

Global economy

Developed world leads global trade revival in January

- **Global exports rise for seventh consecutive month in January**
- **Gulf between developed world and emerging markets widens**

Worldwide PMI™ survey data signalled an increase in goods exports for a seventh straight month in January, indicating that the upturn in global trade flows seen late last year has persisted at the start of 2014. However, a widespread weakness of exports from emerging markets reveals how the upturn is being largely concentrated in the developed world.

Global trade still growing

A GDP-weighted aggregated global export orders index derived from the manufacturing PMI surveys conducted by Markit acts as a reliable guide to official trade data, which are only available with a substantial delay. This PMI index fell slightly for a second month running in January, down to a four-month low. However, the decline was at least in part attributable to the weather-related disruption in the US (excluding the US the global index would have remained steady at 52.0), and at 51.2 the index has now been above the 50 level, thereby indicating rising global exports, for seven straight months.

Comparisons with official data indicate how the PMI accurately foretold the upturn in global trade in the second half of last year from the stagnation seen during the second quarter. The January PMI reading is consistent with global exports rising at an annual rate of approximately 8%. The latest available official data registered a 6.9% annual increase in November.

US drops to foot of league table

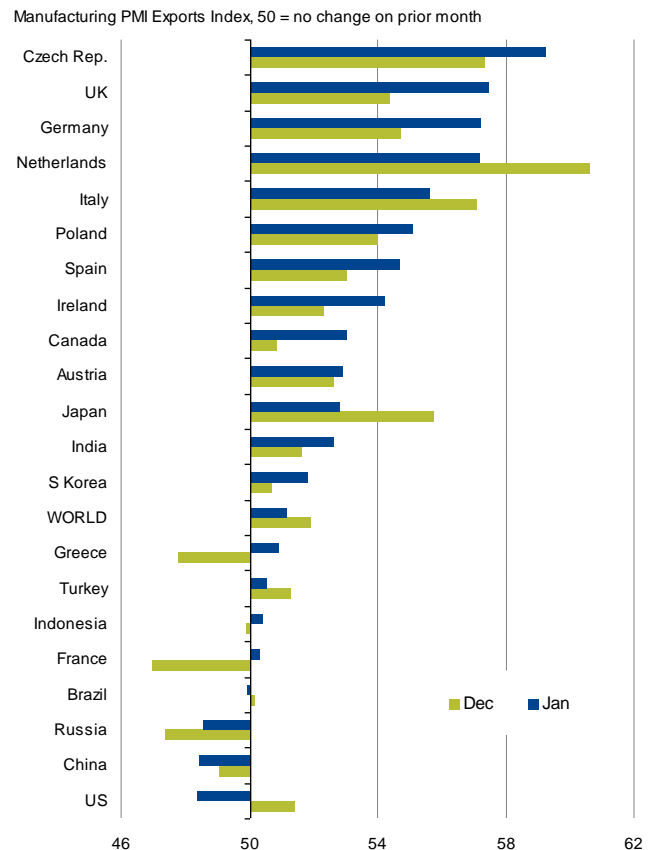
Extreme cold weather disrupted US trade flows in January, pushing the world's largest economy to the foot of the global PMI export orders rankings. Besides the US, the only other countries seeing falling export orders in January were emerging markets, including three of the BRIC economies: China, Russia and Brazil.

Global exports



Sources: Markit, Ecwin.

Countries ranked by PMI new export orders growth



Source: Markit.

Emerging trade malaise

China's exports fell for a second successive month, contributing to the country's first overall deterioration of manufacturing conditions for six months in January. Russia meanwhile saw exports fall for a fifth successive month.

The decline in Brazil was only very marginal, but adds further to the contrast between the ongoing plight of Asian and South American emerging markets against robust growth in many developed world economies.

Europe lifted by Germany's rising tide

The top half of the trade league table was in fact dominated by developed countries and eastern European nations that are benefitting from rising trade with Germany. January's PMI survey indicates that the eurozone's largest member state has entered 2014 on a firm footing, with GDP on course to rise by over 0.6-0.7% in the first quarter. The Czech Republic led the overall global trade rankings, followed by the UK, then Germany and the Netherlands.

The export-led revival of eurozone peripheral countries was meanwhile underscored by both Italy and Spain occupying fifth and seventh place respectively. Ireland likewise saw a robust rise in export orders and even Greece enjoyed a modest upturn.

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