
USING TRADE DATA TO FORECAST WORLD TRADE

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1. World Trade Overview: 2009

million tonnes

Total world trade **8,932**

of which:

Unitised **1,551**

Non unitised **7,381**

of which:

agricultural 596

metals 321

oils & fats 61

chemicals 585

ores 1,206

forest products 297

other 855

coal 893

oil & gas 2,566

Including: **98 million maritime TEU**

- **Maritime TEU account for approximately 7% of world trade of a total weight of 9 billion tonnes.**

2. World Trade Growth: 1996 - 2009

- World trade tonnages grew 3.8% p.a.
- World real GDP grew by 3.0% p.a.

	Billion tonnes		p.a. growth
1996:	5.480		
2007:	9.067	1996-2007	5.95%
2009:	8.932	2007-2009	-0.74%

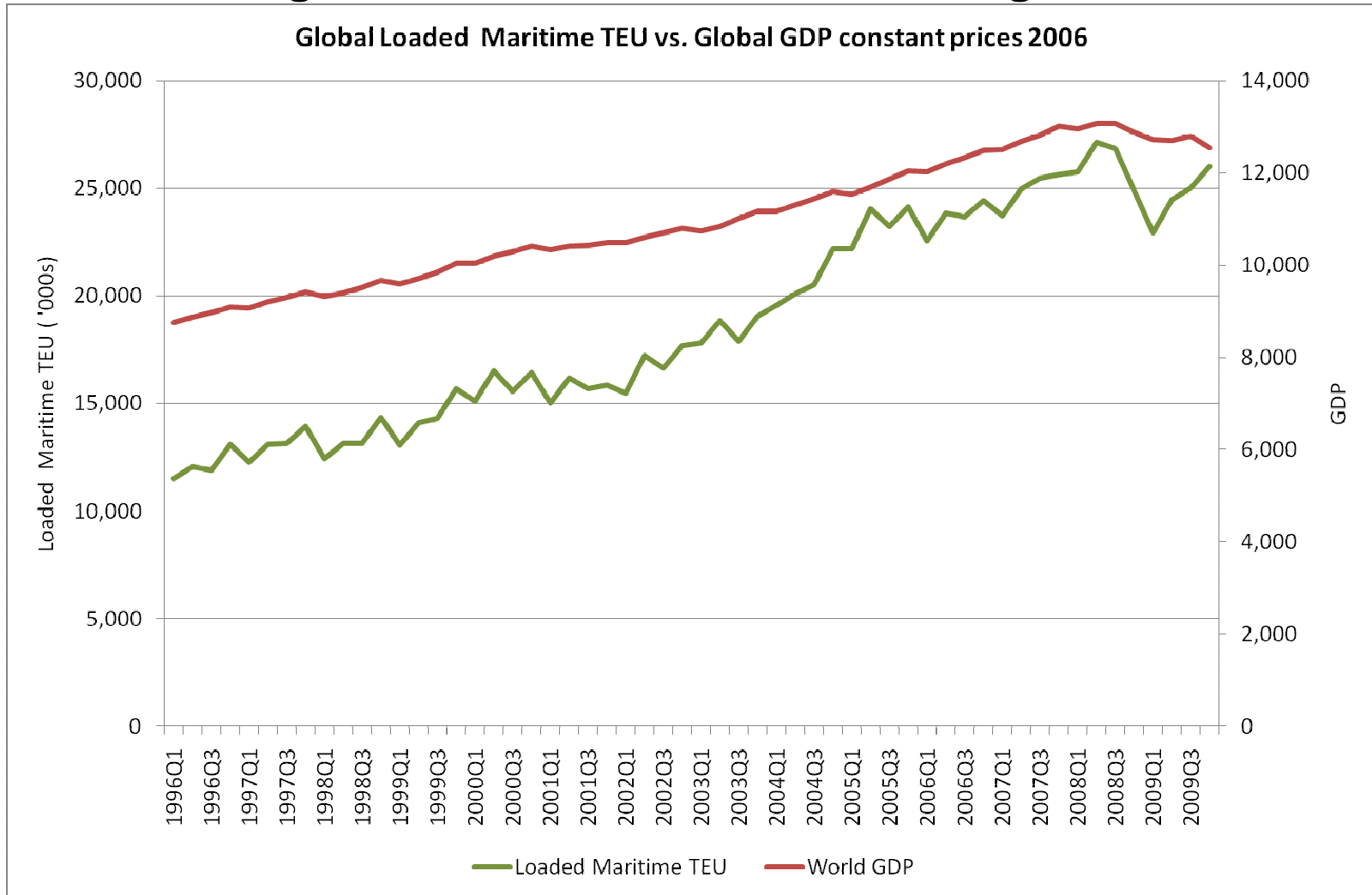
3. World Trade Growth by Sector: 1996 - 2009

- **Growth highest in maritime container sector**

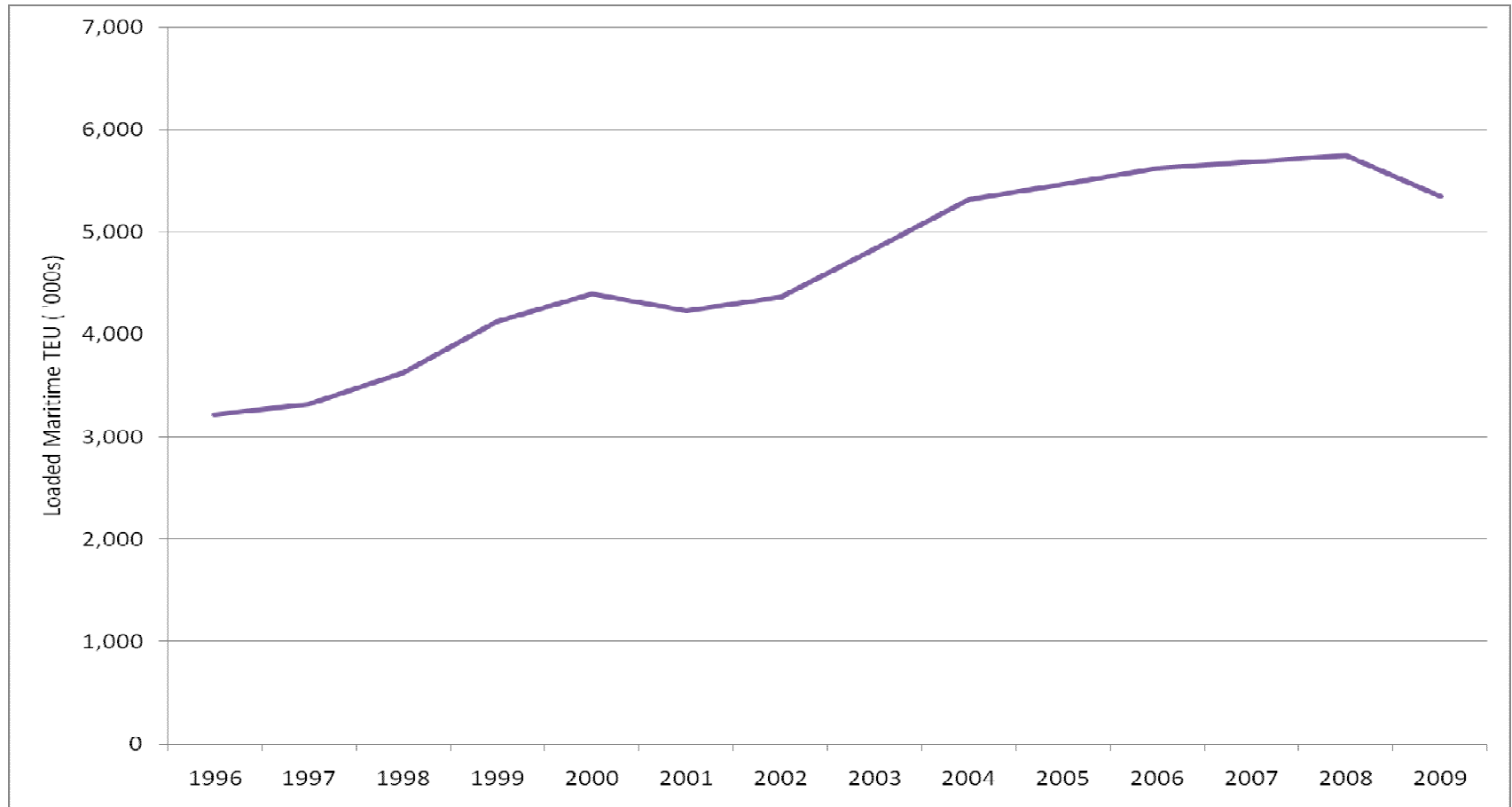
	Growth per annum	
	1996-2007	2007-2009
Non unitised		
Coal	7.2%	4.2%
Oil/gas	3.7%	-1.2%
Agricultural	3.6%	2.4%
Forest products	4.3%	-11.6%
Metals	8.7%	-12.2%
Oils & fats	10.6%	10.6%
Ores	9.6%	5.2%
Others	5.6%	-1.1%
Unitised		
Maritime containers	9.6%	-0.7%

4. Global Loaded Maritime TEU v Global GDP 1996-2009

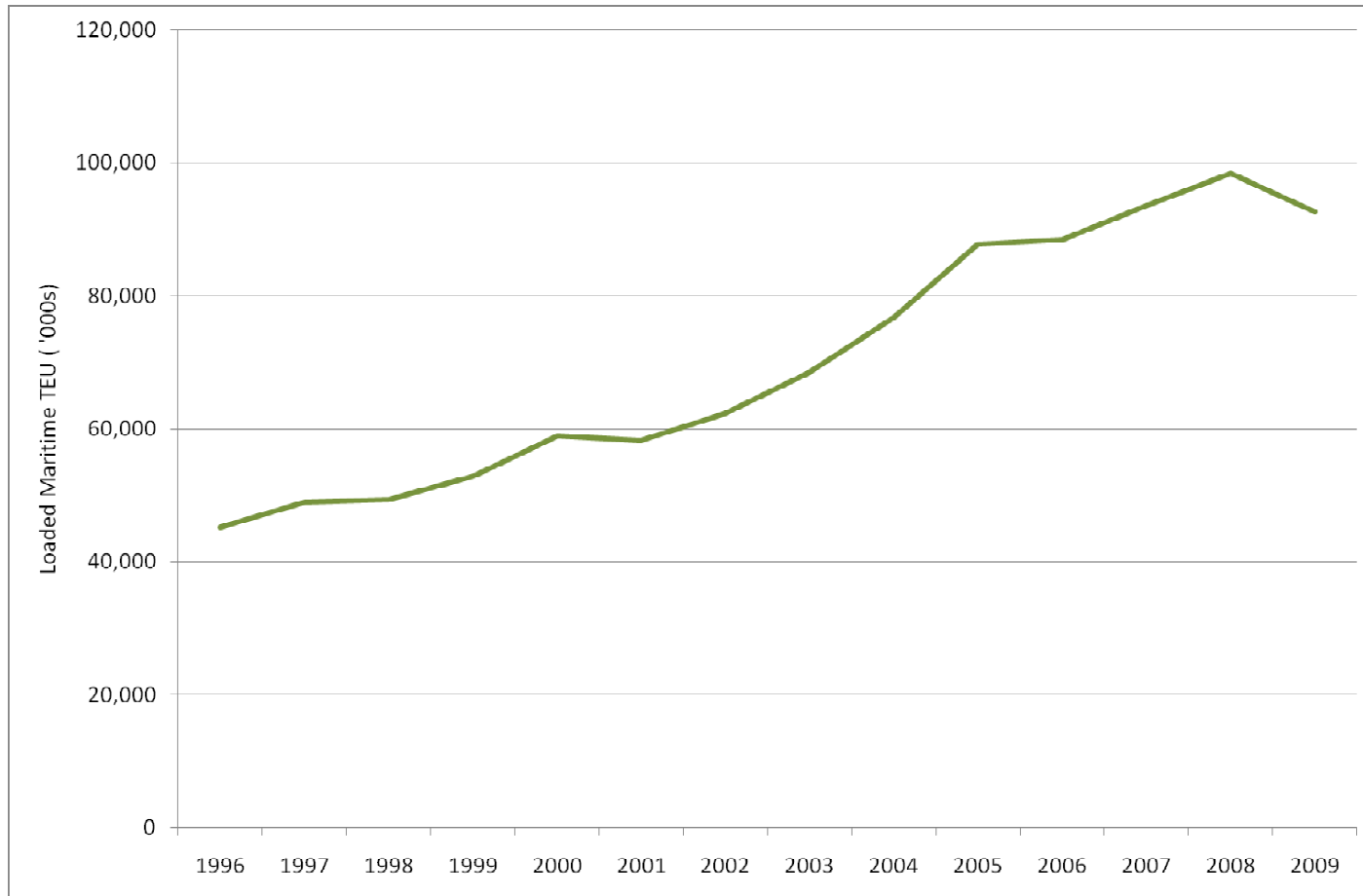
- GDP growth +46% versus loaded TEU growth +108%



5. Intra European flows: growth reflecting GDP and slower after 2003



6. Global deep Sea loaded TEU: winning share from intra European after 2003



7. Global Loaded Maritime TEU: -Deep sea indices

2006 = 100

	All flows	Excluding to Far East	To Far East
1996	51	46	60
2006	100	100	100
2007	106	107	103
2008	111	112	110
2009	105	102	110

- Freight growth dominated by flows from Far East
 - backloads no extra capacity required
- Growth since the recession principally to the Far East

8. Forecasting Maritime Containers

Big picture

- 1996 – 2006 global growth approximately double (100% faster) than real global GDP growth
- Q3 2006 – Q3 2008 growth accelerated to 130% faster than GDP growth
- Q3 2008 – Q4 2009 traffic fell 20% less than fall in GDP
 - implying globally traffic continued to grow faster than income

But in practice change much more erratic

- GDP growth is itself driven by international trade and not an independent driver!
- Detailed trend analysis by country and commodity may therefore be more reliable
 - GDP not so easy to project anyway!
 - Trend analysis allows 'bottom-up' forecasting based on changes in mix of commodities and of sourcing strategies

9. Northern Europe imports: non European sources

- Tonnes by leading unitisable commodity groups, index 2007=100

	index		tonnes	
	2007	2008	2009	2009
5730 Bananas	100	105	103	5,414,913
7111 Coffee	100	103	103	3,169,821
66139 Monumental or building stone	100	106	104	2,183,766
25151 Chemical wood pulp	100	81	66	1,226,089
69421 Screws, bolts, nuts etc.	100	101	56	1,009,449
66245 Glazed ceramic flags and paving	100	99	92	1,271,659
11217 Wine of fresh grapes (other than sparkling wine)	100	100	97	1,341,178
66131 Setts, kerbstones and flagstones	100	88	76	1,032,672
82159 Furniture of wood	100	96	77	1,035,010
66441 Other glass non-wired glass	100	78	59	701,977
5481 Manioc (cassava)	100	46	4	45,207
78120 Motor vehicles	100	105	56	619,168
78439 parts and accessories of motor vehicles	100	117	75	806,954
5740 Apples, fresh	100	101	90	932,318
1122 Meat of bovine animals	100	88	92	948,807
89420 Tricycles, scooters, pedal car and other wheeled toys	100	94	80	798,036
57511 Polypropylene	100	93	87	864,041
7210 Cocoa beans	100	101	104	998,753
62510 Tyres	100	121	91	872,091
59899 Other chemical products	100	183	178	1,694,319
total	100	103	87	146,103,311

- Traffic growth not uniform!

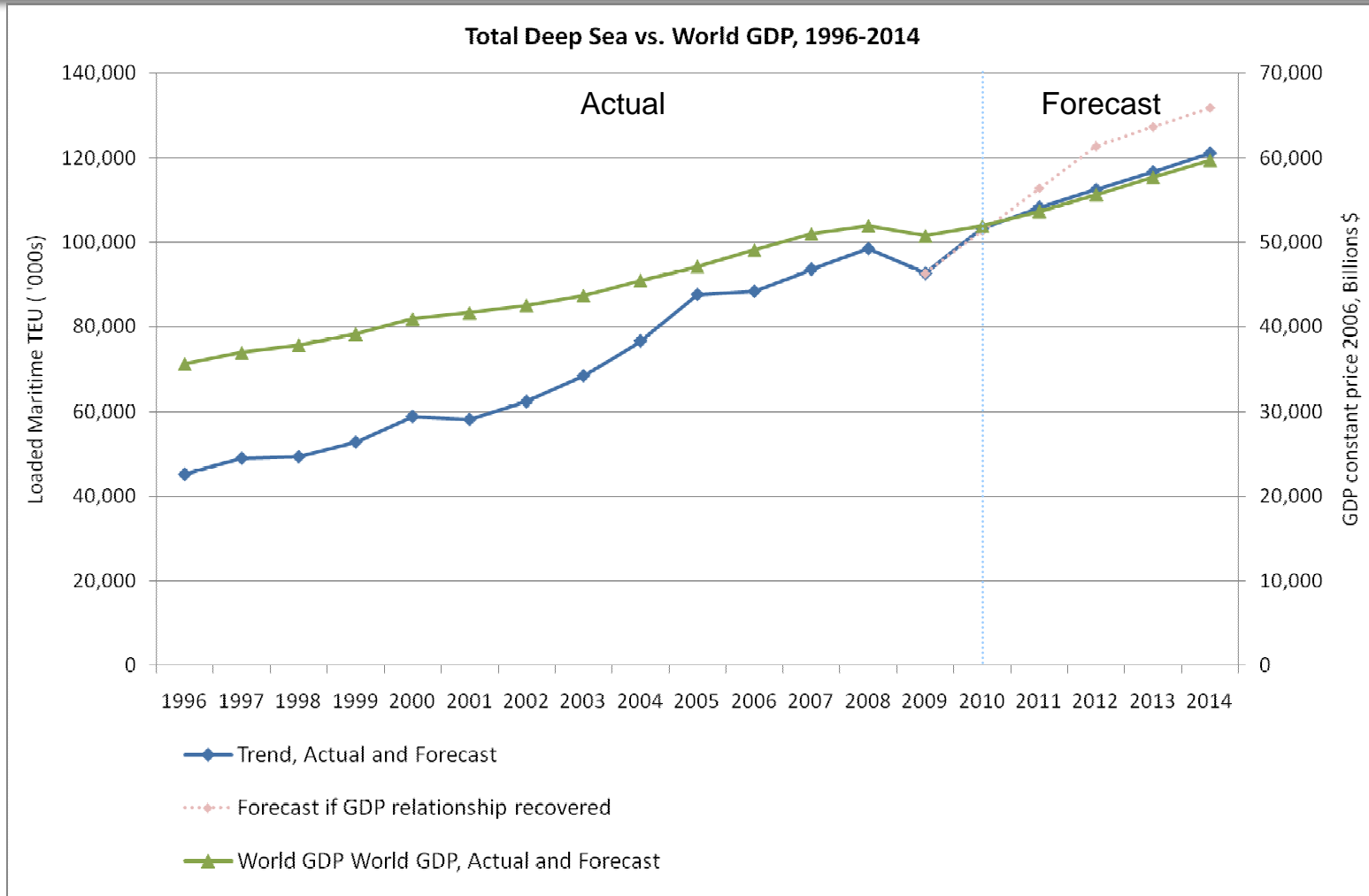
10. Northern Europe imports: intra European sources where 2007 = 100

- Largest commodity represents only 1% of total tonnes

	index		tonnes	
	2007	2008	2009	2009
78439 parts and accessories of the motor vehicles	100	89	64	5,608,358
5410 Potatoes	100	96	91	7,098,886
66245 Glazed ceramic flags	100	95	73	5,103,656
59899 Other chemical products and preparations	100	105	104	5,816,214
57511 Polypropylene	100	94	94	5,229,895
55422 Surface-active washing or cleaning preparations	100	103	106	5,631,773
32230 Peat	100	121	112	5,835,115
2212 Milk and cream	100	107	112	5,759,386
66241 Ceramic building bricks	100	98	71	3,515,141
66332 Building blocks and bricks	100	90	68	3,257,401
11101 Water	100	107	102	4,638,987
78432 Other parts and accessories of car bodies	100	96	73	3,223,235
11102 Waters containing sweetening matter	100	109	107	4,715,983
64126 Other paper and paperboard	100	97	92	3,879,432
25119 Other waste paper	100	100	108	4,548,294
25113 Paper or paperboard	100	96	82	3,300,817
1221 Meat of swine, fresh, chilled or frozen	100	103	107	4,109,122
53354 Glaziers' putty, cement and fillers etc.	100	105	82	3,075,004
57513 Propylene copolymers	100	89	86	3,214,147
58221 Other plates, sheets, film, foil and strip of plastics	100	63	55	1,984,799
total	100	100	90	576,381,927

- Growth rates fluctuate considerably even for leading commodities

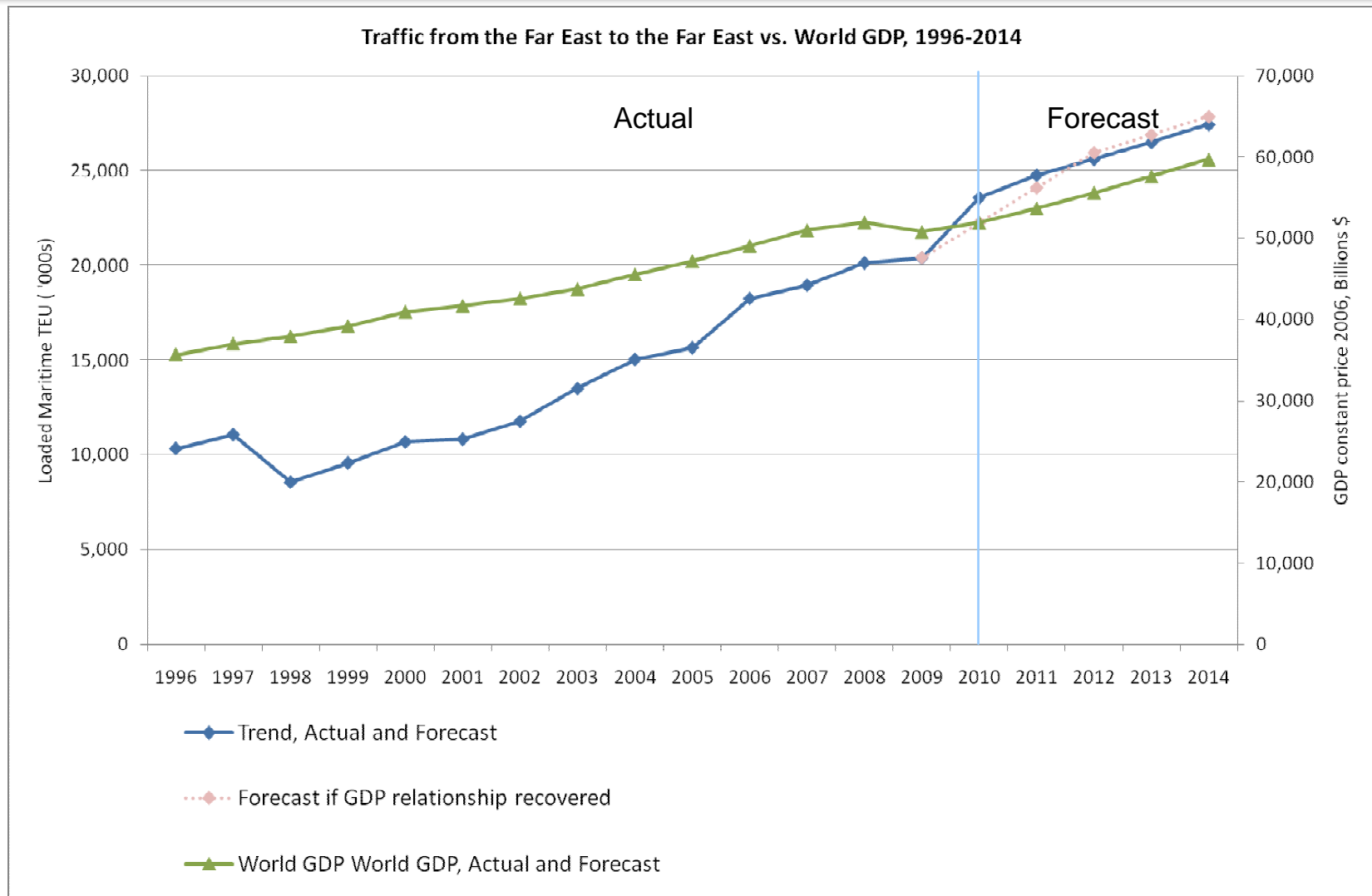
11. Overall results by trend v. GDP - Total Deep Sea



Forecast for 2009 to 2014

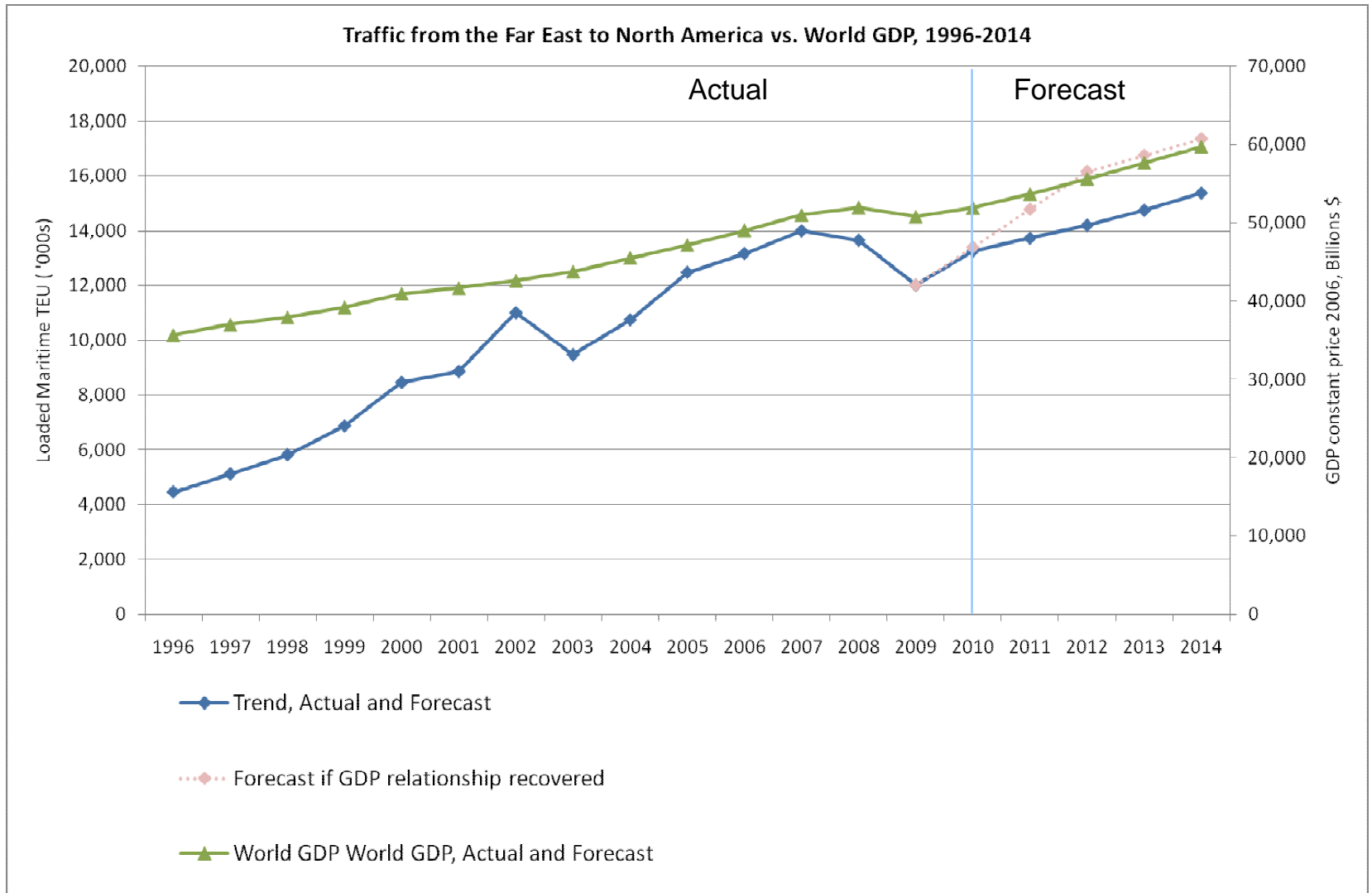
- Based on trend evidence to date volumes rise: **+ 30%**
- If trade relationship with GDP recovered volumes rise: **+ 42%**

12. Trend v. GDP – within the Far East



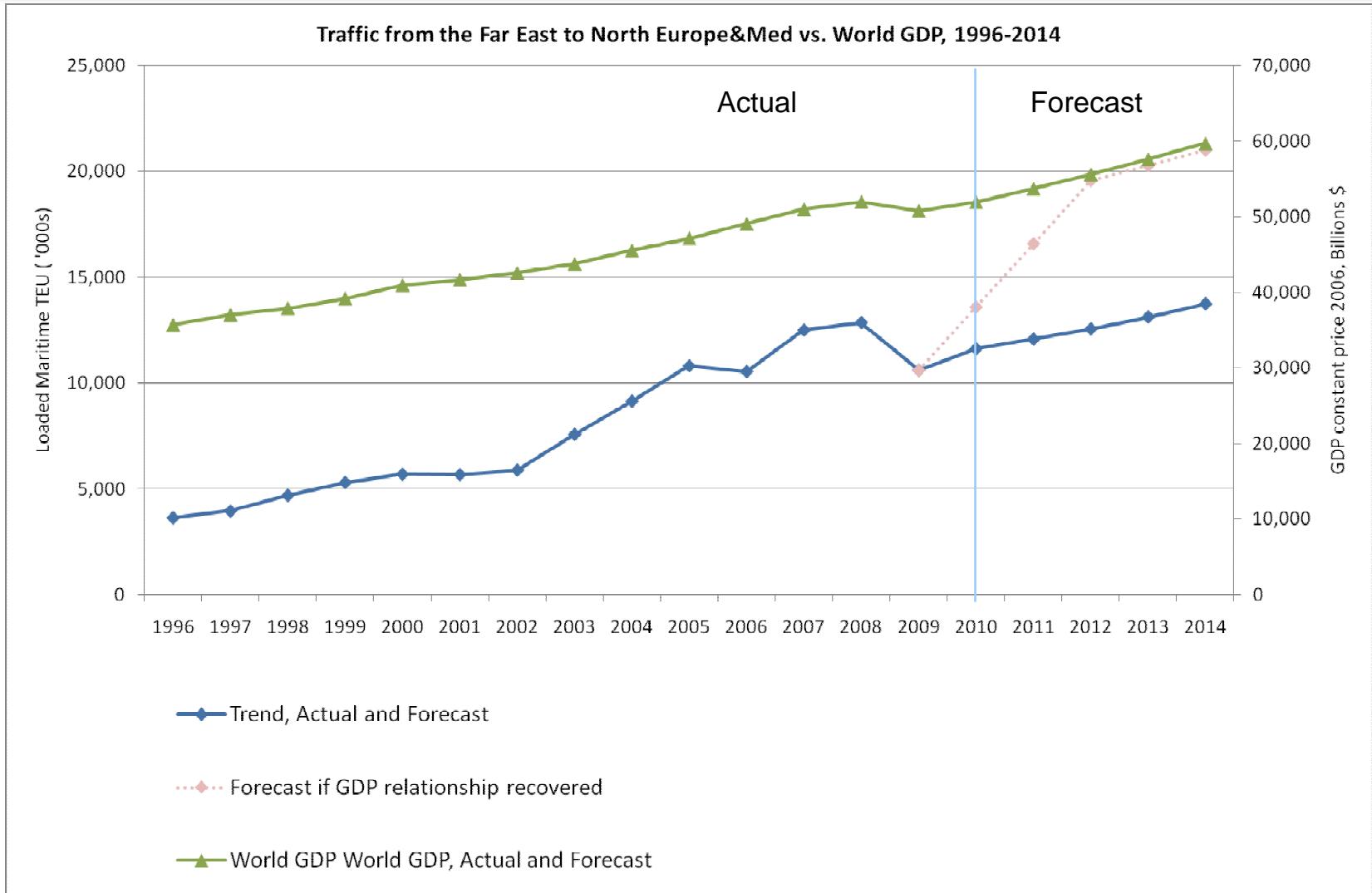
•Trend & GDP approach produce very similar results

13. Trend v. GDP – From the Far East to North America



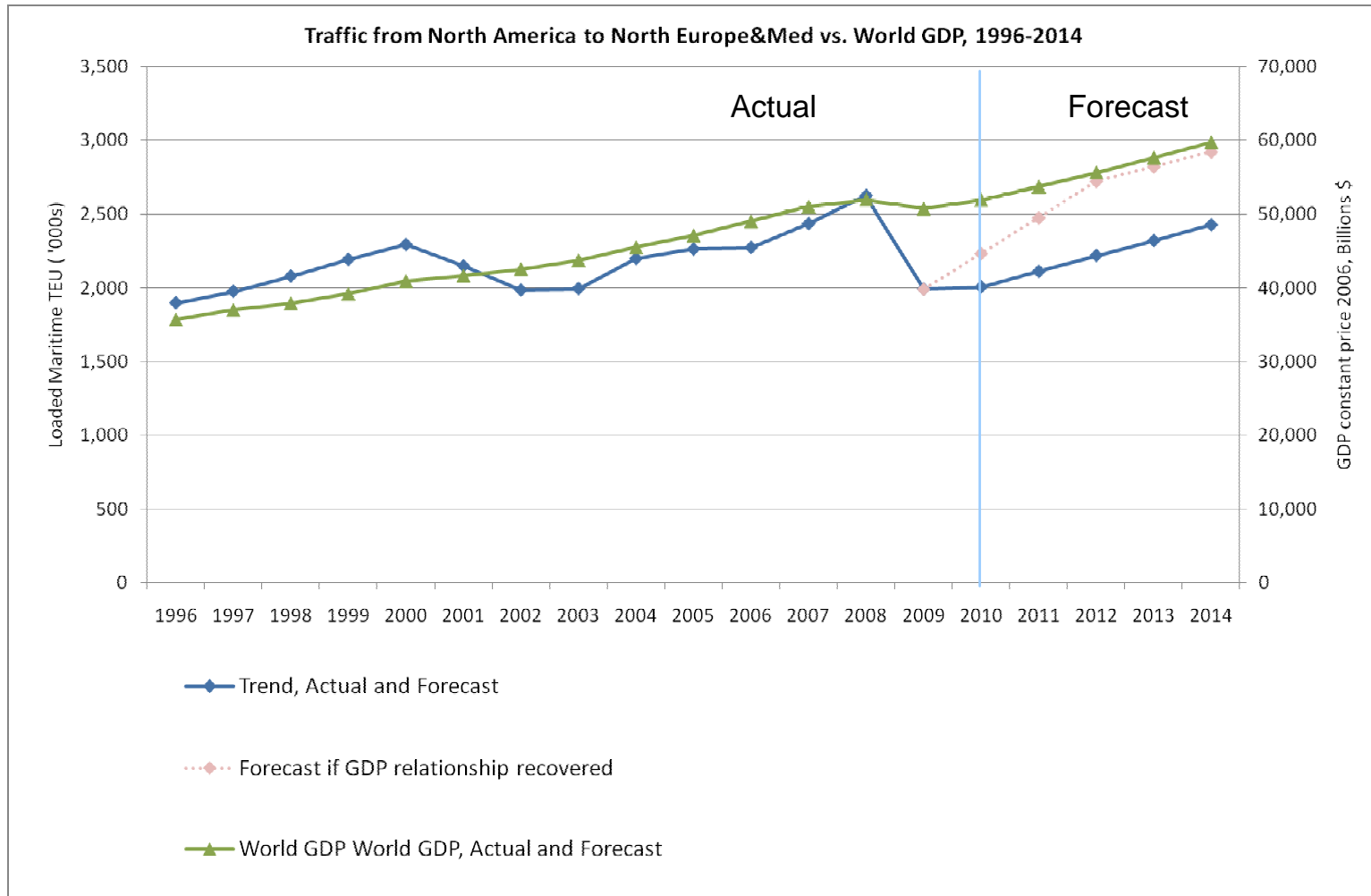
• **GDP approach produces higher growth than trend**

14. Trend v. GDP – Far East to Europe & Med



•GDP approach produces much higher results than trend

15. Trend v. GDP – From North America to Europe & Med



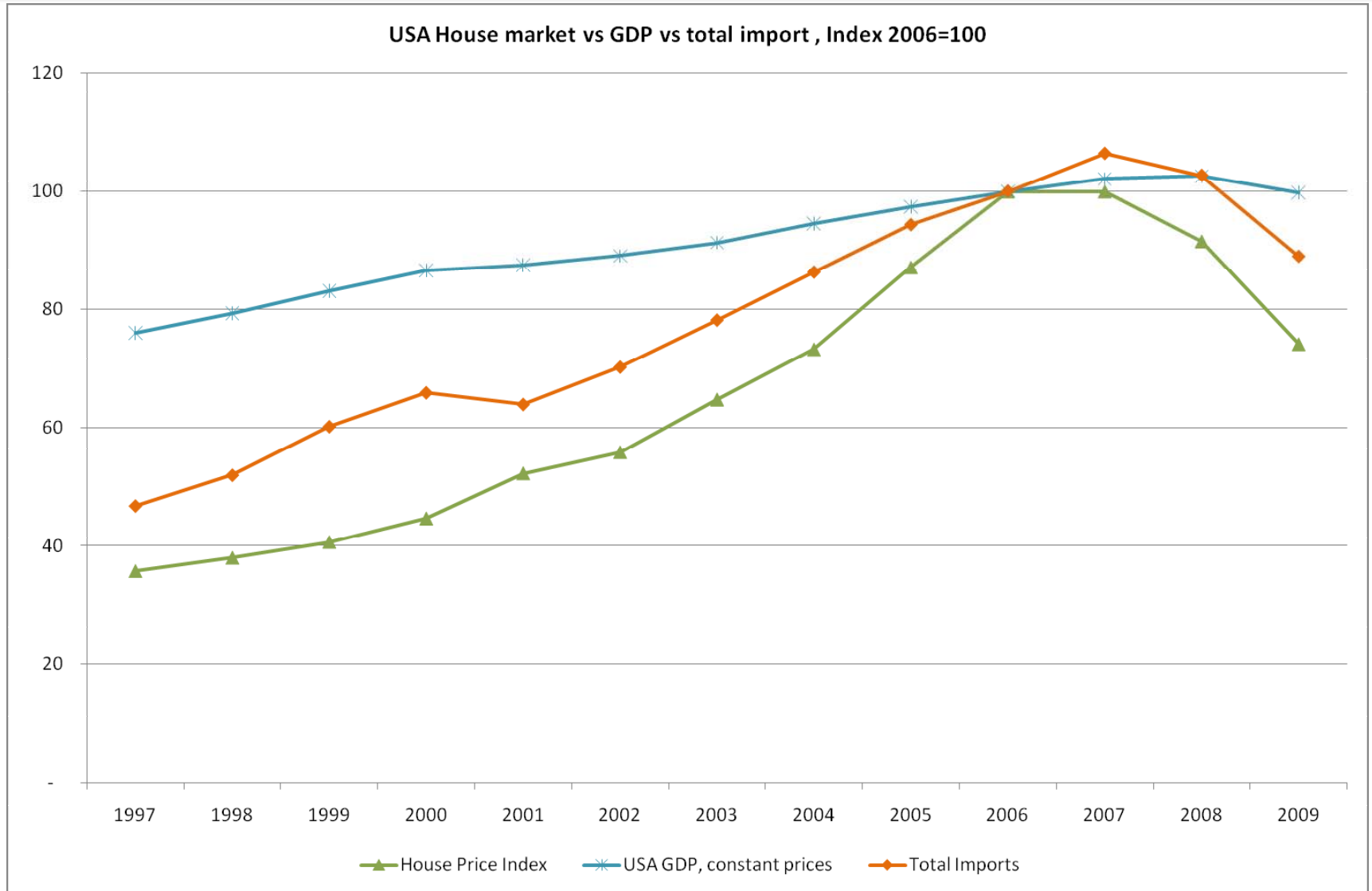
- **GDP produces much higher results than trend**
 - little evidence of long term growth to 'correct' slump in trade in 2009

16. Medium term growth prospects summarised

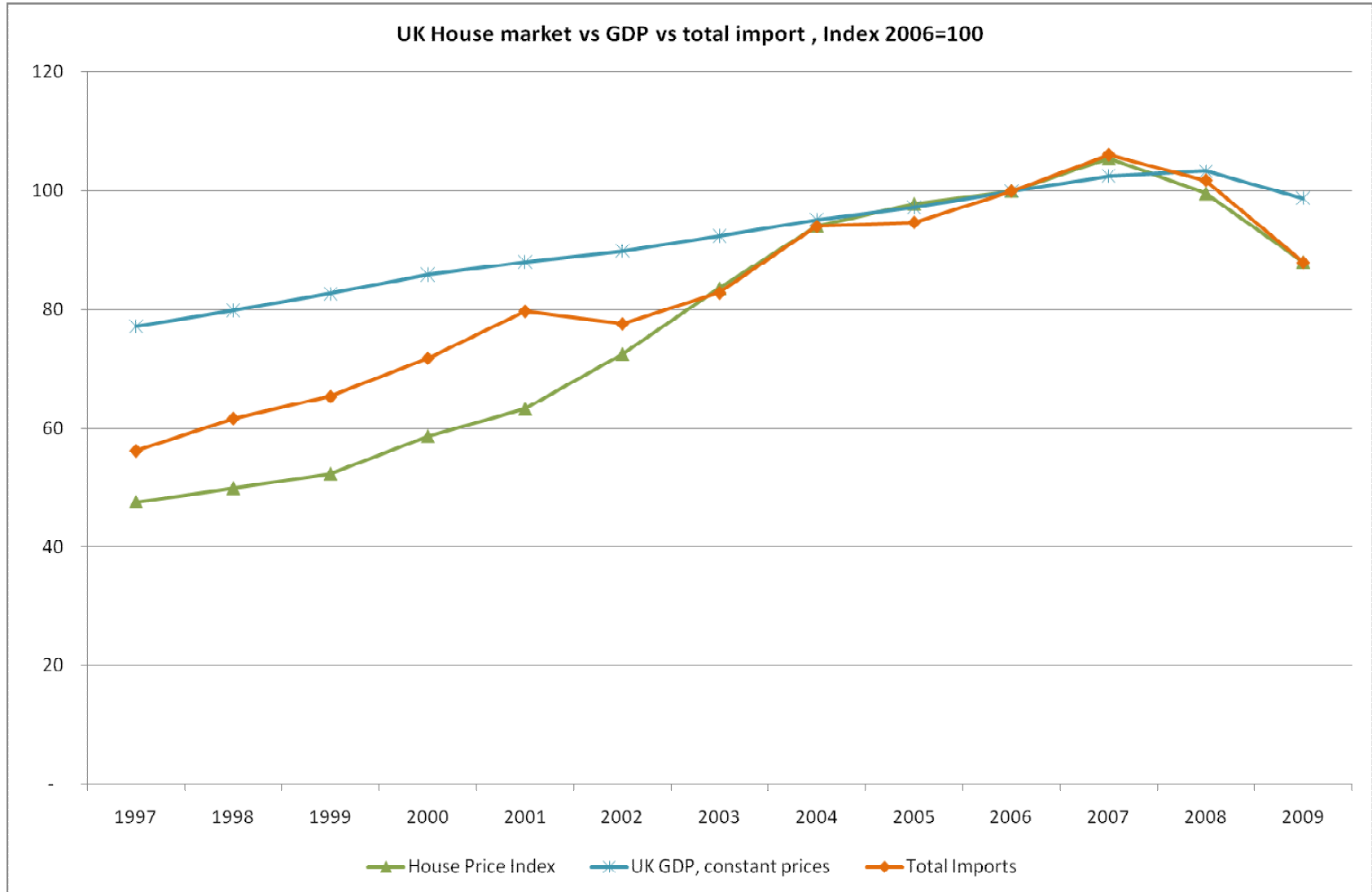
2009 – 2014

- Based on trend analysis deep sea maritime TEU to grow 30%
- Recovering relationship with GDP raises forecast to 42%
- Growth on routes **to** the Far East more rapid, for which no more capacity required.
- European import growth particularly uncertain as growth to 2008 so rapid and short-lived
 - Will European economics be able to afford to spend so much GDP on imports again?
- In practice short run trade growth dictated by credit availability
 - in USA & UK ability to borrow using housing as collateral a major explanatory factor
 - as house prices fell, so did imports

17. USA House market v GDP v total TEU imports, Index 2006=100



18. UK House market v GDP v total TEU imports, Index 2006=100



19. Wide range of opinions as to future prospects

- Recession led to some major trades falling < 25%
- Recent 'Year-on-year' comparisons:
 - DP World report +15% for Q1 2010
 - but still "too early to talk of sustained growth"
 - ELAA report Far East – Europe +28% for Jan/Feb 2010
 - but still 3% less than in 2008!
 - e.g. Q1 2010 Long Beach loaded inbound TEU +18%
 - but still 25% below 2007 peak!
- Year-on-year sound-bite comparisons promote uncertainty
 - so where to look for guidance?

20. A key indicator will be trade in Q1 2010: - first post recession quarter

- Globally Q1 2010 volumes critical – to understand the speed of recovery
- MDST forecast is for 17% growth in Q1 2010 v 2009 globally and specifically 20% for China exports
- Demand for container shipping capacity dictated by outbound cargo from the Far East
 - which therefore dictates rate negotiations
 - China dominates and has just reported Q1 2010 trade in detail

21. Results for China: Q1 2010

- Total import tonnages +30% versus Q1 2009 at 379m tonnes
- Total export tonnes - 2% versus Q1 2009 at 124m tonnes

- Estimated loaded import TEU + 29% loaded TEU
- Estimated loaded export TEU + 21% loaded TEU ('on trend')

Index of loaded **TEU FROM CHINA** where 2007 =100

Quarter:	2007	2008	2009	2010
Q1	100	115	93	112
Q2	100	108	88	?
Q3	100	107	94	?
Q4	100	94	95	?

Index of loaded **TEU TO CHINA** where 2007 = 100

Q1	100	122	94	123
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22. China exports by commodity: Quarter 1 2010

		<u>Index</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Mineral manufactures	100	112	92	127
Metal Manufactures	100	105	83	95
Furniture	100	131	115	136
Clothing	100	114	107	142
Textiles	100	129	115	146
Vehicles and parts	100	119	67	86
Electrical machinery	100	131	98	132
All other goods	100	121	93	108
All goods	100	115	93	112

- Overall Q1 2010 volumes <3% compared with Q1 2008
- Strong recovery in consumer goods
- Semi-manufactures/component exports recovering but still < levels in 2007

23. China exports by country: Quarter 1 2010

	<u>Est. '000 TEU</u>			<u>Index</u>	
	<u>2010</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
USA	1671	100	104	82	98
Germany	260	100	117	102	118
UK	234	100	112	84	112
France	142	100	110	94	118
Italy	170	100	110	82	98
Ireland	15	100	103	69	65
Japan	657	100	105	89	96
South Korea	242	100	120	77	103
Brazil	159	100	153	107	208
India	172	100	155	130	161
Nigeria	51	100	149	154	199
All countries	8140	100	115	93	112

- Highest growth to some developing countries
- Lower growth to developed countries in the Far East
- China to USA volumes not yet recovered to 2007 levels

24. China: latest results and capacity implications

- **Global forecasts for whole 2010 typically 7-8% above 2009**
- **Consistent with forecast exports of 17% for Q1 (20% ex-China)**
 - **actual Q1 exports from China appear similar at approx. 21%**
 - **high growth rate to Q1 reflects very low volume in Q1 2009**
 - **do not be misled by flattering comparisons!**
- **Implication is (peak) Q3 2010 exports ex-China will be approx. 8.7m loaded TEU**
 - **still 9% < peak demand in Q3 2008**
- **We estimate present 2010 global supply TEU slots 4% < Q3 2008**
 - **implies supply adequate for 2010.**
- **Growth in demand varies considerable by market**
 - **higher to some developing countries**
 - **higher in some backload directions (+30% TO China Q1 2009 to Q1 2010)**

25. Summary

- **World trade growth is recovering**
- **Significant dip in intra-European unit load traffic as deep-sea sourcing grew in competition**
- **Deep-sea container trades to Far East grew in recession**
- **Deep-sea head haul markets from Far East now recovering but remain below 2008 level**
- **Forecast growth in global loaded TEU 2009-2010 + 10% consistent with volumes ex Far East 8-9% below 2008 levels**
- **Q1 2010 results from China consistent with these trend**