

Trade in Turbulent Times: Adapting to Geopolitical Volatility & Closing

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Trade has remained in the spotlight this year

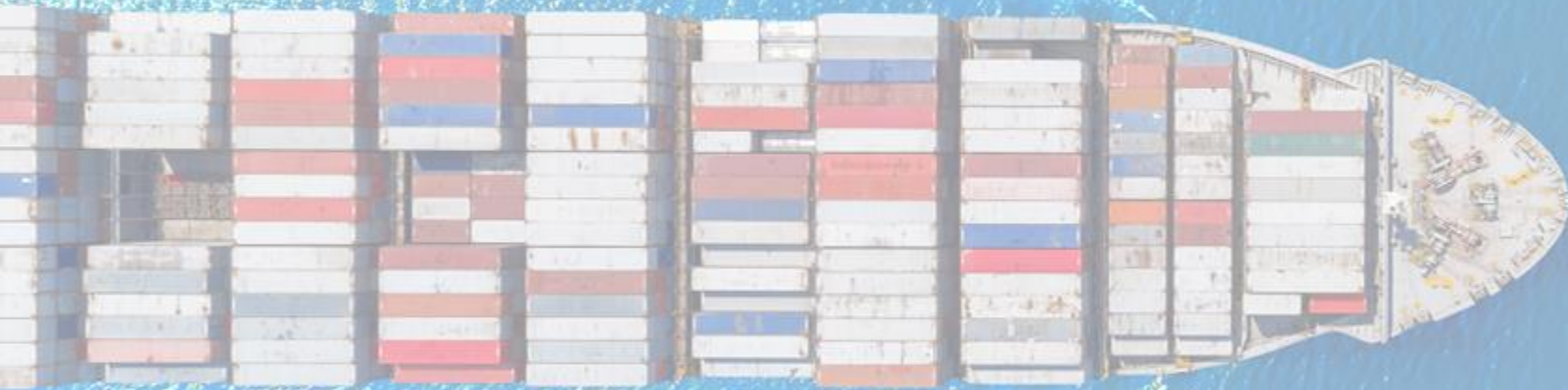
2024

Shipping costs
The Red Sea
Global demand

Outlook

Geopolitical tensions
Tariffs
Trump

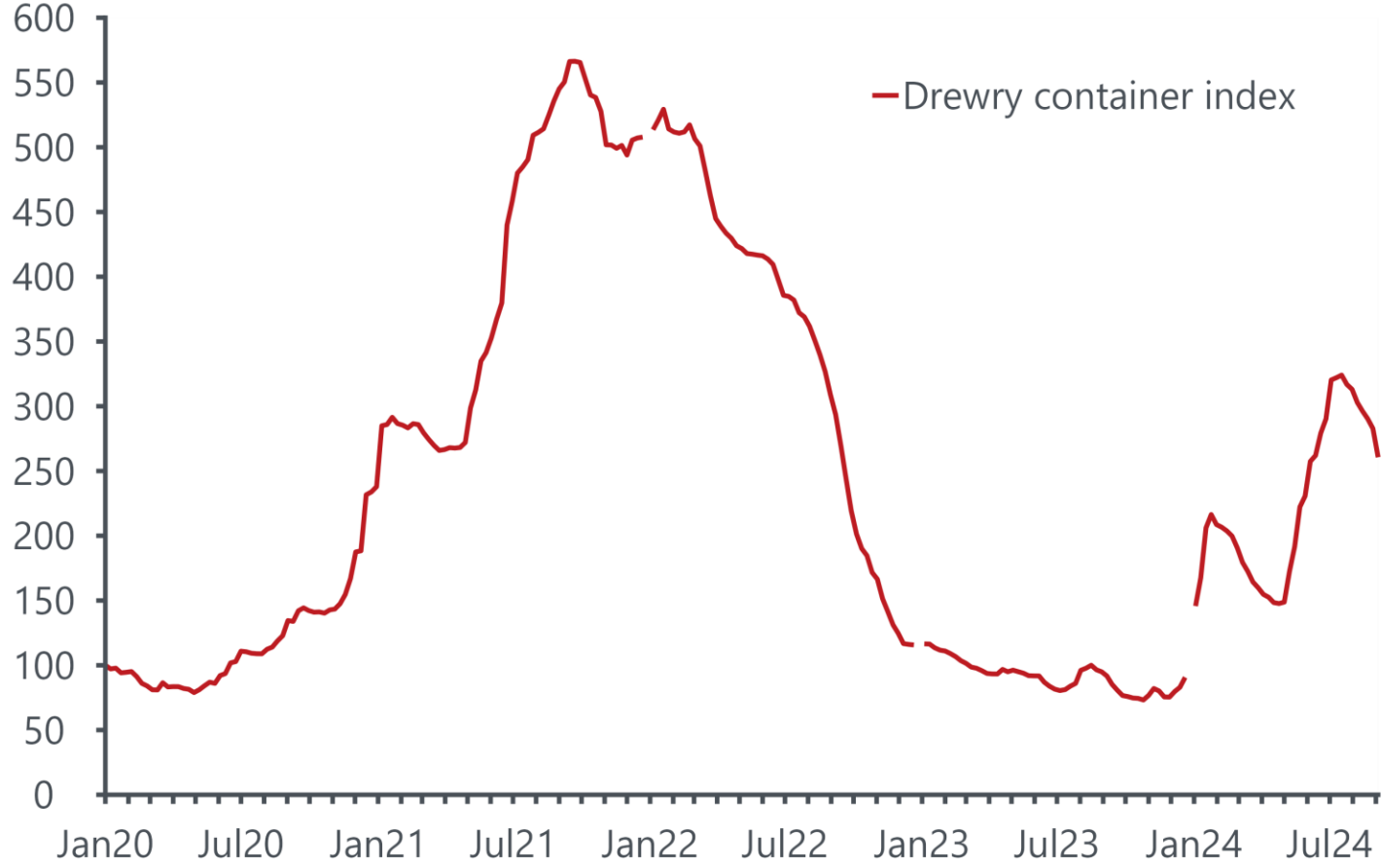
Transport costs and global shipping disruptions



Shipping costs surged during covid, but bounced this year too

Drewry Container Index

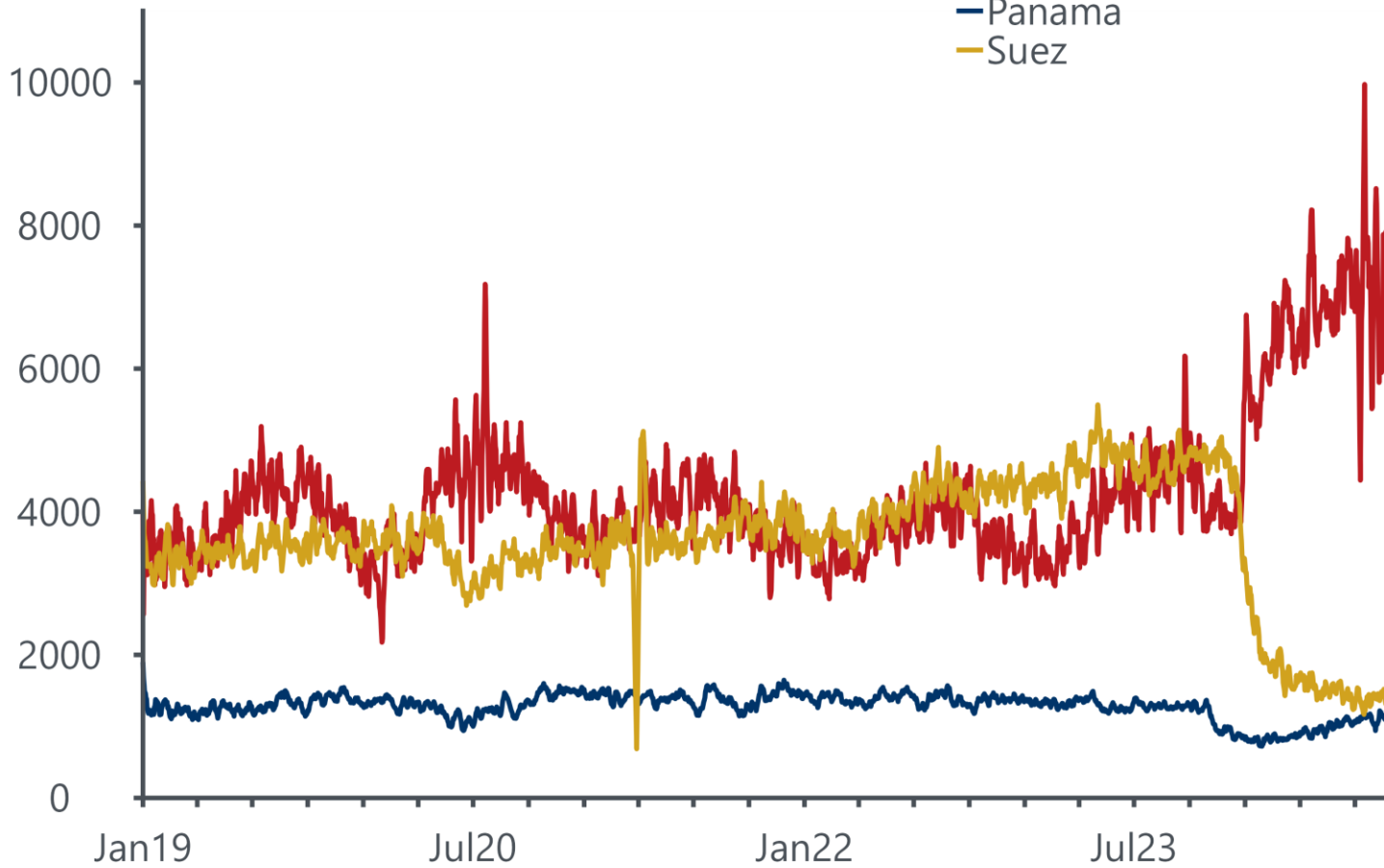
Index, January 2020 = 100



This has partly been driven by shipping disruptions

Canal Transit Volumes

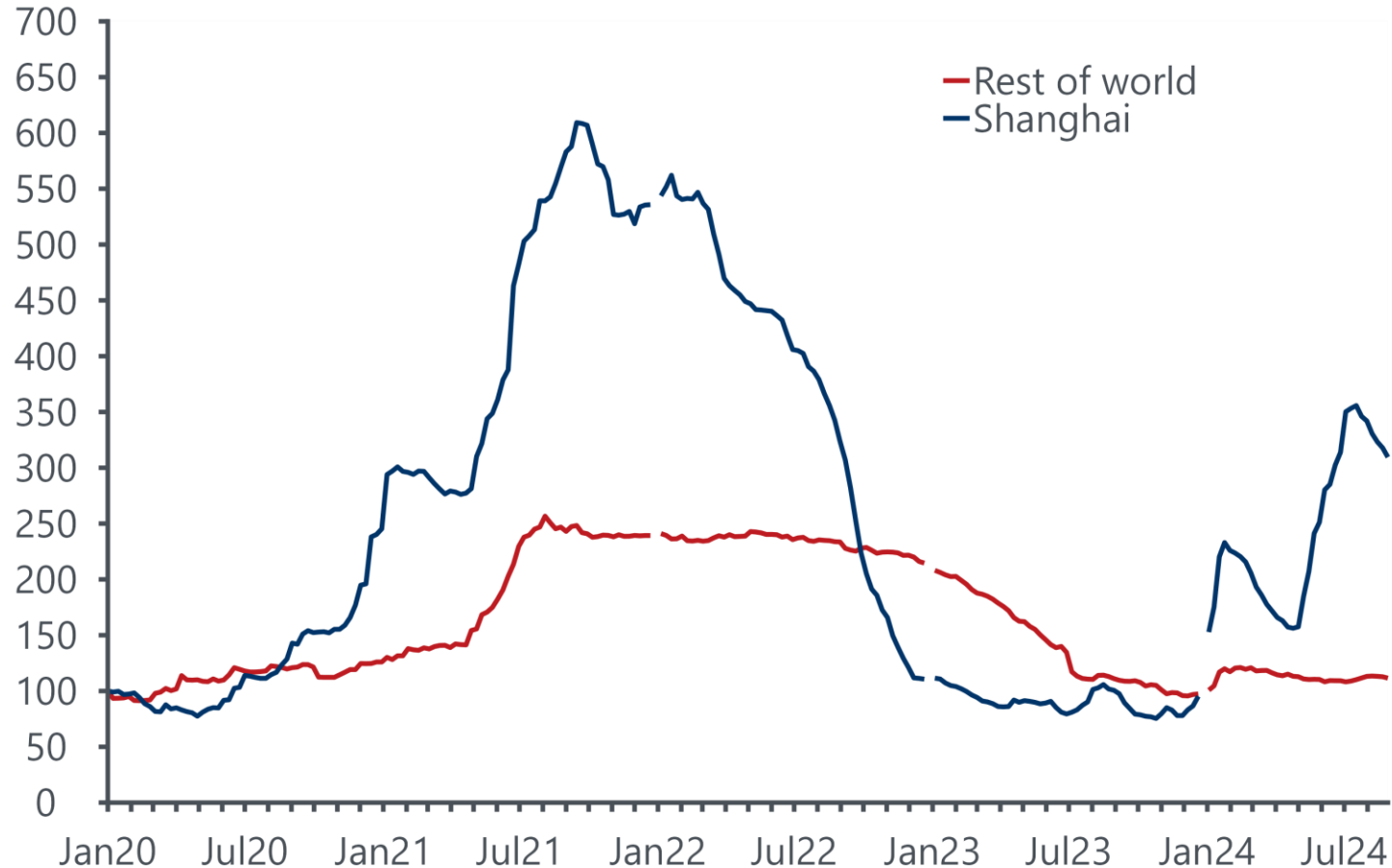
7-day moving average, 000s TEU



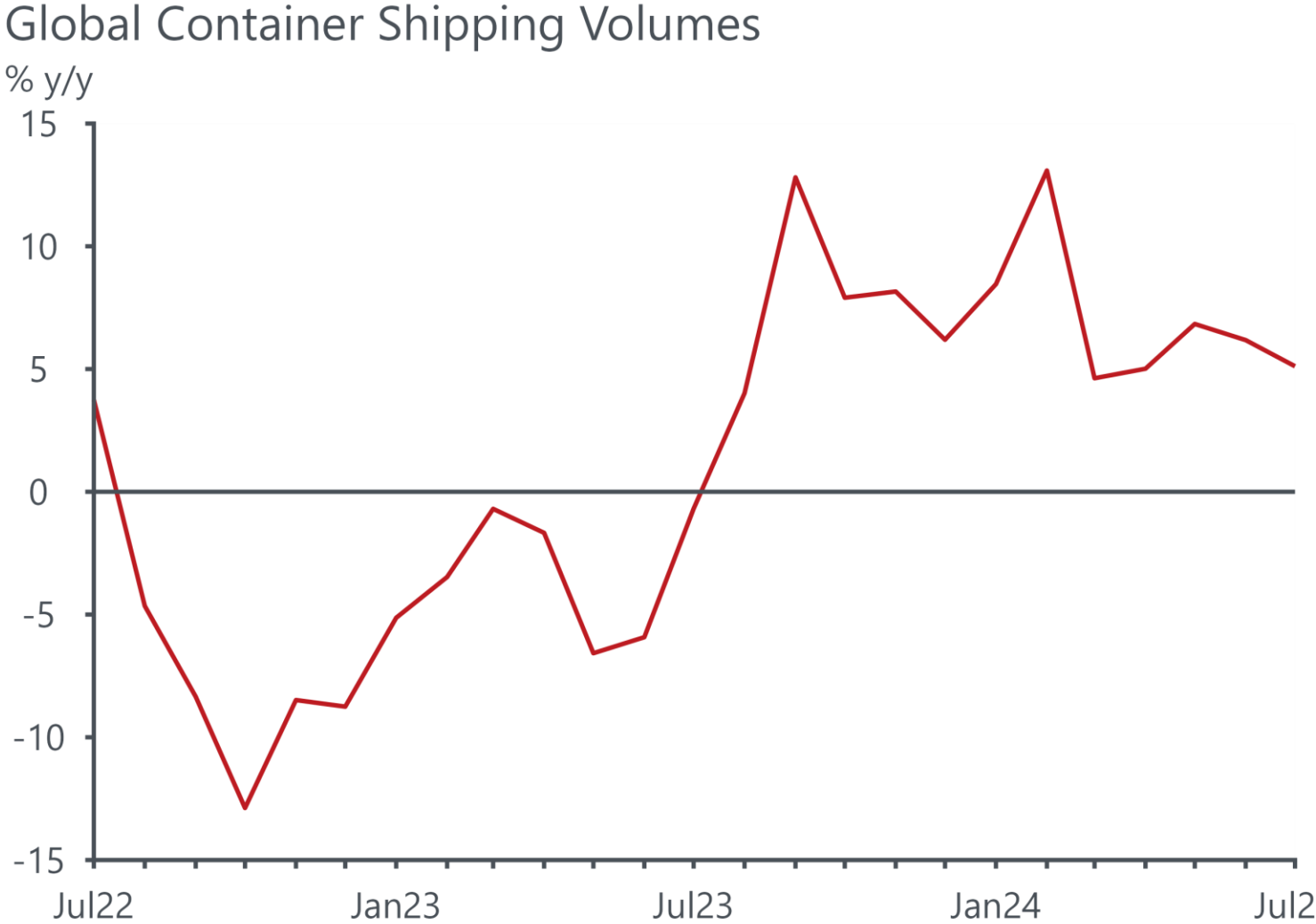
But shipping costs from China are the most impacted

Shanghai vs rest of world drewry container index

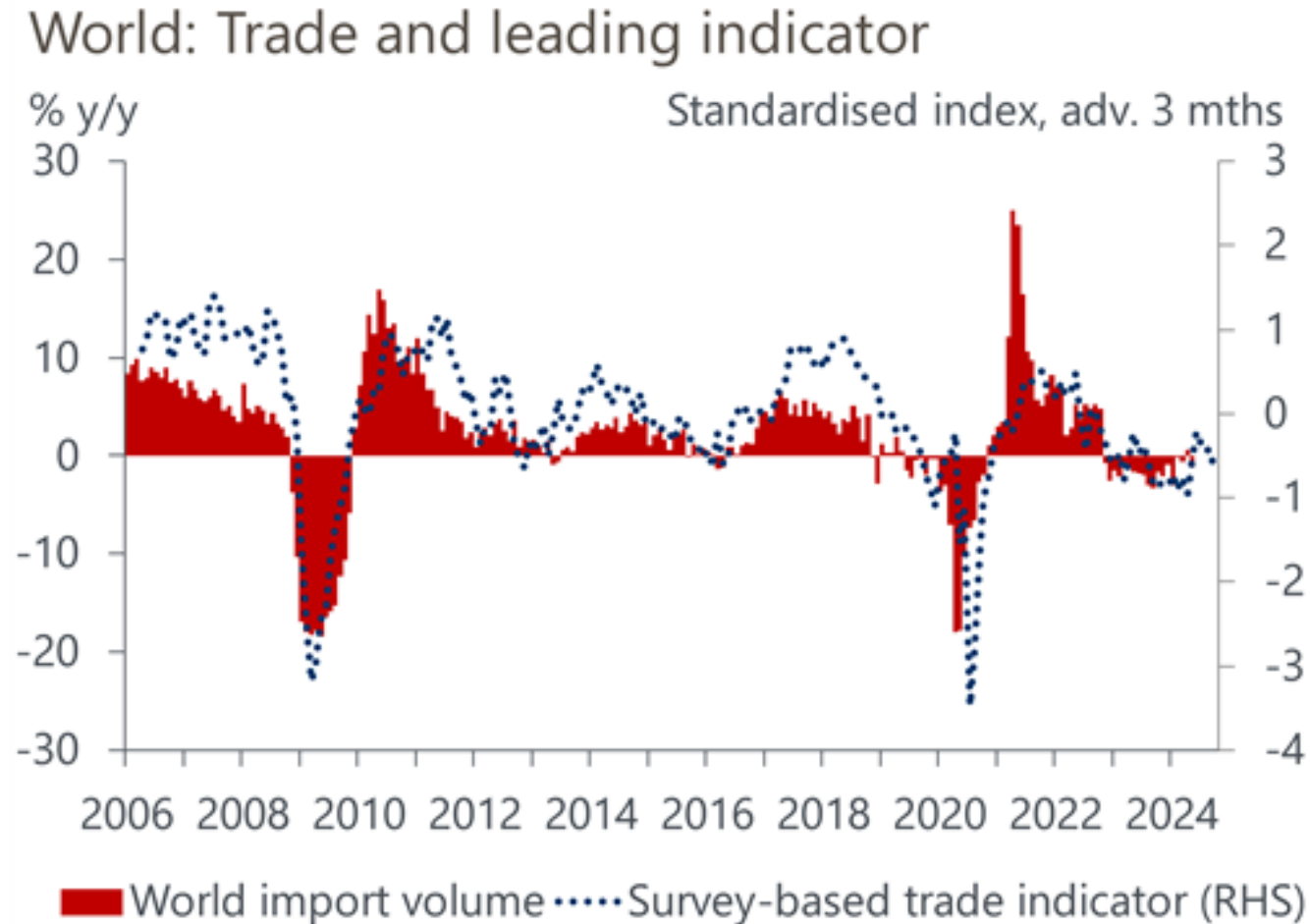
Index, January 2020 = 100



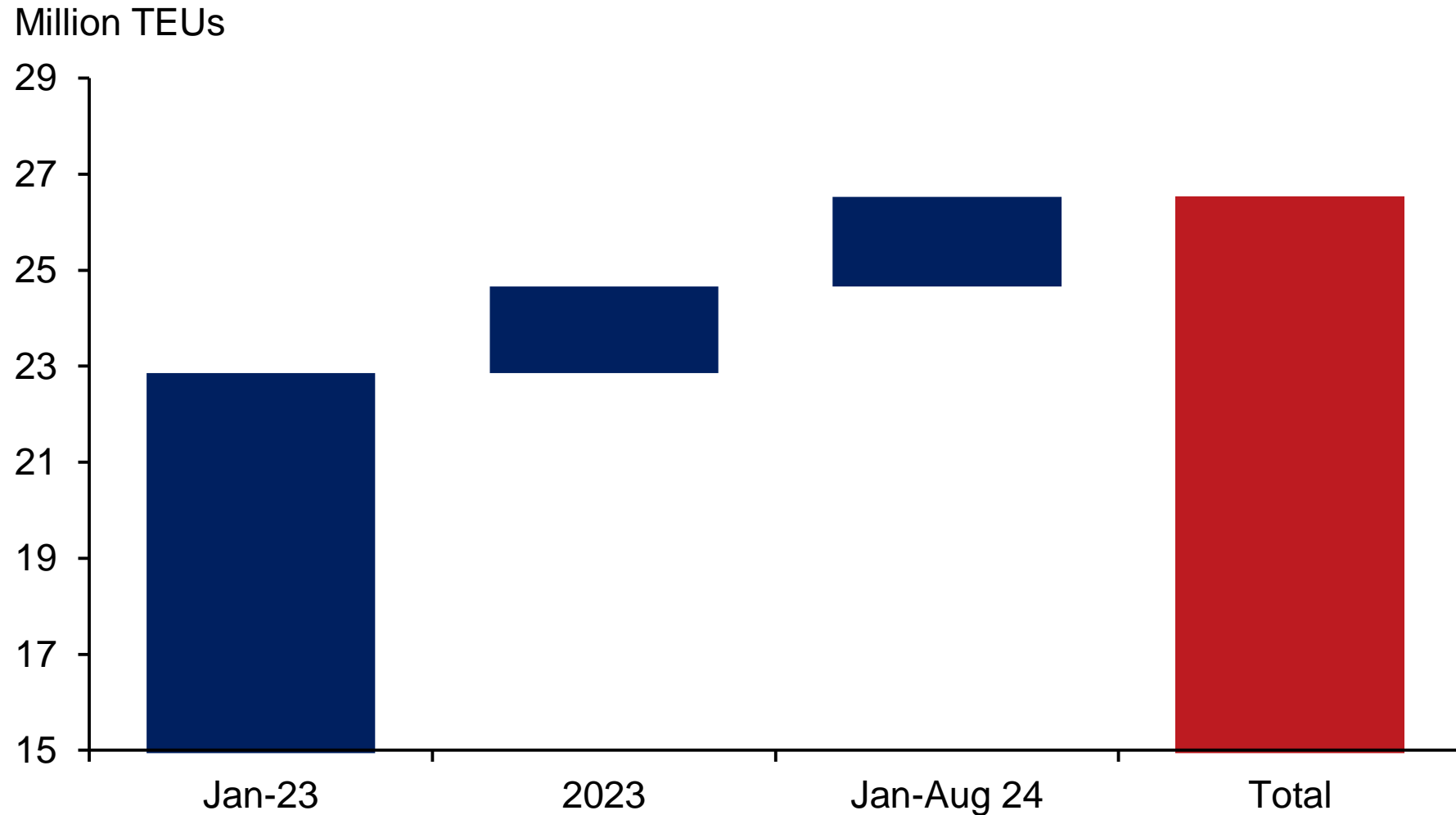
Shortage of containers and ships is the real issue



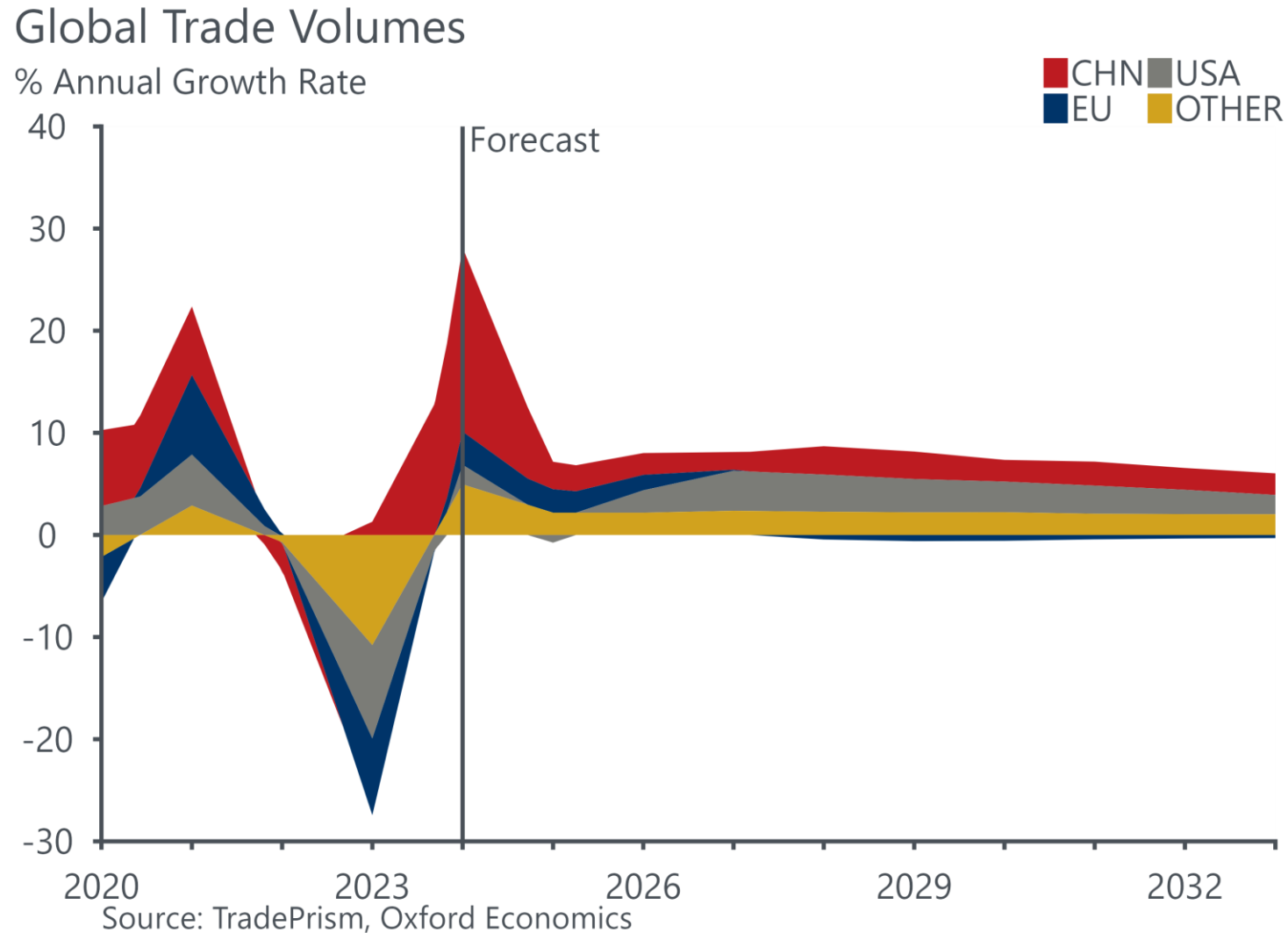
We expect overall trade to soften this year which should see shipping costs ease further



And a ramp up in ship building will boost trade capacity in the months ahead



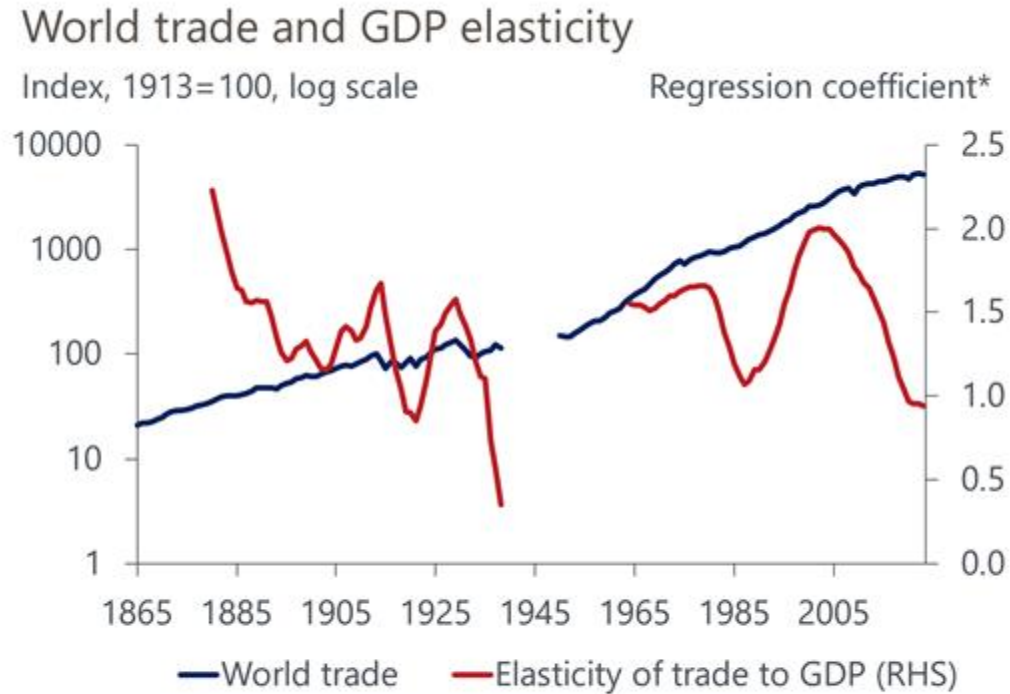
We expect growth in trade volumes to slow in the years ahead



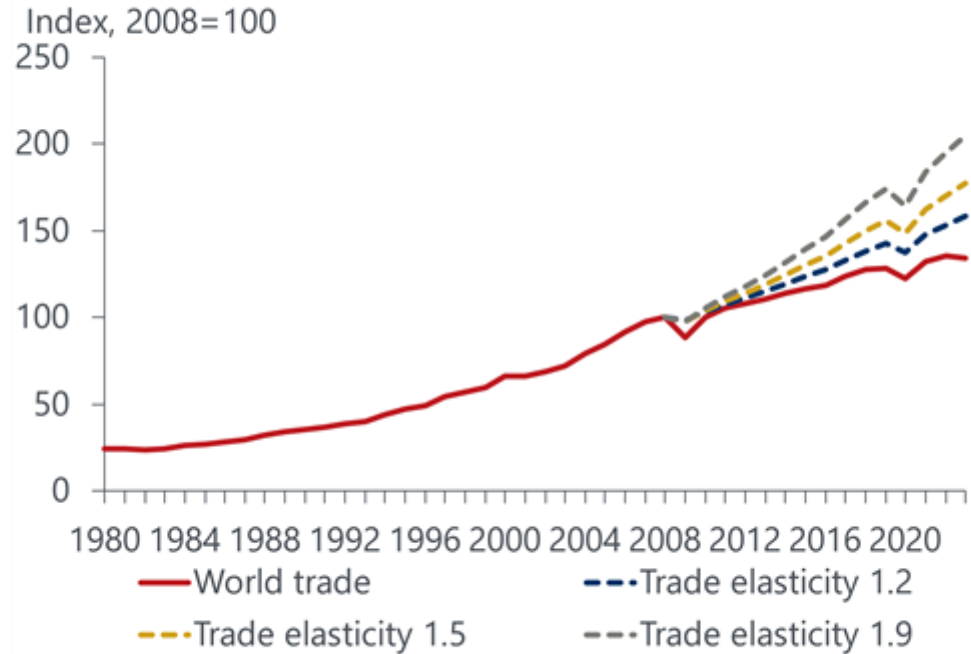
Trade risks, Geopolitics, Tariffs and Trump



Era of globalisation is over, slowbalisation is here



World trade: Actual vs. alternative projections



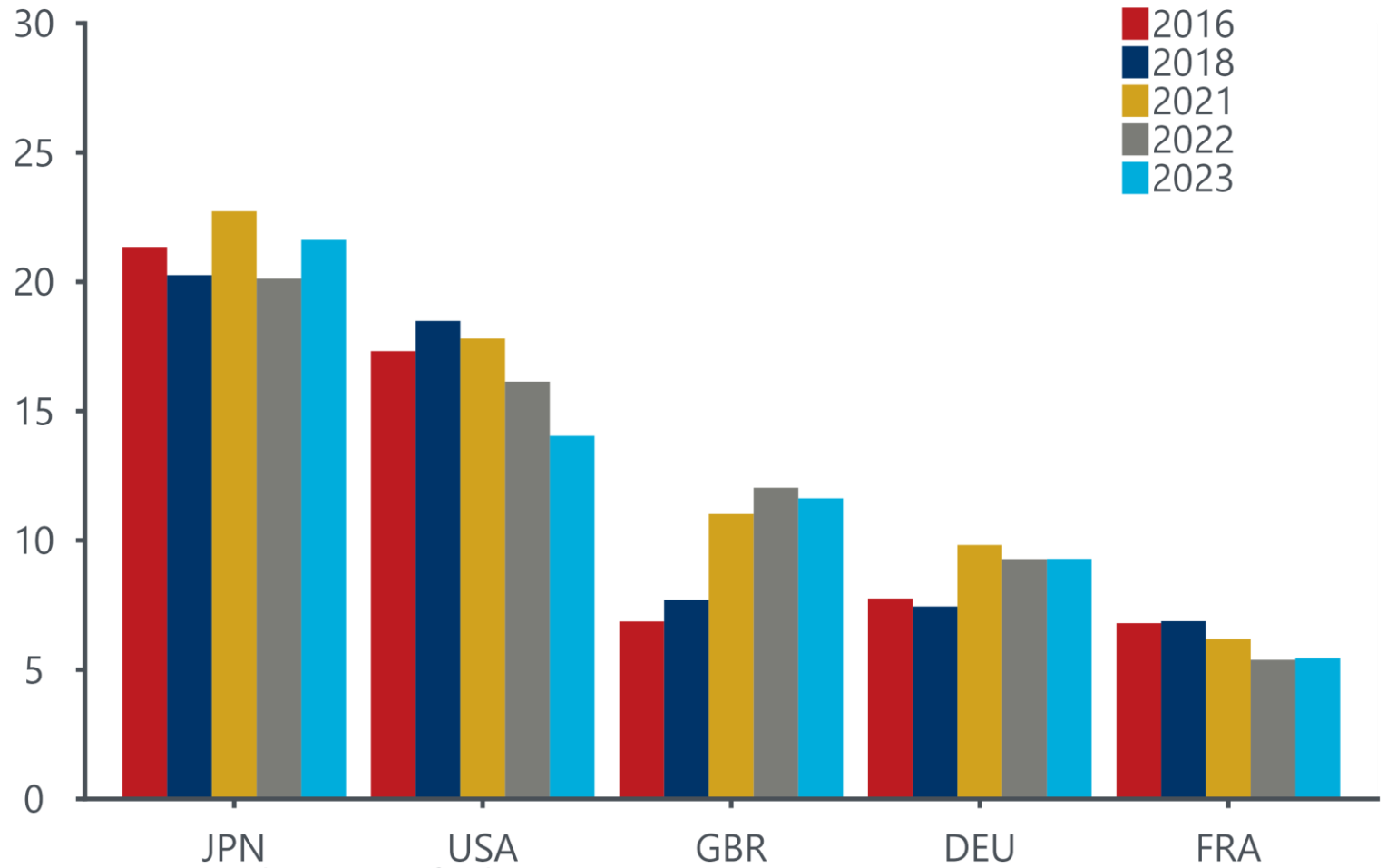
Source: Oxford Economics/Geiger et al./Federico and Tena/UN
* Based on 15-year rolling regressions of world trade on world GDP

Source: Oxford Economics

But deglobalisation is still limited to USA/China fracturing

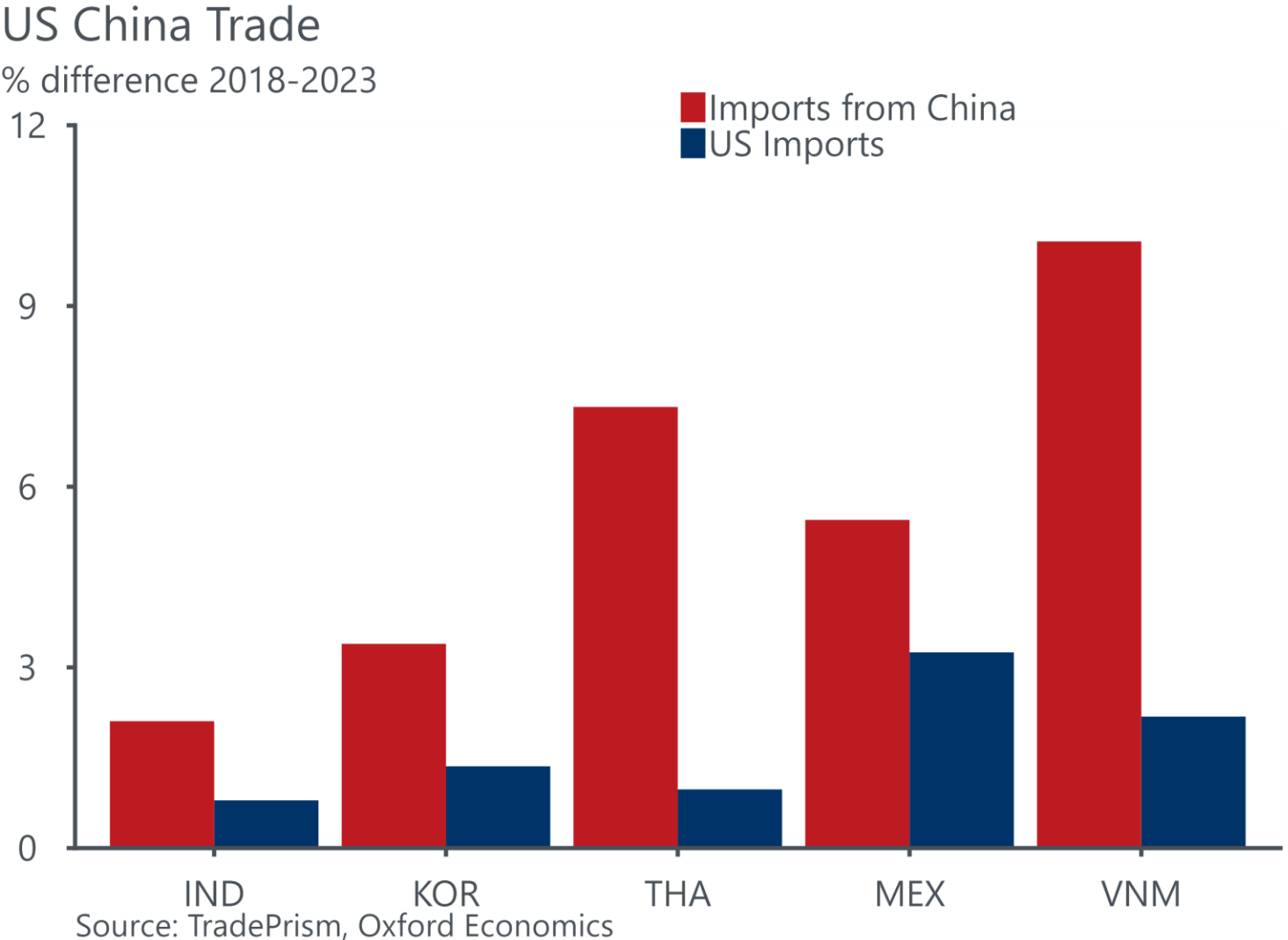
Advanced Economies: Imports from China

% share in total imports



Source: TradePrism, Oxford Economics

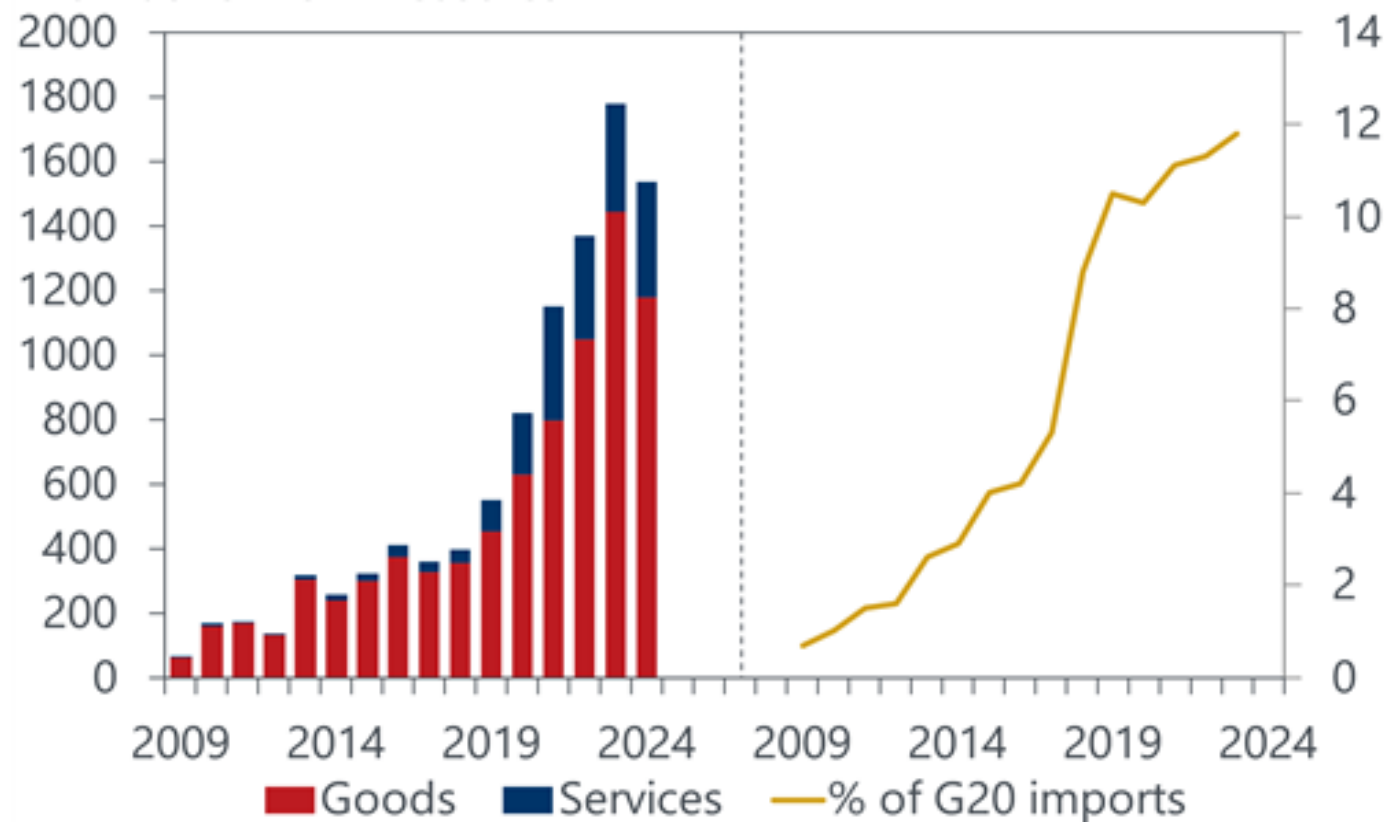
Some of the USA/China decoupling is exaggerated, but still real



Tariffs are partly to blame

World: Trade restrictive measures

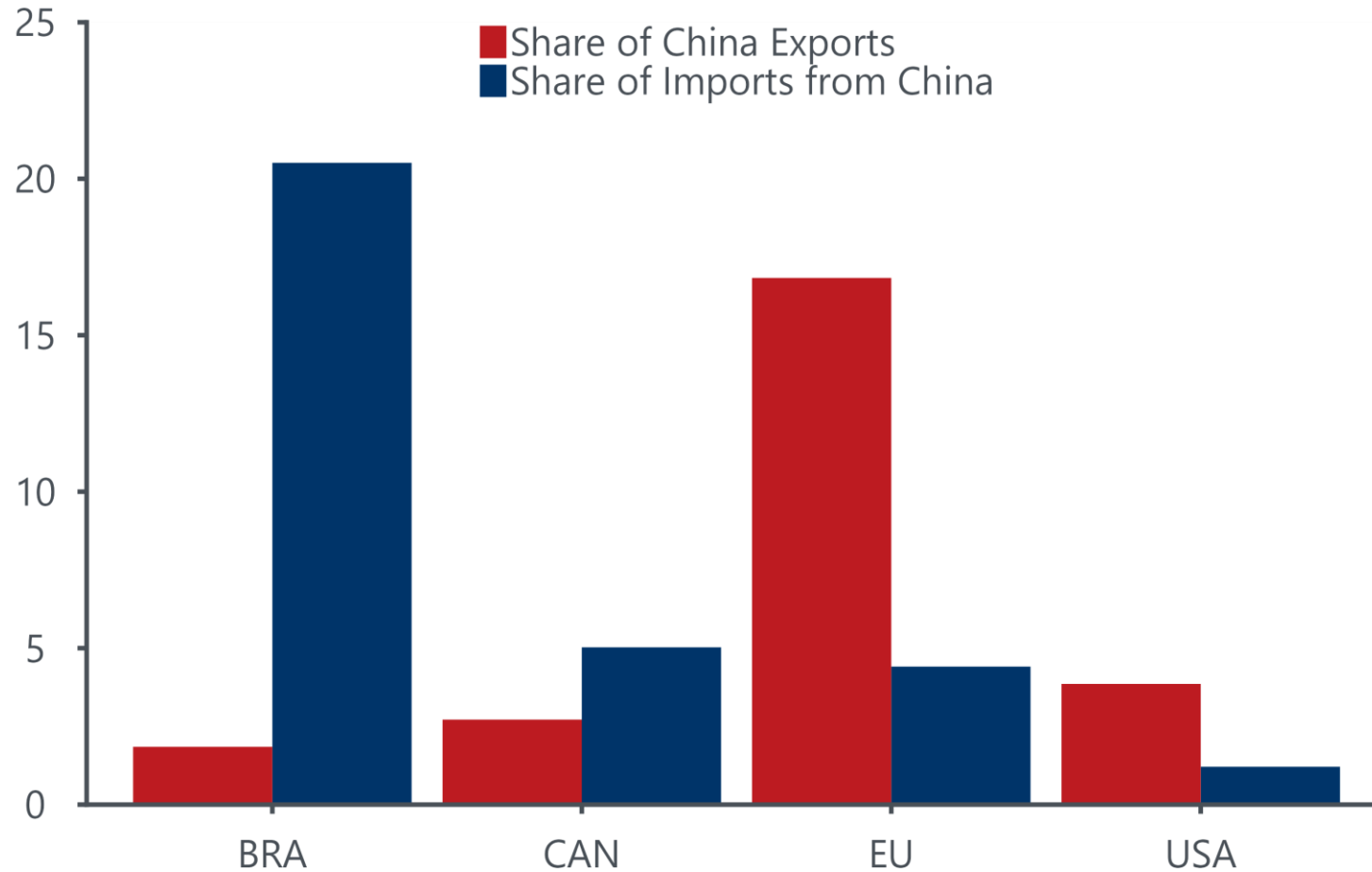
Number of new measures



And trade protectionism is spreading

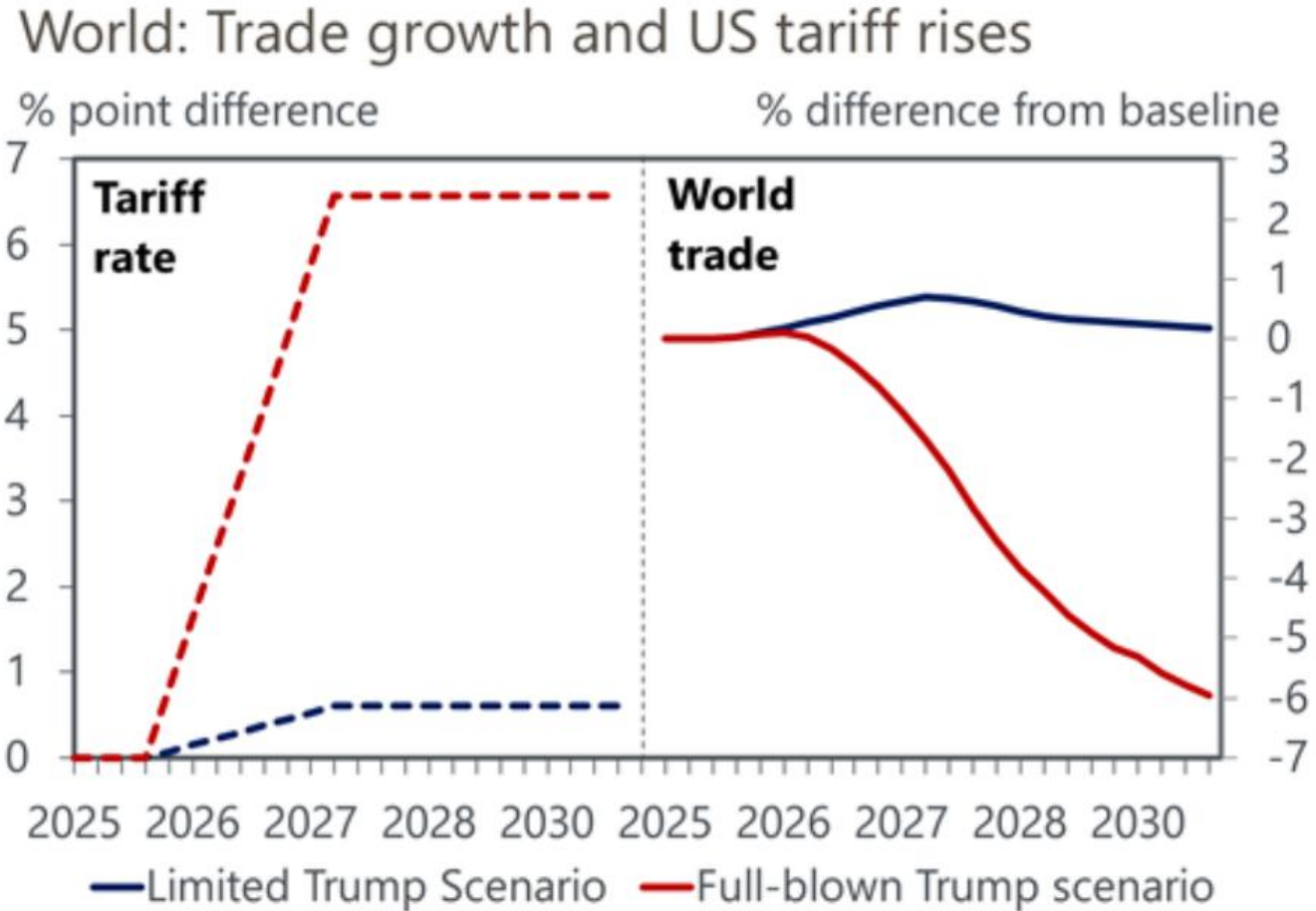
EV Trade with China

%, Percentage in 2023

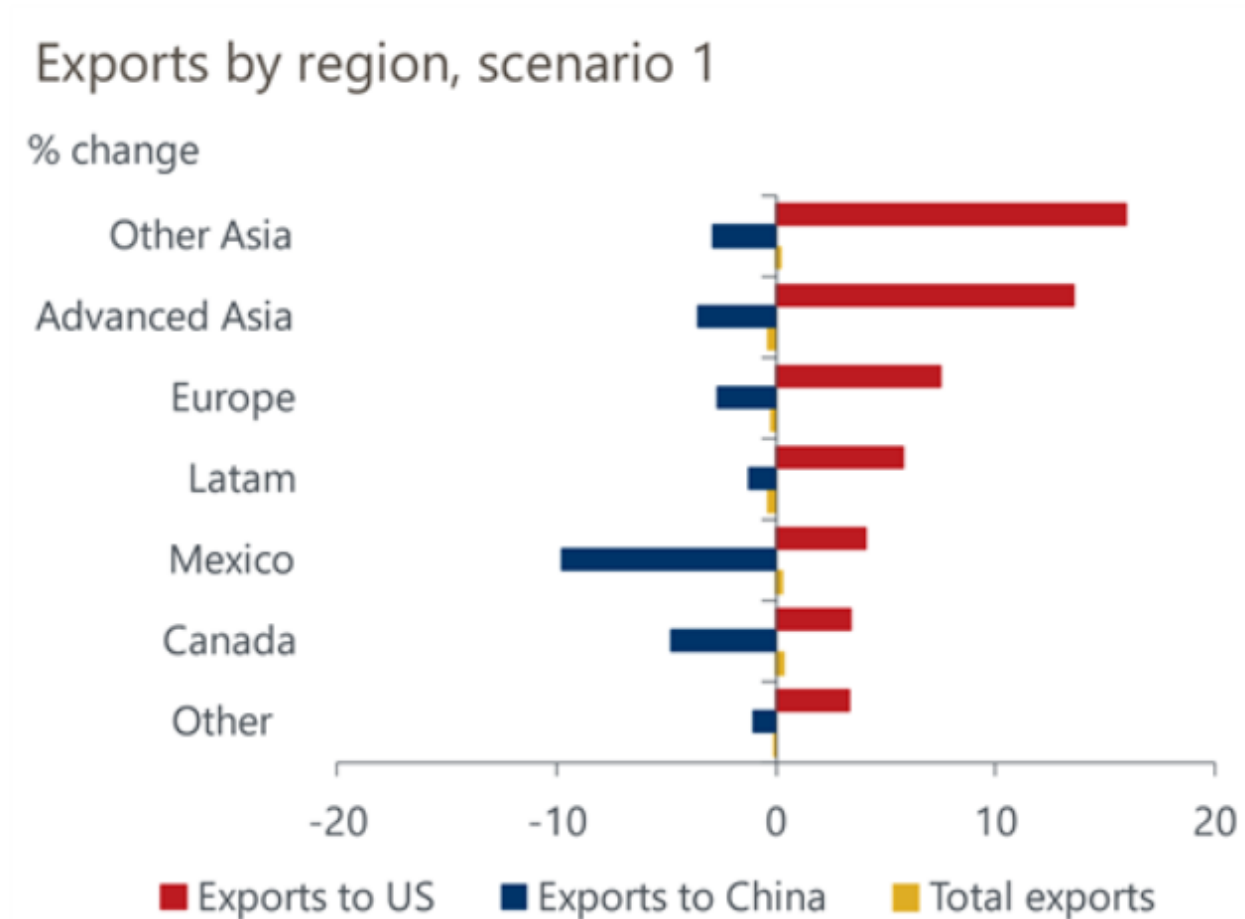


Source: TradePrism, Oxford Economics

US Election creates uncertainty for Trade



Asia may benefit from Trump



Source: Oxford Economics
Note: Europe=EU, EFTA, and UK