

Snap | 25 September 2019

## World trade: Despite July bounce, downward trend continues

World trade bounced back with 1.9% month-on-month growth in July, making up for a decline in May and June. Despite this recovery, trade levels are still far below last year's peak. We expect no real recovery during the remainder of the year and expect an average decline of 0.2% in world trade for 2019



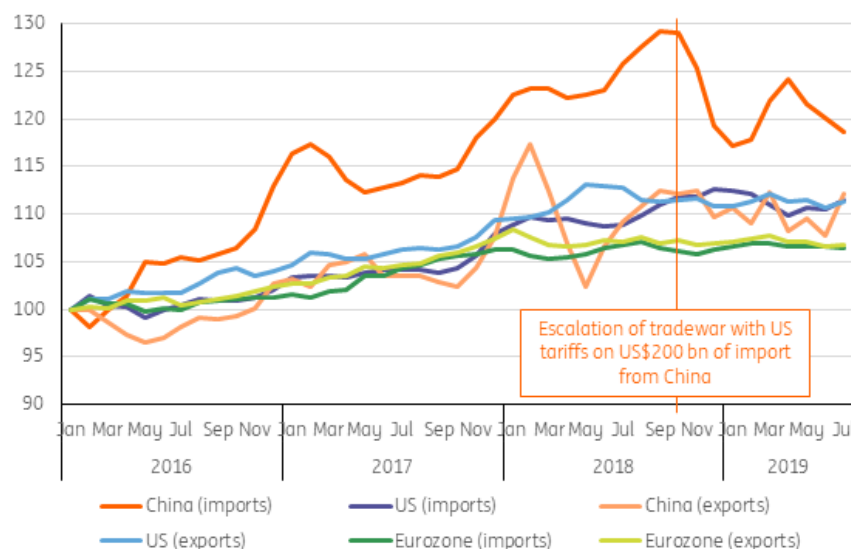
Source: Shutterstock

CPB\* data show that the recovery was broad-based, though the eurozone and the US lag behind. The eurozone even showed a moderate decline. The world trade bounce-back is not expected to continue as nominal figures already show a decline in Chinese exports for August.

China is a major driver of world trade with a weight of around 13% in total trade value. Since the beginning of the US – China trade war, China has been a drag on world trade. Although trade has, on average, not shown growth in the eurozone and the US either, most of the decline can be attributed to China. In particular, Chinese imports have declined strongly during the last quarter of 2018 (see graph).

## World trade volumes, three month moving average

Jan 2016 = 100



Source: CPB (Netherlands Bureau for Economic Policy Analysis)

For the remainder of the year, we expect low growth in world trade. The trade war and Brexit are hurting confidence and pushing Purchasing Managers' Indices below 50, indicating declining orders. Assuming no further escalation of the trade war, [our outlook](#) for world trade growth is a decline of -0.2% for 2019 as a whole.

*\*CPB is the Netherlands Bureau for Economic Policy Analysis*