

Global trade flows

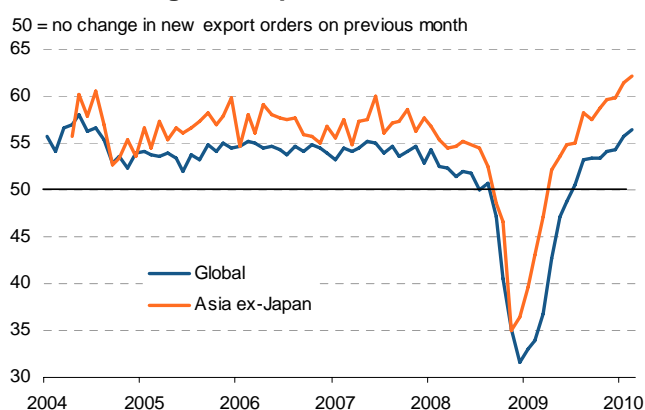
Asian export boom reaches new peak in February

Asia ex-Japan leads global trade upturn

The global recession and recovery has been characterised by a collapse in trade flows followed by a strong rebound. Asia ex-Japan has led the cycle, with PMI data showing the region's exports to have risen at a record pace in February.

PMI survey data tracking new export order volumes in the manufacturing sector showed that the rate of decline of new exports in Asia ex-Japan was steepest in November 2008, one month before the Global PMI signalled a peaking in the rate of worldwide export sales decline. Both series have since risen sharply, led by Asia ex-Japan. The Global PMI signalled an increase in export sales for the eighth successive month in February, with export orders rising at the strongest pace since July 2004. However, exports sales in Asia ex-Japan countries have now risen for 11 consecutive months. The increase in February was the fastest since PMI survey data were first available for the region in early-2004.

Manufacturing new export orders



Sources: Markit, HSBC, ISM, JPMorgan.

Taiwan leads export growth

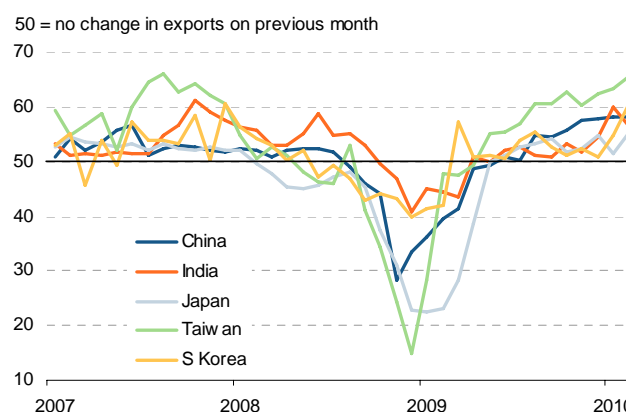
Looking in more detail, Taiwanese manufacturing saw the worst of the downturn in new exports but has clearly led the Asian upturn, followed by mainland China. It has seen by far the strongest export growth of all PMI surveys for the region, with the rate of increase accelerating again to a new post-crisis high in

February. New export volumes had been slower to recover in South Korea and India, but growth has picked up sharply in recent months to a pace similar to that recorded in China.

Japan's exporters join in the global recovery

Japan's exports meanwhile continue to fare less well than its Asian neighbours. The country's PMI survey signalled the most sustained decline in exports throughout the financial crisis and has registered only modest rates of expansion since a tentative return to growth was recorded last June. However, February data provide some encouragement: although remaining below the indices for other Asian countries, the PMI New Export Orders Index for Japan hit its highest level since May 2004.

Manufacturing exports by country

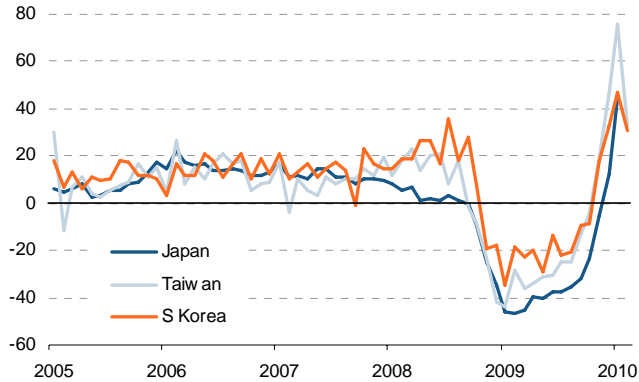


Sources: Markit, Nomura, HSBC.

The improved export performance signalled by the PMIs has been reflected in recent government statistics on exports for many Asian countries. Having collapsed in line with the PMI data on exports at the height of the crisis, these official data are now showing surging year-on-year growth.

Official export growth data

Export Orders (value), annual % change



Source: *Ecwin*.

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