

HCOB GLOBAL TRADE TRACKER

Latin America and the eurozone boost global trade

In March 2024, global trade increased by 0.3% compared to the previous month, but according to our preliminary estimate, global trade is off to a weak start in the second quarter. Germany's foreign trade was strong in March, with most of its European neighbors following suit this month, including France, Italy and the Netherlands. In addition, Latin America in particular boosted global trade, although this was mainly thanks to Mexico. The world's two largest economies, the USA and China, were weak in March.

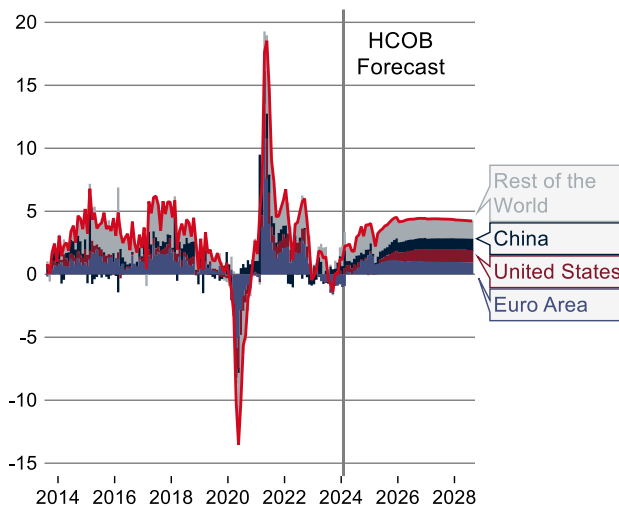
particular contributing to this - exports only increased by 1.4%. Among the larger European economies, only Spain was somewhat more subdued, with the Spanish trade volume virtually stagnating and growing by just 0.1%.

Although most Latin American countries experienced a decline in trade volumes, Mexico in particular was able to outperform the negative contribution of the other countries, resulting in a solid 2.1% increase in trade volumes in this region.

Both the USA (-2.4%) and China (-2.5%) were weaker in March. The world's two largest economies slowed their upward trend considerably - after all, the USA and China together account for almost 24% of global trade.

We expect a slight slowdown in global trade in April. According to initial data from individual statistical offices and our own econometric estimate, global trade is likely to have contracted by 0.4% in April, with China and the UK likely to be the main drivers of the contraction - the eurozone and the United States could at least cushion the contraction with stagnation.

World, HCOB Trade Tracker, Trade volume (Export + Import), YoY

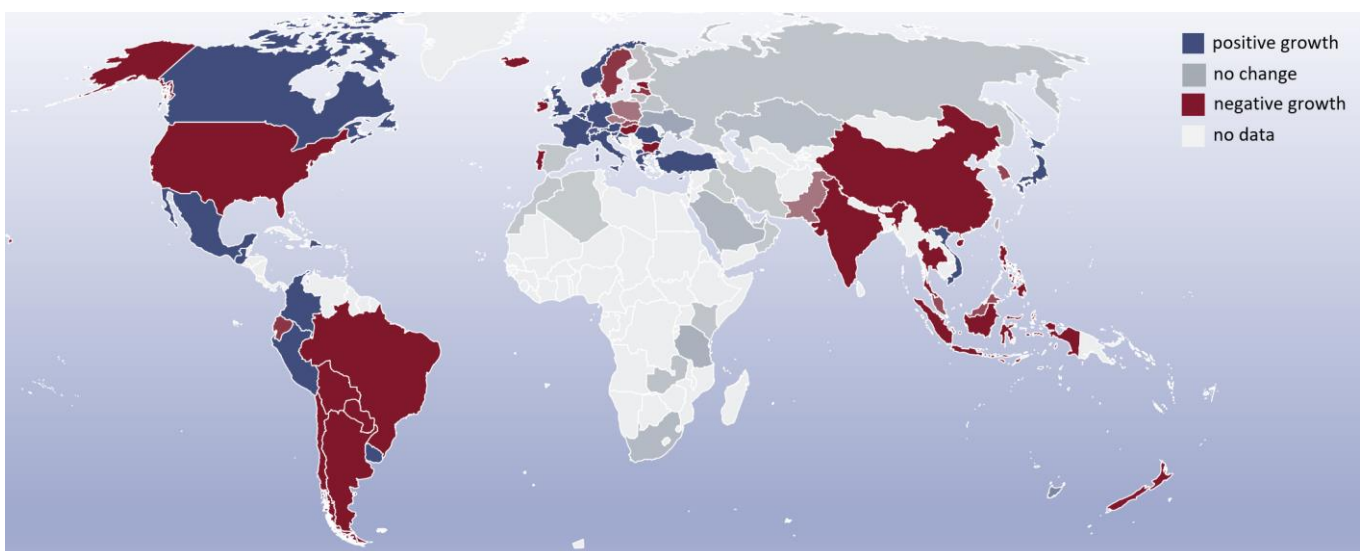


Source: Macrobond, HCOB Economics, own calculation

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The European trade volume increased by 1.8% in March compared to the previous month, with imports (+2.3%) in

Trade volume (Export + Import) in March 2024 Percentage changes compared to February 2024



Source: Macrobond, Hamburg Commercial Bank Economics

TECHNICAL NOTE

About the HCOB Global Trade Tracker

The HCOB Global Trade Tracker captures the development of real-world trade (exports + imports) at an early stage. To achieve this, monthly export and import data from 81 countries are processed and aggregated. The HCOB Global Trade Tracker provides leading insights compared to similar indices, which is why its results are available earlier and with similar precision compared to other institutions.

Geographically, a breakdown is made to identify regional trends and to more easily identify the largest drivers of growth. The creation of the world trade tracker was inspired by the CPB research institute, which produces a similar index. In addition to the possibility of observing the dynamics of global trade development granularly by country, the HCOB World Trade Tracker offers the advantage of earlier publication of the data.

Technical Implementation

The HCOB Global Trade Tracker reflects real foreign trade, although most National Statistical Offices, from which the data is sourced for calculation, publish nominal foreign trade data. Therefore, additional export and import price indices must be used to deflate nominal data into real foreign trade data. Since data quality is comparatively weak in some countries, secondary sources such as the International Monetary Fund (IMF) or the World Bank are used in individual cases. Should these secondary sources also lack data, other methods are used to determine real trade. These methods include, among others, the approximation of price indices using price indices from neighboring countries. Additionally, the use of commodity prices - provided that the respective commodities account for a significant share of total exports - is utilized as an alternative method for missing data. Data with daily frequency are converted to monthly frequency by transforming them into a monthly average.

Furthermore, a uniform procedure for seasonal adjustment is used. Since some National Statistical Offices use different systems for seasonal adjustment, the data is initially loaded into the calculation system without seasonal adjustment and then adjusted for seasonal effects using a uniform method. For special effects such as the Chinese New Year, an additional variable is introduced for affected countries in the seasonal adjustment to ensure that these special effects are also considered in the adjustment. The entire calculation of the HCOB Global Trade Tracker is carried out using the programming language R.

In addition, forecasts of international trade for the next four years are prepared at the country level. This concerns the

export and import development for each of the 81 countries covered by the HCOB Global Trade Tracker. These forecasts are based on those of the IMF, which can optionally be replaced by HCOB Economics' own forecasts.

Publication Period

The HCOB Global Trade Tracker is published the first half of every month in the publication "Wochenbarometer" with a two-month delay - for example, data for the reporting month of February will be published in April. Each publication includes a brief text and two figures: The first figure covers the history of the HCOB Global Trade Tracker and the forecasts of global trade. The second figure relates to the current reporting month, illustrating the development of global trade using a world map.

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