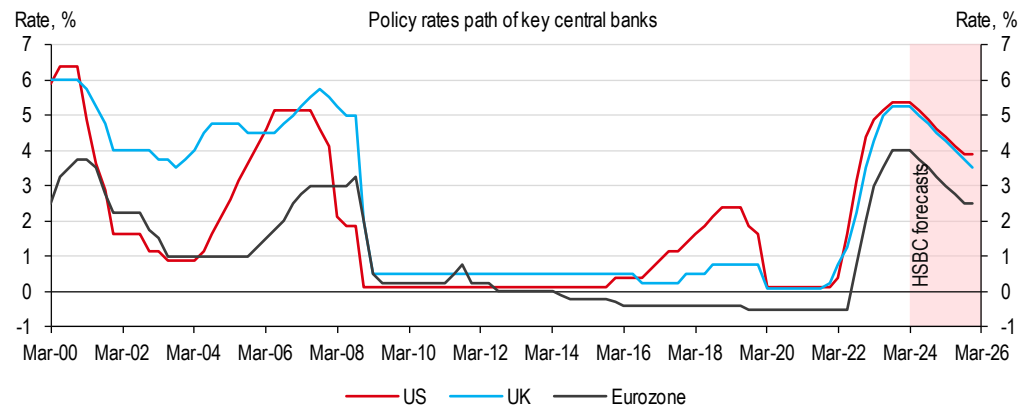
Source: USA Trade Online

11. ...with most destined to India



Source: USA Trade Online

12. ...though relatively high interest rates could weigh on consumer spending and hence trade, even if major central banks are expected to start cutting rates this year



Source: HSBC, Refinitiv Datastream. Note: Midpoint of the Federal Funds target range shown for the US.

Trade policy calendar

13. Key upcoming trade events

● Deadline ● Event ● Report

Date	Type	Details
01 April 2024	●	UK autos exports manufactured with EU parts will face tariffs in Canada unless the UK and Canada can reach a deal
30 April 2024	●	Full UK SPS checks on imports from the EU to take effect
April 2024	●	EU and US sixth Trade and Technology Council ministerial likely to be held
April to May 2024	●	India to hold general election, date TBC
01 May 2024	●	EU-New Zealand FTA to take effect
21 May 2024	●	US tariff exclusions for handful of mainland Chinese products due to expire (previously extended)
H2 2024	●	CPTPP expected to take effect for the UK
06 June 2024	●	US due to start collecting tariffs of up to 254% on exports from some mainland Chinese companies manufacturing solar panels in Cambodia, Malaysia, Thailand and Vietnam unless they can prove that key components of their products do not come from mainland China
01 July 2024	●	USTR to complete its review of autos trade under the USMCA
02 July 2024	●	EU to complete investigation into states subsidies provided to mainland Chinese train manufacturer CRRC
04 July 2024	●	The EU may impose provisional anti-subsidy duties on EVs from mainland China under its investigation on subsidised electric vehicles from the market. Definitive measures will be imposed up to four months later.
16 September 2024	●	First US presidential debate to be held in Texas
01 October 2024	●	Second US presidential debate to be held in Virginia
09 October 2024	●	Third US presidential debate to be held in Utah
31 October 2024	●	UK safety and security declarations for EU imports will take effect, while the UK's Single Trade Window will help to remove duplication across different pre-arrival datasets
05 November 2024	●	US Presidential election
10 to 16 November 2024	●	APEC economic leaders' week in Peru

Source: HSBC, Inside US Trade, Bloomberg, Thomson Reuters, Politico, European Commission, WTO, UK Government, APEC, WEF, CNN, New Zealand Government.

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