

## World trade grows in April, but momentum is slowing

World trade returned to positive growth in April. But the data showed signs of momentum slowing, even before most tariff increases have taken effect.



World trade grew by 0.7% in April, returning to positive growth after falls in the previous two months. Up until this month, world trade had seemed to be keeping some momentum, with the level of world trade maintaining gains on its level three months previously. However, this was partly thanks to a sharp drop in October last year flattering the comparison. This dropping out of the comparison this month left the three-month average to April lower than it was around the turn of the year.

A slowdown in underlying momentum, if it is sustained, is potentially more significant than the effects of US tariff increases to date (including retaliation by the US's trade partners). In April, US import tariffs on steel and aluminium had kicked in for some countries, but not yet for Canada, Mexico or the EU. While these tariffs affect a significant share of some countries' steel and aluminium exports, particularly Canada and Mexico, US imports of steel and aluminium account for some 1% of world trade. Countries' retaliation against the US is similarly limited in terms of the

volumes affected at the moment, though as tensions continue to run high, the extent of tariff increases seems likely to grow.