

## World trade remains muted

World trade volumes have grown by a meagre 0.3% in May. Given the ongoing trade conflict between the US and China, we expect growth to remain subdued for the rest of the year



Source: Pexels

Since the dramatic fall of almost -3% in trade volumes late last year, world trade has practically shown no growth (0% MoM average)

Going forward, the trade war, together with cyclical factors, are moving against a meaningful recovery of global trade. Most of the industrial confidence indicators around the world suggest a worsening trade climate. And given that we expect further escalation in the trade war with a general tariff on US car imports and on 300 billion unaffected US imports from China, growth is unlikely to really pick-up.

Figures from the CPB Netherlands Bureau for Economic Policy in the Hague indicate that trade growth has mainly concentrated in the US and Latin America while imports in other advanced economies including Western Europe and Asia declined.

But against the backdrop, [trade liberalisation has been continuing](#) with new trade deals by the EU, Japan and the Trans-Pacific trade agreement (CPA-TPP). This suggests that there is

potential for growth once current tensions are resolved.