

Global trade

Global exports revive, but growth is skewed towards the US and Europe

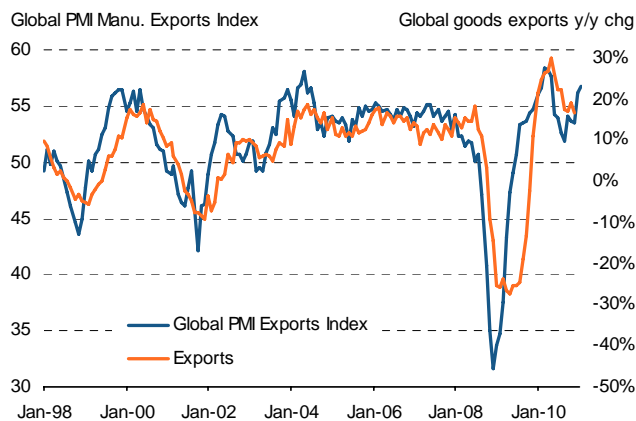
- Worldwide export growth picked up in February.
- Developed world led emerging markets by record margin.
- China's exports fell while US growth hit 22-year high.

Global trade flows have accelerated again, having slowed in the second half of last year, boding well for the worldwide economic recovery. However, national variations have widened.

Global export growth at nine-month high

The JPMorgan Global PMI showed manufacturing exports growing at the fastest rate since May 2010 in February. Growth has accelerated sharply so far this year following a slowdown in the second half of 2010. The PMI's export index (a weighted combination of the national manufacturing survey's New Export Orders Indices) fell from a peak of 58.4 last March to 51.9 in September but has since rebounded to 56.8. By comparison, annual growth of exports (calculated from official data) peaked at 29.9% last May but slowed to 16.7% in December. The PMI data therefore suggest that global trade flows will have picked up again in early 2011.

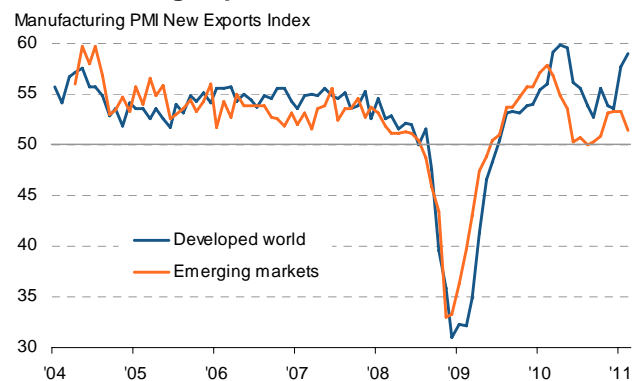
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Record divergence in emerging and developed world export growth

The rate of growth of export orders in developed world countries accelerated to a rate approaching the record high seen in April of last year. However, growth was only very modest in emerging markets, with the pace the weakest for four months. The resulting growth divergence between the developed and emerging worlds was the largest seen since data were first available at the start of 2004.

Manufacturing exports

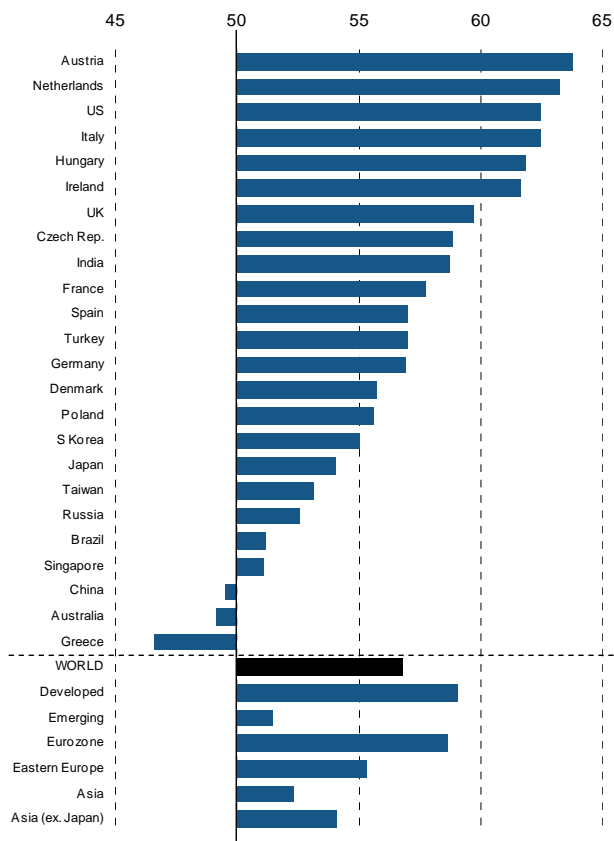


An analysis ranking countries by the rate of growth of their manufacturing exports in February, according to the PMIs, shows some striking differences in performance. The US and China showed particularly marked variations in export trends, with growth accelerating in the US to the fastest since December 1988 while China's exports fell (albeit only marginally) for the first time in six months.

The fastest export growth was recorded in Austria, followed by the Netherlands, both of which benefitted from surging demand in Germany in particular. The US took third place, followed by Italy, where export growth has accelerated sharply to suggest that the Eurozone periphery can compete in global markets. Similarly, Ireland saw exports boom, taking sixth place behind Hungary. However, not all Eurozone periphery countries have seen resurgent export growth, with Greece seeing a further sharp fall in new export sales.

Australia and China were the only other countries to see a drop in exports, although the lower end of the table was dominated by emerging and Asian countries. Particularly weak growth was seen in Singapore, Brazil, Russia and Taiwan.

PMI Export Index by country



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