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OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

Recent developments in global trade

Presentation „Schwerpunkt Außenwirtschaft“
WKO-OeNB

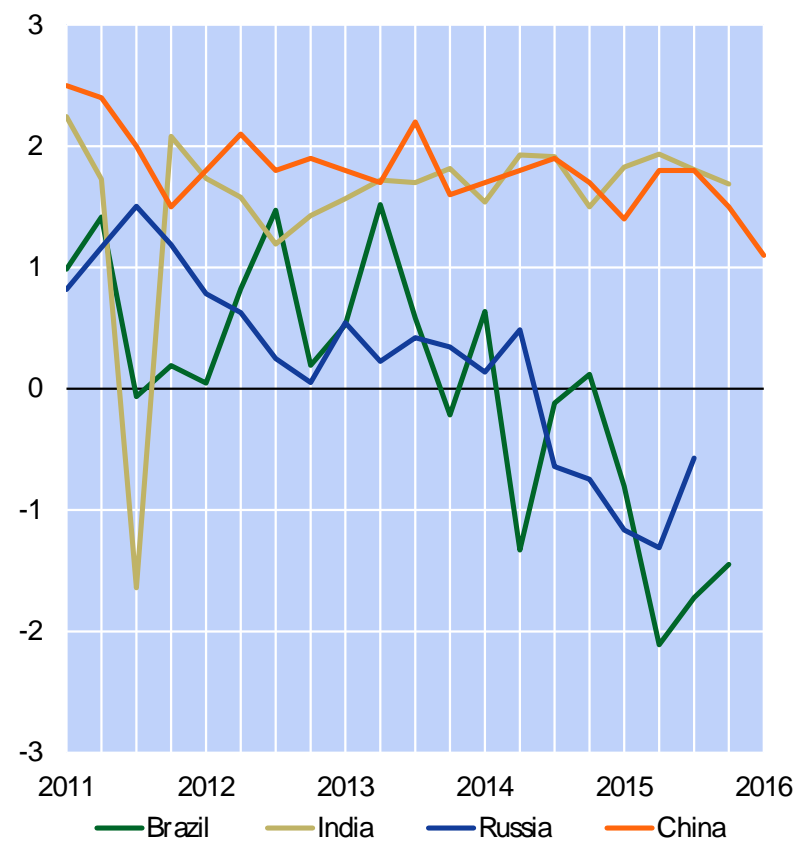
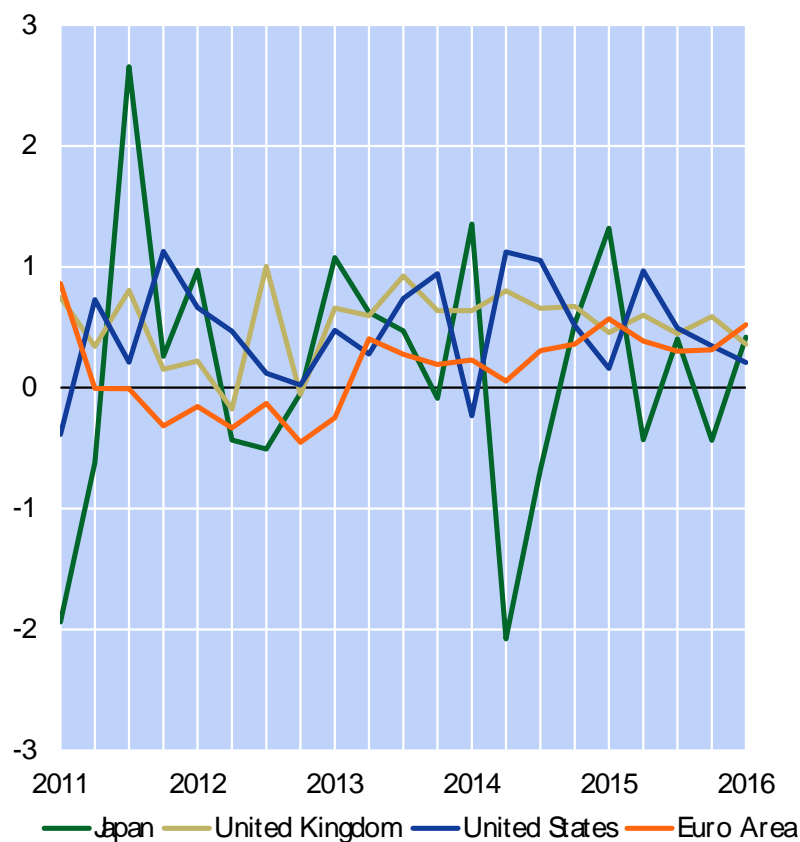
Julia Wörz, Sabine Schöffmann, Angelika Knollmayer
Foreign Analysis Division
Oesterreichische Nationalbank

June 14, 2016

Global economic activity remained modest in 2015

Economic development in selected advanced and emerging economies

Quarterly change of real GDP in % (seasonally adjusted)

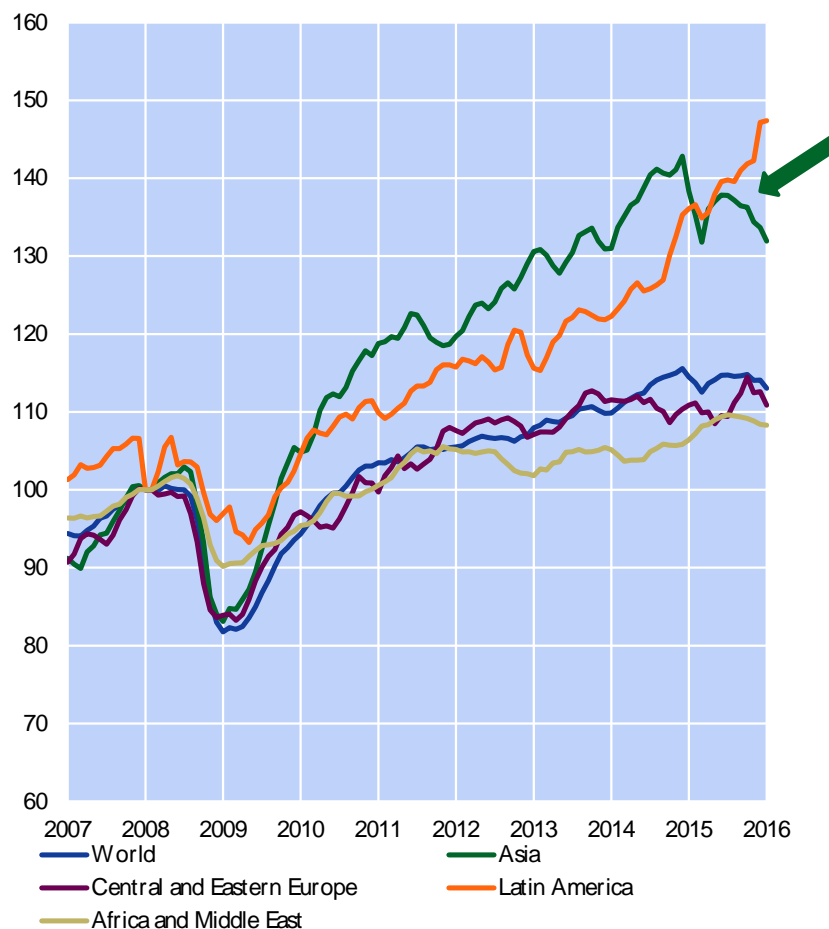
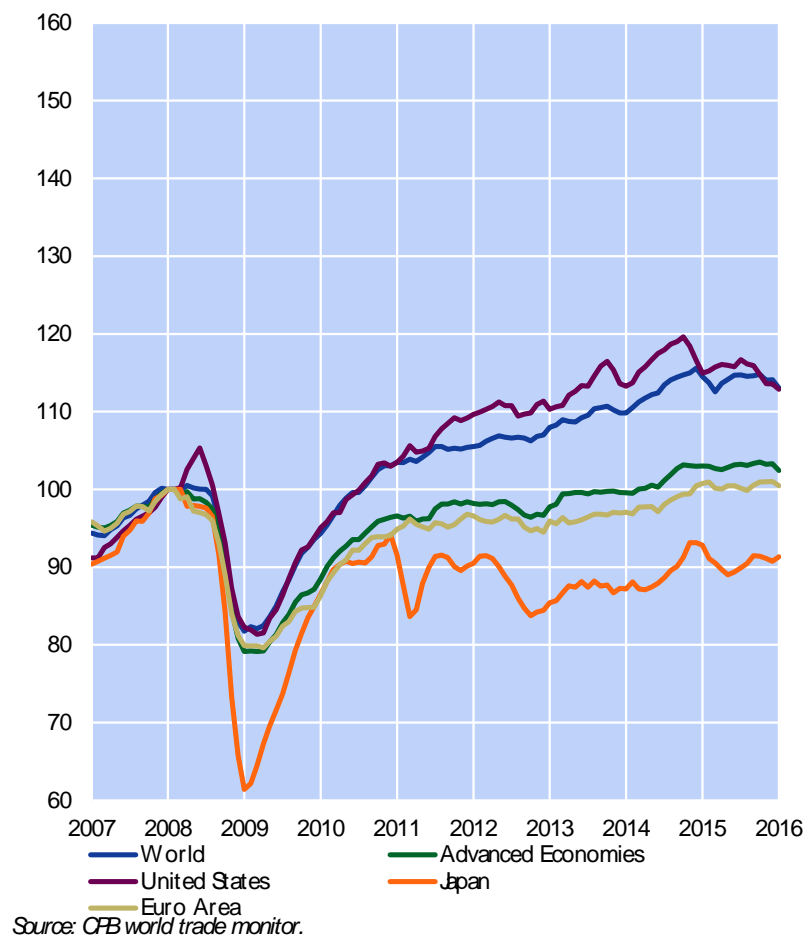


Source: OECD.

Current low trade growth reflects weak dynamics in emerging economies

Growth of real exports in selected advanced and emerging economies

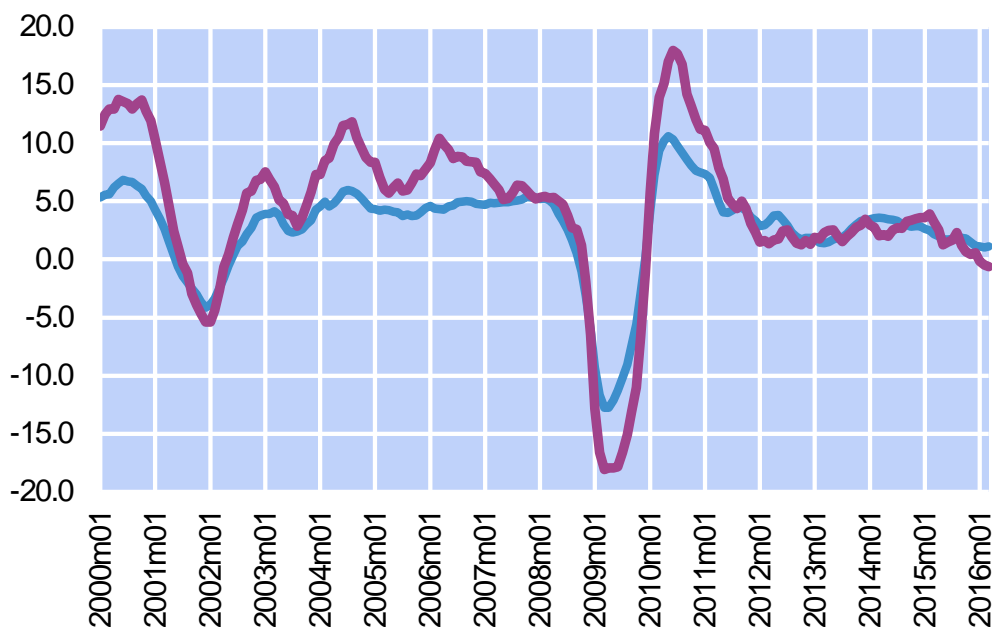
3M moving average (February-April 2008=100)



Trade growth projected to edge upwards in 2016 ...

World trade and industrial production

year-on-year change in %, 3-month moving averages



Source: OEB

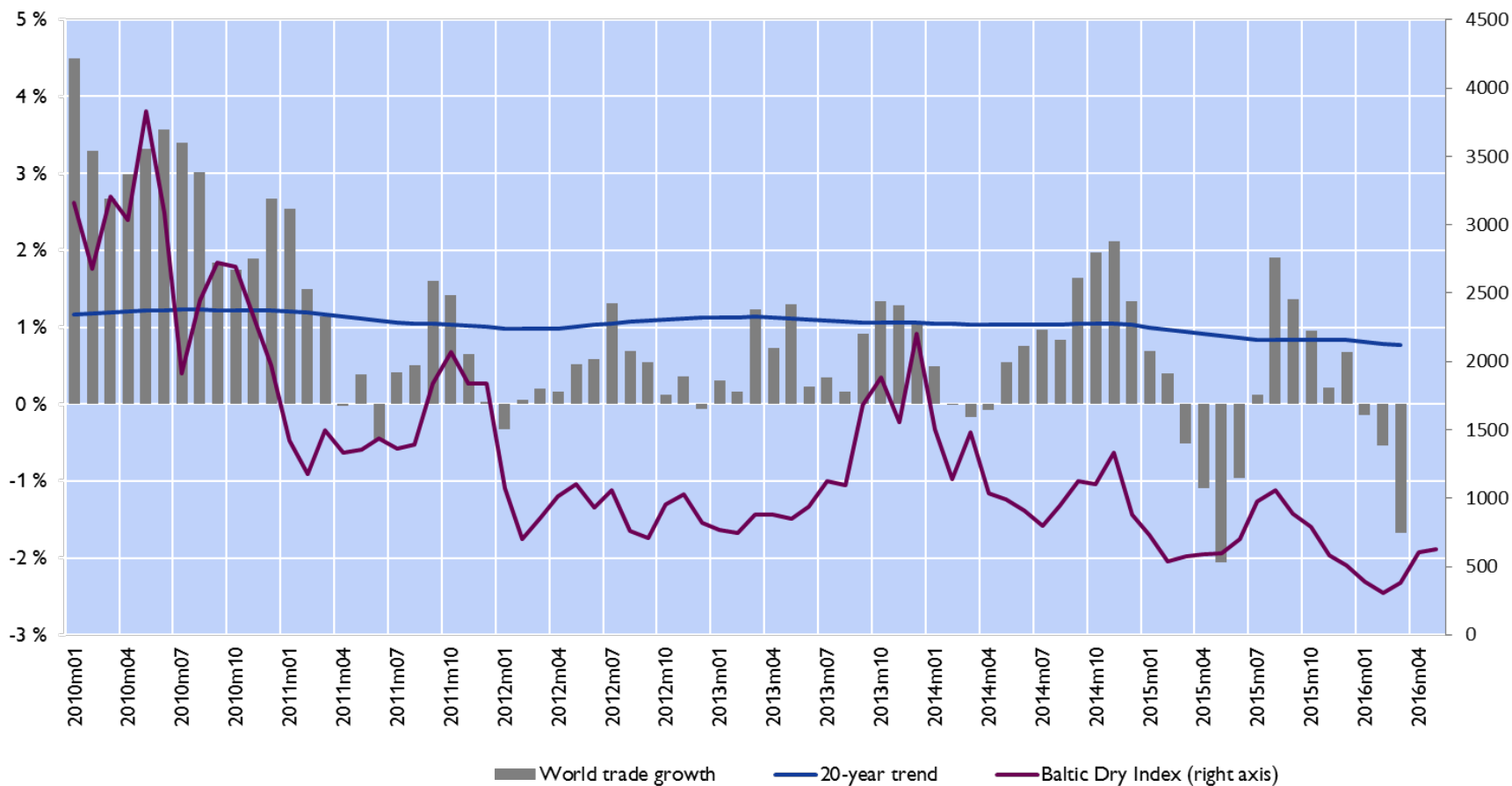
— Industrial production — Trade

- **Following a moderation in 2015 to 2.8% p.a., world trade growth will step up moderately to 3.1% p.a. in 2016 (IMF, April 2016).**
- **Strong regional differences**
- **Trade continues to grow at a weaker pace than output for the 5th consecutive year.**
- **Trade growth remains well below the long-term trend.**

... but negative momentum in the beginning of the year.

Growth of World Trade (MoM), Twenty-Year Trend and the Baltic Dry Index

Growth in % (MoM, three-month average)



Source: CPB, own calculations.

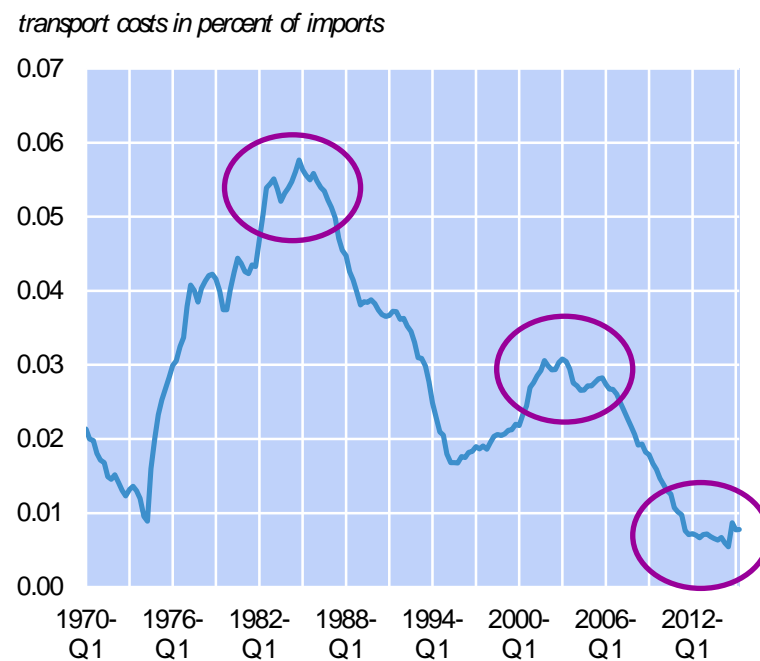
Factors shaping world trade growth in 2016

- **Falling commodity prices and shifting exchange rates reduce the value of trade.**
- **Decline in oil prices (in 2015 and beginning of 2016) erodes export revenues of oil exporting countries, thus undermining growth prospects in emerging economies.**
- **Numerous downside risks to world trade growth:**
 - **Lower growth in emerging and developing countries (China)**
 - **Geopolitical conflicts and tensions**
 - **Diverging global monetary policies**
 - **Worsening financial market volatility**
- **Upside risk: positive effects of ECB QE for euro area growth.**

What causes historically weak world trade growth?

- **Cyclical weakness**
- **Market entry of new traders comes to an end**
- **Seminal fall in trade costs is levelling off**
- **Offshoring boom comes to an end**
- **Potential rise in classical or murky protectionism**

World CIF-FOB factor, 1970-2015



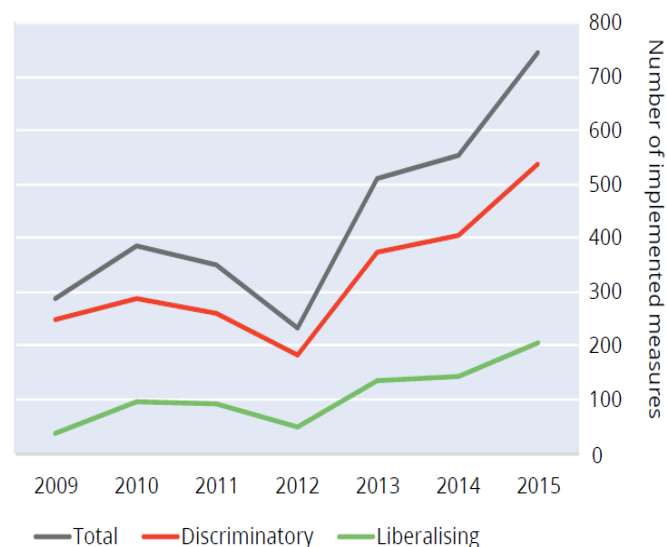
Source: IMF International Financial Statistics database.

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Total number of non-tariff measures

Measures reported by GTA up to 31 October in year of implementation



Source: Evenett and Fritz (2015): Global Trade Alert database; <http://www.globaltradealert.org>

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