

World trade bounces back

But don't let the data fool you; 2017 is no trade party yet



+1.2% Month on month trade growth

Where we are

World trade delivered strong growth of 1.2% in August and only needs to hang on to its current level to make 2017 the best year since 2011. That's good news, but for now, it's mainly the result of the late 2016 recovery instead of high growth during this year.

Reasons to be cheerful?

The August figure is impressive, but that doesn't hold for the first eight months of 2017. The average monthly level of world trade for this year thus far is only 1.4% higher than the level of

December 2016. But compared to the average level for the whole of 2016, the current monthly average for 2017 is 3.7% higher, due to very low trade levels in the first half of 2016.

And world trade only needs to hold on to the level of August for the rest of this year to book a whopping 4,6% growth figure for 2017. This would make 2017 the best year for trade since 2011 (4.6%). But let's not forget that two-thirds of this growth would have to be attributed to the recovery of trade in the second half of 2016.

A decline of trade during the remainder of this year could still spoil this favourable carryover effect of last year, but that is unlikely in our view. On the contrary; the outlook for the coming data releases for trade is good. Economic indicators released in September and October have been positive for most of the major trading economies. This makes growth of trade in the coming months likely. So, chances are that in the end there will be reason, after all, to cheer for 2017 as a year with a significant contribution to world trade growth.

Author

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com