

TRADE WATCH^{*}

2nd Quarter 2010[†]

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<http://www.worldbank.org/research/trade/>

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* TRADE WATCH is a quarterly note that follows international trade flows from a global perspective. It contains up-to-date trade data from an array of sources along with an analysis from Caroline Freund and Ileana Cristina Neagu, international trade specialists in the Development Economics Research Group, covering issues such as import and export growth at national, regional and industry levels, exchange rate fluctuations and quantity and price decomposition of trade. The goal of the note is to provide high quality and timely information to World Bank units and stakeholders. The report is supported by funding the governments of Norway, Sweden and the United Kingdom through the Multidonor Trust Fund for Trade and Development.

[†] Trade Watch was previously issued on a monthly basis. The shift to quarterly publication is motivated by the abatement in the crisis.

TRADE UPDATE – SECOND QUARTER 2010 SEES IMPROVEMENT

- Exports jump up while imports grow steadily.
- Both East Asia and the Pacific and Latin America experience strong trade growth.
- Trade in Europe remains sluggish.
- Sectoral evidence from the US and Japan indicates somewhat broader improvement, with stronger growth in high-tech products.

Data for the second quarter of 2010 indicate that trade improved compared to the previous quarter. Tables 1 and 2 show seasonally adjusted export and import growth, respectively,¹ using 7 years of monthly trade data in constant dollars for 60 countries. Q2 2010 data show a 4.2 percent increase in exports and a 2.3 percent increase in imports.

Quarterly growth rates by region are shown in Figures 1 and 2.² The dark bars represent the most recent quarter's growth rates, and the lighter bars show the previous quarter's growth rates. East Asia and the Pacific, Latin America, and South Asia show robust export growth. South Asia's imports growth slows due to India, while North America strengthens. Western Europe sees reversal to positive growth rates, while Eastern Europe experiences a downturn in exports. Overall, growth in Europe remains weak. Many of the countries at the lower end of the import and export growth distribution, as depicted in Figures 3 and 4, are still European. Nevertheless, things are expected to improve in the next quarter, especially for Euro countries, as the depreciation in May and June should benefit exports.

Still only three of the 60 economies included in the analysis—China, Hong Kong, and Indonesia—have managed to reach or exceed their pre-crisis export and import levels. This is illustrated in Table 3, which shows how trade of Q2 2010 fares relative to the value two years ago, when trade was booming. On average, the remaining gap is around 12.5 per cent for exports and 21.5 per cent for imports.³ However, the situation varies widely, with many European countries displaying gaps much wider than the average.

Trade fell fast and furiously across countries since the onset of the financial crisis in the fall. Figure 5 compares trade growth (month over same month the previous year) in this crisis and in previous downturns (1975, 1982, 1991, and 2001), using monthly data in

¹ We converted nominal trade to year's 2000 constant dollars growth and seasonally adjusted using country-month fixed effects.

² Africa and the Middle East are not included because there are not enough countries reporting data for credible statistics.

³ The gap between average exports and imports is due primarily to the absence of several of the large oil exporting countries in the analysis, where exports declined by more than imports.

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constant U.S. dollars for a balanced sample of 39 countries that report data from January 1960 through June 2010. Data are matched so that year zero is the lowest point of the contraction. Growth leading up to the crisis was higher and the fall deeper in this episode than in previous downturns. Of special interest, the recovery also appears to be much steeper in this crisis than in previous episodes. The graph highlights near completion of a V-shaped recovery.

Figure 6 shows that trade has been recovering at almost twice the growth rate of the 2002-2008 period and increased nearly 30 percent since its lowest point in February 2009. While the trade value remains around 20 percent lower than the pre-crisis peak, this is partly driven by surging commodity prices which fueled a run-up in trade values before the crisis.

U.S. and Japanese data, available by industry, provide an indication of where trade is declining/recovering the fastest. Table 4 shows U.S. import growth by broad sector relative to the same quarter of the previous year. Similar data for Japan (measured in Yen) are shown in Table 5.⁴ In both countries, data for the 2nd quarter of 2010 (column 8) show significant improvement across sectors as compared with the 2nd quarter of 2009, but this is largely due to the sharp decline in trade that occurred in Q1 2009, which left trade in Q2 decimated. The last column shows Q2 2010 relative to Q2 2008, to examine how the pattern of trade now compares with its structure when trade was booming. In the United States the number of sectors that are at or above their pre-crisis levels has increased (animal products, foodstuffs, vegetables, rubbers/plastics, footwear); only minerals and metals remain over 20 percent below 2008 levels.⁵ In Japan, all sectors remain depressed with chemicals, foodstuffs and footwear doing relatively better.

The analysis of data at the HS 6-digit level (more than 5000 products) shows the decline in imports relative to the same quarter of the previous year for only 24% of the products in the case of the USA and 34% in the case of Japan. However, when comparing with the same quarter of 2008, the shares of laggard products are much higher, amounting to 61% for the USA and 71% for Japan, with average gaps from the 2008 import levels of 30% for both countries. For a closer look, Table 6 lists the top-ten import products by growth/decline in imports relative to Q2 2008.⁶ These data reveal that in both countries high-tech products are growing, while heavy manufactures (eg. vehicles and airplanes) and natural resources (petroleum oil, natural gas) are not. Thus, the results point to significant improvements from early 2009, but the large deficits still remaining in some important sectors continue to point to potential uncertainty in the recovery.

*If you wish to receive a monthly **Trade Watch**, email mhorenstein@worldbank.org with "Trade Watch" in the subject. For previous notes and more trade statistics visit the Trade Watch webpage at <http://www.worldbank.org/research/trade/>*

⁴ Aggregate figures for Japan in Table 6 are calculated from Yen values and therefore are different from Tables 1, 2 and 3 which use data in \$US.

⁵ The growth in aggregate trade differs from the figure reported in Table 3 which has been adjusted for seasonality.

⁶ We exclude products with an export share below 0.1 percent.

Table 1: Quarter-to-Quarter Export Growth
(Percentage Change in Constant U.S. Dollars – Seasonally Adjusted – A to L)

	2008				2009				2010	
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd
Argentina	3.9	-10.5	26.3	-25.6	-12.1	9.3	-8.7	5.7	1.0	24.7
Australia	9.8	15.2	10.8	-14.5	-8.7	-9.7	8.7	10.5	6.4	19.9
Brazil	-2.4	11.4	5.3	-11.9	-20.7	10.6	-2.4	7.6	10.4	16.8
Bulgaria	10.5	6.1	-6.0	-27.5	-13.0	-0.2	13.2	10.2	-4.9	6.0
Canada	5.0	3.6	-1.4	-22.5	-22.1	-3.6	9.9	5.3	6.3	3.3
Chile	5.6	-13.4	-7.8	-21.0	-12.1	1.2	13.8	7.9	-4.0	-12.0
China	4.4	3.6	6.5	-10.7	-15.7	3.1	12.1	9.4	4.8	8.2
Croatia	2.1	5.3	7.7	-24.8	-3.3	-4.2	5.4	4.2	6.0	-2.7
Cyprus	10.9	8.1	-2.2	-20.4	-24.8	7.7	12.2	-3.5	-1.1	-8.4
Czech Republic	13.6	0.4	-5.0	-25.7	-15.3	4.6	16.1	1.1	0.4	-1.4
Denmark	9.4	2.6	-8.3	-22.6	-8.7	2.1	8.7	-0.4	0.0	-1.5
Ecuador	7.4	5.2	-8.6	-35.0	-15.4	14.2	12.3	9.4	2.2	-2.2
Egypt	33.8	28.1	-11.9	-38.7	6.7	13.9	-0.7	-3.6	4.1	11.2
Estonia	3.8	4.4	-5.2	-22.2	-25.3	7.7	9.6	-1.4	-0.1	0.5
Finland	9.6	6.8	-11.2	-26.0	-20.9	3.2	1.1	11.5	-14.7	10.5
France	11.5	0.3	1.1	-15.4	-10.5	3.8	16.7	3.7	1.8	1.3
Germany	7.5	3.7	-6.0	-19.4	-14.8	1.4	12.1	7.0	-3.2	2.7
Greece	1.4	13.1	-4.5	-12.2	-12.8	0.6	2.6	0.4	-2.8	7.1
Hong Kong	1.1	-0.6	0.1	1.1	-16.7	13.0	-1.7	11.0	3.9	11.8
Hungary	14.4	-1.6	-7.7	-23.0	-10.3	5.9	11.6	6.8	1.0	-1.3
Iceland	-22.3	50.1	-10.1	-21.8	-30.3	-3.4	32.5	-16.4	-7.1	9.4
India	1.7	7.6	3.9	-21.7	-13.0	2.0	7.8	0.5	7.2	11.1
Indonesia	15.1	3.6	-2.8	-19.9	-14.6	13.0	6.5	21.2	7.2	0.7
Ireland	6.0	-1.9	-3.2	-10.2	2.3	3.4	4.2	-6.8	7.1	-3.3
Israel	0.8	3.9	2.1	-21.1	-11.0	10.6	17.4	11.4	-3.4	2.3
Italy	11.6	0.0	4.6	-11.1	-11.1	4.5	22.1	12.6	2.5	4.5
Japan	7.9	-1.0	0.3	-13.8	-24.8	8.0	15.8	10.2	7.5	5.8
Kazakhstan	20.4	1.3	5.9	-35.3	-41.8	-5.9	29.1	4.0	7.1	2.1
Korea, Republic of	3.1	9.3	3.2	-22.4	-12.7	15.6	9.0	2.7	4.8	14.6
Latvia	8.2	-2.3	-0.8	-24.5	-15.0	-0.8	14.1	8.9	-5.9	0.7
Lithuania	25.1	10.9	-3.9	-28.0	-18.8	-4.2	13.7	6.6	-3.9	4.8
Luxembourg	10.4	6.9	-1.2	-29.0	-14.7	3.0	28.4	-4.2	-2.3	4.5
Average	7.4	4.4	-1.0	-21.1	-14.3	3.7	11.3	5.9	2.2	4.2

Source: Datastream and International Financial Statistics. Note: Data reported in national currency is converted to current U.S. dollars using average monthly nominal exchange rates. Series are deflated using the U.S. CPI index and deseasoned using country specific time dummies.

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Table 1: Quarter-to-Quarter Export Growth Continued
(Percentage Change in Constant U.S. Dollars – Seasonally Adjusted – M to Z)

	2008				2009				2010	
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd
Malaysia	2.4	5.7	-2.9	-20.5	-15.3	1.0	7.0	15.9	8.7	1.0
Malta	-0.6	-9.8	0.8	-15.7	-20.2	6.1	16.6	-6.6	15.5	-14.4
Mexico	0.3	2.1	-2.8	-20.1	-14.4	0.7	8.9	12.0	5.1	5.4
Netherlands	5.9	2.2	-5.1	-20.3	-14.3	1.3	11.3	2.5	1.1	-1.0
New Zealand	1.1	-6.1	-1.8	-15.4	-13.8	7.0	7.7	6.5	4.2	4.6
Norway	4.6	7.6	-9.9	-25.3	-19.3	-10.7	10.9	6.6	-4.2	-7.1
Pakistan	9.0	5.1	-7.7	-6.7	-9.4	-1.7	7.9	13.3	7.6	-4.0
Peru	9.1	1.7	-5.1	-25.2	-10.7	7.7	7.1	11.8	7.0	-2.8
Philippines	-3.7	-0.7	-2.5	-21.3	-19.7	15.5	8.4	3.5	6.3	9.6
Poland	14.4	4.4	-5.0	-26.6	-8.7	5.1	11.9	5.1	-1.1	-0.7
Portugal	12.9	0.5	1.2	-21.3	-11.4	7.8	19.9	5.9	-1.3	-1.8
Romania	7.1	7.8	-3.8	-18.8	-16.2	12.9	14.9	9.1	-5.4	5.7
Russian Federation	9.9	2.6	3.9	-30.2	-29.9	7.4	16.9	10.0	9.1	-3.8
Singapore	8.4	2.1	-1.9	-23.6	-13.4	7.1	10.3	7.4	6.2	8.6
Slovakia	11.3	-4.5	-9.0	-21.5	-15.3	3.3	11.1	9.7	-3.4	-3.1
Slovenia	8.8	2.2	-2.0	-18.5	-13.2	4.9	11.1	8.5	-4.2	3.1
South Africa	0.3	7.6	7.3	-27.9	-14.4	5.9	16.7	7.3	1.9	9.3
Spain	10.0	2.8	3.3	-21.5	-10.9	9.4	17.6	4.9	0.4	1.2
Sweden	6.8	-0.9	-8.5	-26.3	-15.1	3.7	14.0	1.2	3.4	4.4
Switzerland	13.5	7.2	-2.5	-15.3	-5.6	2.1	10.9	3.2	4.7	0.1
Taiwan, Province of China	0.4	3.7	-3.1	-25.1	-15.8	11.4	14.4	7.0	10.8	10.8
Thailand	3.3	5.6	0.1	-19.1	-6.1	-1.5	12.4	7.0	8.8	9.4
Turkey	13.8	-5.8	5.0	-29.9	-0.8	-16.6	12.4	4.4	4.2	2.7
Ukraine	12.3	24.6	13.4	-34.6	-26.7	0.3	15.1	18.9	-5.3	14.8
United Kingdom	0.4	-0.1	1.6	-21.7	-17.2	1.2	16.0	5.5	-2.9	-3.1
United States	2.2	1.5	1.9	-13.3	-14.8	-2.4	8.2	6.6	2.5	3.4
Uruguay	22.4	4.4	-1.4	-12.2	-4.6	16.0	1.9	-0.8	11.0	29.0
Viet Nam	6.9	8.3	9.3	-12.4	3.9	-14.5	1.4	14.0	2.7	21.5
Average	7.4	4.4	-1.0	-21.1	-14.3	3.7	11.3	5.9	2.2	4.2

Source: Datastream and International Financial Statistics. Note: Data reported in national currency is converted to current U.S. dollars using average monthly nominal exchange rates. Series are deflated using the U.S. CPI index and deseasoned using country specific time dummies.

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Table 2: Quarter-to-Quarter Import Growth
(Percentage Change in Constant U.S. Dollars – Seasonally Adjusted – A to L)

	2008				2009				2010	
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd
Argentina	12.1	2.5	-1.1	-19.3	-24.8	-3.2	8.6	5.4	13.3	14.3
Australia	11.0	3.4	-0.7	-21.4	-11.4	-0.2	13.2	12.7	-0.4	2.4
Brazil	8.2	5.0	8.5	-14.2	-25.0	-2.7	11.9	9.5	9.0	8.1
Bulgaria	5.2	9.0	-11.4	-24.9	-21.3	-1.6	1.9	-1.2	-6.2	5.2
Canada	0.3	1.7	-2.1	-14.7	-18.7	-2.4	11.3	4.6	2.5	5.8
Chile	5.0	2.8	1.1	-20.0	-27.5	-8.3	4.5	12.3	4.3	8.5
China	6.8	4.1	2.5	-21.5	-16.9	22.0	15.2	8.3	12.1	9.8
Croatia	6.8	-1.2	-0.8	-21.6	-13.8	-3.3	7.6	2.1	-9.8	-7.4
Cyprus	14.9	0.0	5.6	-27.6	-10.1	-6.4	9.4	-2.1	8.9	-13.5
Czech Republic	14.1	-1.7	-4.5	-21.8	-17.5	-2.0	16.2	0.9	3.7	-2.7
Denmark	7.4	1.9	-6.9	-19.0	-13.2	-7.8	8.1	0.3	-5.3	-0.1
Ecuador	1.4	10.8	13.3	-8.8	-18.6	-11.9	7.7	7.5	7.3	9.1
Egypt	-3.3	61.0	10.0	-11.3	-19.9	-4.4	18.1	2.0	-1.2	1.0
Estonia	-2.9	-2.5	-2.4	-21.7	-30.3	-6.3	13.6	2.3	-1.5	-2.6
Finland	6.3	2.6	-7.2	-26.9	-21.7	-4.7	11.1	-0.1	-7.1	-1.0
France	7.6	2.6	-0.8	-18.2	-13.9	1.6	9.8	6.4	-3.3	0.2
Germany	7.9	2.6	-1.5	-19.7	-11.0	-3.5	11.4	-0.7	3.6	2.2
Greece	3.2	11.2	-4.9	-28.9	-16.1	-5.1	-0.7	-4.5	-8.7	-11.6
Hong Kong	-1.9	1.2	0.3	-1.2	-18.8	11.0	6.0	9.8	3.8	11.1
Hungary	10.5	-1.3	-4.8	-23.5	-17.1	-0.6	13.2	6.7	-1.3	-4.0
Iceland	-12.4	-8.1	-7.0	-46.4	-10.5	-17.6	19.1	-9.0	-0.8	-3.6
India	11.0	8.6	20.9	-25.3	-26.0	14.8	3.8	10.1	11.4	2.5
Indonesia	44.9	11.1	-1.3	-16.5	-26.5	10.7	16.8	13.1	10.7	5.1
Ireland	-2.2	-3.2	-6.1	-24.5	-6.9	-3.2	0.0	-4.6	-4.4	0.9
Israel	1.3	1.2	-4.1	-24.9	-23.9	-1.7	12.5	2.3	1.7	1.2
Italy	9.1	0.9	2.5	-16.6	-15.4	0.1	15.9	8.4	4.4	3.1
Japan	8.0	2.6	4.8	-12.4	-26.0	-5.2	13.4	4.1	4.0	4.2
Kazakhstan	-4.1	8.3	10.7	-6.5	-18.1	-7.3	3.4	8.2	-8.3	11.0
Korea, Republic of	5.5	4.4	8.2	-28.4	-20.5	0.2	16.4	2.8	6.9	6.3
Latvia	4.2	-9.8	-5.6	-25.7	-21.3	-16.9	9.1	-0.2	0.2	-7.5
Lithuania	26.8	-3.1	-6.1	-29.1	-23.8	-8.5	13.3	0.3	3.7	-1.6
Luxembourg	7.0	9.1	6.8	-26.0	-16.6	-0.9	17.2	6.2	-4.5	5.6
Average	8.2	3.7	-0.7	-21.6	-17.7	-0.5	11.3	4.3	2.6	2.3

Source: Datastream and International Financial Statistics. Note: Data reported in national currency is converted to current U.S. dollars using average monthly nominal exchange rates. Series are deflated using the U.S. CPI index and deseasoned using country specific time dummies.

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(Percentage Change in Constant U.S. Dollars – Seasonally Adjusted – M to Z)

	2008				2009				2010	
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd
Malaysia	3.1	-1.7	0.4	-18.6	-21.2	8.0	12.4	14.0	2.6	11.5
Malta	-0.7	2.4	6.8	-35.2	-3.7	-7.1	22.7	-14.8	9.6	-14.4
Mexico	2.8	-0.1	2.4	-18.8	-16.7	-4.5	12.6	2.9	9.8	6.4
Netherlands	9.7	2.9	-4.2	-21.2	-14.7	0.8	9.9	3.8	1.4	1.6
New Zealand	2.2	4.4	-5.4	-20.8	-21.9	10.9	6.9	2.5	-0.3	6.7
Norway	3.1	-5.1	-6.3	-22.2	-13.8	-2.1	11.6	5.0	1.0	2.4
Pakistan	30.6	-3.9	-13.7	-11.8	-7.1	10.2	-2.2	8.1	16.6	-1.6
Peru	17.6	13.9	2.0	-17.3	-20.8	-6.6	7.8	8.4	12.3	1.2
Philippines	2.0	-8.7	1.6	-25.2	-7.9	-0.3	1.4	1.9	19.0	-4.1
Poland	12.7	1.9	-3.5	-24.1	-19.2	-0.5	12.8	2.5	0.8	-6.4
Portugal	8.8	-1.0	-0.7	-21.8	-11.3	1.1	19.8	2.1	-4.0	-5.5
Romania	7.2	3.6	-1.8	-30.5	-22.4	1.0	14.0	-5.0	1.6	1.3
Russian Federation	13.6	12.9	8.7	-16.4	-18.1	3.7	11.2	12.7	8.5	19.7
Singapore	9.9	3.5	-0.9	-22.1	-16.5	1.4	12.0	5.3	7.7	3.7
Slovakia	9.7	-5.0	-9.7	-22.0	-12.4	-6.1	12.0	5.5	3.2	-6.6
Slovenia	7.4	2.5	-2.3	-24.0	-18.2	-1.4	12.8	1.0	-3.0	0.1
South Africa	0.7	-1.8	7.8	-31.0	-13.1	-13.2	14.1	13.9	-0.7	-2.2
Spain	5.1	-3.7	-4.0	-24.3	-17.5	-4.9	16.8	1.9	-3.5	-2.4
Sweden	9.0	4.0	-10.7	-28.3	-13.7	1.0	14.1	4.0	5.9	5.0
Switzerland	7.8	5.7	-3.6	-17.4	-2.6	-1.6	10.8	2.0	3.5	3.8
Taiwan, Province of China	5.3	1.8	6.8	-31.5	-30.3	16.2	22.2	10.6	7.6	6.1
Thailand	12.0	-3.9	10.6	-15.9	-32.7	5.2	20.2	12.4	3.0	-1.9
Turkey	5.3	-3.9	3.4	-32.1	-17.3	0.6	16.1	4.2	7.9	3.6
Ukraine	18.5	20.7	8.0	-30.9	-22.6	0.6	18.7	12.9	-1.1	14.0
United Kingdom	0.7	0.6	-4.9	-20.5	-16.0	3.0	8.5	5.4	-2.4	-0.5
United States	1.2	1.3	0.8	-15.9	-19.6	-2.8	9.7	5.1	3.4	6.8
Uruguay	39.3	43.5	-26.5	-15.5	-21.3	15.8	0.6	-3.3	0.4	25.0
Viet Nam	27.1	-3.3	-17.0	-14.7	-6.5	16.4	10.3	12.3	-2.8	2.1
Average	8.2	3.7	-0.7	-21.6	-17.7	-0.5	11.3	4.3	2.6	2.3

Source: Datastream and International Financial Statistics. Note: Data reported in national currency is converted to current U.S. dollars using average monthly nominal exchange rates. Series are deflated using the U.S. CPI index and deseasoned using country specific time dummies.

Table 3: Growth from Q2 2008 to Q2 2010
(Percentage Change in Constant U.S. Dollars – Seasonally Adjusted – A to K)

	Exports	Imports		Exports	Imports
Argentina	9.8	-13.9	Philippines	-6.9	-17.8
Australia	19.5	-10.3	Poland	-22.5	-35.8
Brazil	10.2	-1.9	Portugal	-6.5	-22.7
Bulgaria	-25.5	-48.8	Romania	-7.3	-40.4
Canada	-27.0	-16.4	Russian Federation	-26.4	25.6
Chile	-32.6	-28.5	Singapore	-5.1	-13.9
China	14.7	25.2	Slovakia	-28.7	-34.0
Croatia	-14.8	-40.5	Slovenia	-13.3	-33.8
Cyprus	-38.1	-35.1	South Africa	-2.1	-29.2
Czech Republic	-27.4	-28.5	Spain	-0.9	-36.1
Denmark	-29.5	-38.1	Sweden	-26.1	-26.4
Ecuador	-29.5	0.4	Switzerland	-4.4	-7.4
Egypt	-27.2	-10.2	Taiwan, Province of China	2.4	-8.6
Estonia	-35.7	-44.4	Thailand	7.3	-10.1
Finland	-43.0	-48.3	Turkey	-23.6	-21.1
France	-0.8	-19.6	Ukraine	-18.8	-12.2
Germany	-22.1	-20.5	United Kingdom	-23.3	-27.3
Greece	-21.1	-58.8	United States	-10.2	-15.7
Hong Kong	20.8	19.7	Uruguay	38.7	-30.9
Hungary	-19.8	-31.2	Viet Nam	22.6	-5.3
Iceland	-46.7	-61.9			
India	-6.9	0.1			
Indonesia	4.9	3.0			
Ireland	-7.5	-41.3			
Israel	2.4	-36.2			
Italy	27.1	-2.2			
Japan	1.9	-17.5			
Kazakhstan	-44.9	-10.5			
Korea, Republic of	8.6	-16.1			
Latvia	-25.6	-53.8			
Lithuania	-34.3	-46.2			
Luxembourg	-22.5	-18.1			
Malaysia	-10.1	2.0			
Malta	-22.6	-39.2			
Mexico	-9.5	-10.5			
Netherlands	-25.1	-23.7			
New Zealand	-4.2	-24.4			
Norway	-48.9	-25.3			
Pakistan	-3.2	-5.6			
Peru	-14.9	-17.1			
			Average	-12.6	-21.6

Source: Datastream and International Financial Statistics. Note: Data reported in national currency is converted to current U.S. dollars using average monthly nominal exchange rates. Series are deflated using the U.S. CPI index and deseasoned using country specific time dummies.

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Table 4: U.S. Import Growth by Industry
(Percentage Change in U.S. Dollars relative to the Same Quarter of the Previous Year)

Industry	2008		2009				2010		Q2 2010 rel to Q2 2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Animal & Animal Products	-0.42	-1.85	-8.04	-7.50	-15.23	-13.06	-1.21	12.55	4.10
Vegetable Products	24.08	11.94	-6.36	-13.20	-13.94	-7.49	5.95	15.36	0.13
Foodstuffs	12.98	3.18	-5.00	-8.63	-11.33	-3.21	10.58	9.60	0.14
Mineral Products	57.57	-13.36	-51.40	-54.02	-48.72	-14.24	55.44	45.48	-33.11
Chemicals & Allied Industries	23.82	8.19	-13.32	-17.79	-17.08	-3.31	11.14	18.41	-2.65
Plastics / Rubbers	8.73	0.69	-22.48	-27.00	-23.31	-14.27	20.19	37.57	0.43
Raw Hides, Raw Hides, Leather & Furs	1.27	-5.09	-14.64	-22.91	-27.33	-16.65	4.23	23.75	-4.60
Wood & Wood Products	-8.86	-13.94	-26.51	-30.12	-27.08	-17.67	5.33	19.41	-16.55
Textiles	-2.52	-4.83	-13.27	-16.37	-14.36	-8.74	4.45	17.87	-1.43
Footwear / Headgear	3.05	0.98	-7.31	-13.98	-13.67	-8.08	2.36	20.61	3.75
Stone / Glass	6.05	-19.58	-36.80	-31.86	-25.78	9.27	38.02	41.84	-3.36
Metals	16.33	4.40	-26.57	-50.20	-51.83	-36.26	2.23	54.94	-22.85
Machinery / Electrical	4.25	-11.04	-22.35	-24.24	-19.14	0.24	15.53	27.59	-3.33
Transportation	-10.33	-23.18	-46.68	-46.07	-24.16	-0.58	44.25	61.07	-13.14
Miscellaneous	1.36	-6.11	-18.38	-22.45	-16.22	-9.16	11.34	21.28	-5.95
Total	14.56	-9.03	-29.88	-34.32	-28.87	-7.88	21.40	31.64	-13.54

Source: U.S.I.T.C. and authors' calculations.

Table 5: Japan's Import Growth by Industry
(Percentage change in Japanese Yen relative to the Same Quarter of the Previous Year)

Industry	2008		2009				2010		Q2 2010 rel to Q2 2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Animal & Animal Products	8.89	-2.69	-15.75	-18.17	-24.85	-20.24	-5.37	3.28	-15.49
Vegetable Products	32.26	3.80	-27.25	-32.01	-36.08	-27.33	2.82	3.38	-29.71
Foodstuffs	-3.71	-7.68	-7.86	-12.55	-11.63	-10.12	-1.77	7.68	-5.83
Mineral Products	59.13	-5.93	-47.90	-54.84	-54.19	-29.45	31.71	45.67	-34.22
Chemicals & Allied Industries	13.18	-1.55	-21.05	-22.02	-18.48	-8.95	21.25	21.48	-5.27
Plastics / Rubbers	11.46	1.49	-31.59	-37.42	-33.84	-24.58	20.51	46.50	-8.33
Raw Hides, Raw Hides, Leather & Furs	-8.04	-17.81	-16.16	-23.52	-20.65	-15.14	-9.42	6.18	-18.80
Wood & Wood Products	-1.62	-4.31	-17.87	-25.33	-28.87	-20.28	2.48	15.62	-13.67
Textiles	-1.52	-4.19	-6.72	-11.62	-14.42	-12.54	-7.94	2.44	-9.46
Footwear / Headgear	2.25	-2.45	-5.81	-6.77	-13.56	-18.94	-8.49	2.04	-4.86
Stone / Glass	6.63	-19.09	-47.89	-48.59	-43.74	-26.33	30.57	29.73	-33.30
Metals	4.70	-10.56	-47.95	-64.33	-56.51	-37.28	25.11	89.86	-32.27
Machinery / Electrical	-3.59	-17.91	-37.26	-29.54	-26.86	-12.09	24.60	24.78	-12.09
Transportation	5.52	-32.51	-43.37	-45.80	-42.78	1.04	0.26	33.34	-27.73
Miscellaneous	-4.33	-14.57	-30.03	-26.06	-23.51	-13.28	15.81	9.18	-19.27
Total	21.30	-9.63	-37.07	-40.38	-39.93	-21.07	19.12	28.51	-23.39

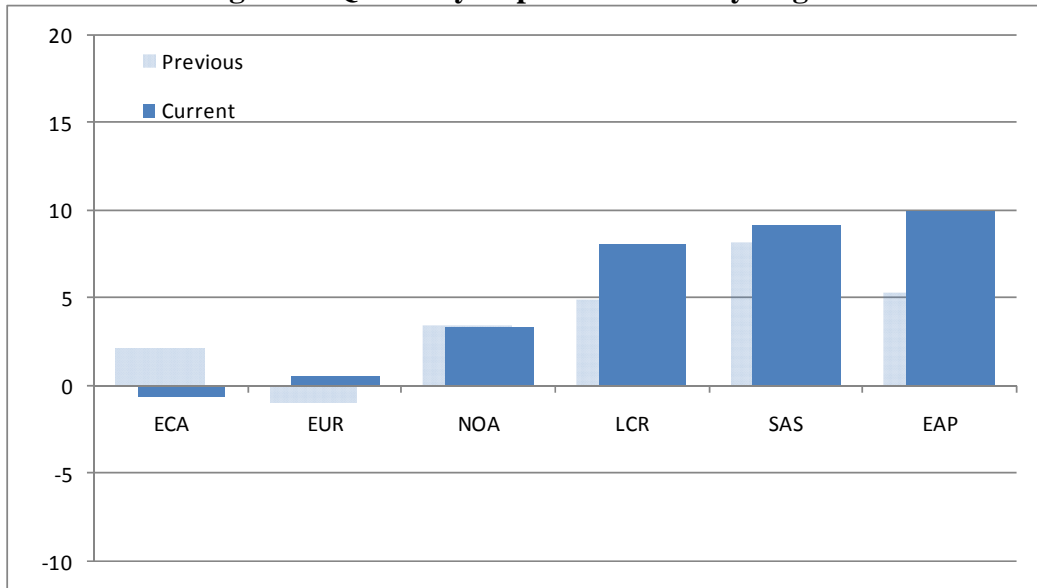
Source: Ministry of Finance, Japan, and authors' calculations.

Table 6: US and Japan Top-Ten Products by Growth/Decline in Imports relative to Q2 2008
(Percentage Change in Local Currency)

HS 2007 code	Definition	Growth (%)	HS 2007 code	Definition	Decline (%)
USA					
710812	Gold (incl. gold plated with platinum), in unwrought forms (excl. powder)	101	870322	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons, with spark-ignition internal combustion reciprocating piston engine, of a cylinder capacity >1000cc but not 1500cc	-65
847150	Processing units other than those of sub-heading 8471.41/8471.49, whether/not containing in the same housing one/two of the following types of units: storage units, input units, output units	58	271121	Natural gas, in gaseous state	-58
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether/not assembled in modules/made up into panels; light emitting diodes	47	271111	Natural gas, liquefied	-49
847149	Other automatic data processing machines, presented in the form of systems	45	281410	Anhydrous ammonia	-49
847130	Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard & a display	29	271011	Light petroleum oils & preparations	-46
847330	Parts & accessories of the machines of heading 84.71	28	271600	Electrical energy (optional heading)	-46
710691	Silver (incl. silver plated with gold/platinum), unwrought	25	880230	Aeroplanes & other aircraft, of an unladen weight >2000 kg but not >15000kg	-42
851712	Telephones for cellular networks/for other wireless networks, other than Line telephone sets with cordless handsets	22	880240	Aeroplanes & other aircraft, of an unladen weight >15000kg	-41
851762	Machines for the reception, conversion & transmission/regeneration of voice, images/other data, incl. switching & routing apparatus	20	970110	Paintings, drawings & pastels, executed entirely by hand (excl. drawings of 49.06 & other than hand-painted/hand-decorated manufactured articles)	-40
300490	Medicaments (excluding goods of heading 30.02/30.05/30.06/3004.10-3004.50)	19	852871	Reception apparatus for television, Not designed to incorporate a video display/screen	-37
Japan					
852872	Other colour reception apparatus for television, whether/not incorporating radio-broadcast receivers/sound/video recording/reproducing apparatus, black&white/other monochrome	321	100190	Wheat other than durum wheat; meslin	-67
851712	Telephones for cellular networks/for other wireless networks, other than Line telephone sets with cordless handsets	113	711031	Rhodium, unwrought/in powder form	-66
852190	Video recording/repr. apparatus other than magnetic tape-type, whether/not incorporating a video tuner, magnetic tape-type	56	261310	Molybdenum ores & concentrates, roasted	-64
852351	Semi-conductor media, solid-state non-volatile storage devices, for the recording of sound/of other phenomena, but excl. products of Ch. 37.	51	843149	Parts suit. for use solely/principally with the machinery of 84.26/84.29/84	-54
847130	Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard & a display	37	271019	Petroleum oils & oils obtained from bituminous minerals (other than crude)	-52
284420	Uranium enriched in U 235 & its compounds; plutonium & its compounds; alloys, dispersions (including cermets), ceramic products & mixtures containing uranium depleted in U 235, thorium/compounds of these products	34	841112	Turbo-jets, of a thrust >25 kN	-49
300490	Medicaments (excluding goods of heading 30.02/30.05/30.06/3004.10-3004.50)	33	711011	Platinum, unwrought/in powder form	-46
300210	Antisera & other blood fractions & modified immunological products, whether/not obtained by means of biotechnological processes	30	870324	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transport of persons (excl. of 87.02&8703.10-8703.24), with C-I internal combustion piston engine (diesel/semi-diesel), of a cylinder capacity > 1500cc but not >2500cc	-46
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether/not assembled in modules/made up into panels; light emitting diodes	28	270119	Coal other than anthracite & bituminous, whether/not pulverised but not agglomerated	-45
160232	Prepared/preserved preparations of fowls of the genus Gallus domesticus (excl. homogenised preparations)	27	848620	Machines & apparatus for the manufacture of semiconductor devices/of electronic integrated circuits	-45

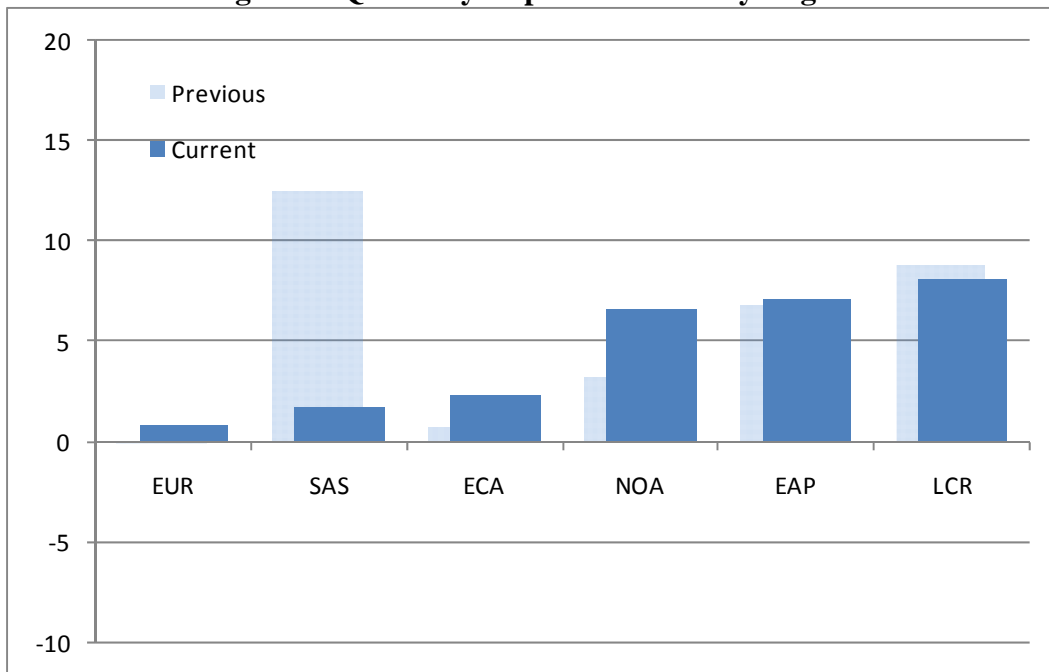
Note: Ranking is based only on products with imports larger than 0.1%.

Figure 1: Quarterly Export Growth* by Region



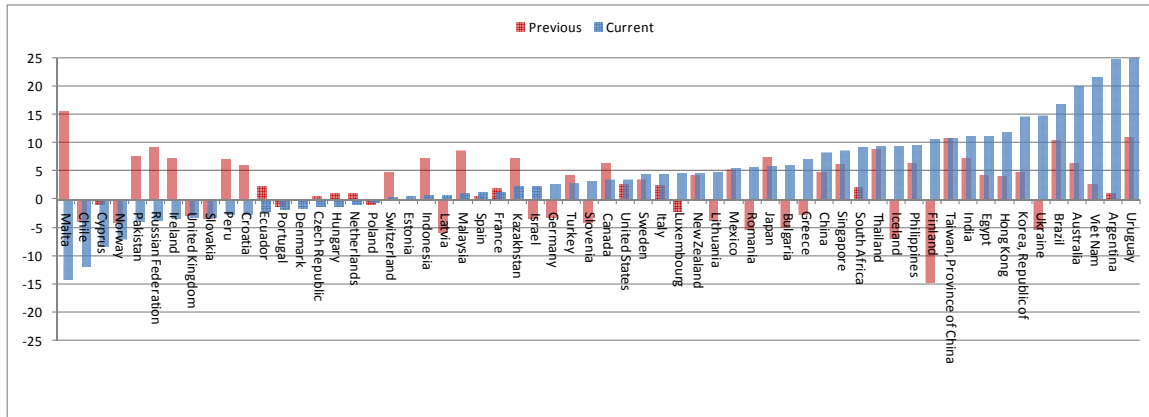
Source: Datastream, U.S. Commerce Department, U.S. Bureau of Labor Statistics and authors' calculations. Seasonally adjusted growth from the 1st quarter of 2010 to the 2nd quarter of 2010 in "Current" and from the 4th quarter of 2009 to the 1st quarter of 2010 in "Previous"; *Seasonally adjusted using time-region fixed effects and deflated using U.S. consumer price index.

Figure 2: Quarterly Import Growth* by Region



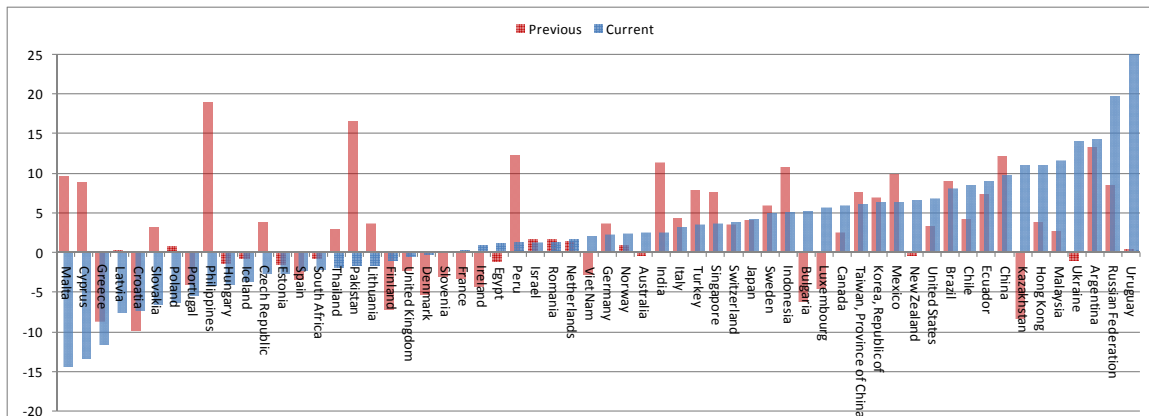
Source: Datastream, U.S. Commerce Department, U.S. Bureau of Labor Statistics and authors' calculations. Seasonally adjusted growth from the 1st quarter of 2010 to the 2nd quarter of 2010 in "Current" and from the 4th quarter of 2009 to the 1st quarter of 2010 in "Previous"; *Seasonally adjusted using time-region fixed effects and deflated using U.S. consumer price index.

Figure 3: Quarterly Export Growth by Country



Source: Datastream, U.S. Commerce Department, U.S. Bureau of Labor Statistics and authors' calculations. Seasonally adjusted growth from the 1st quarter of 2010 to the 2nd quarter of 2010 in "Current" and from the 4th quarter of 2009 to the 1st quarter of 2010 in "Previous"; *Seasonally adjusted using time-region fixed effects and deflated using U.S. consumer price index.

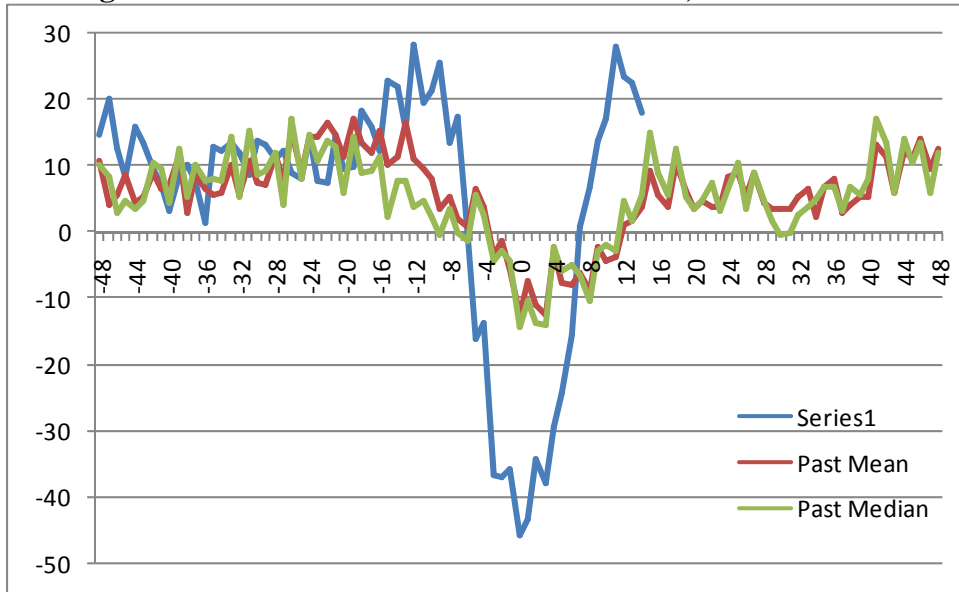
Figure 4: Quarterly Import Growth by Country



Source: Datastream, U.S. Commerce Department, U.S. Bureau of Labor Statistics and authors' calculations. Seasonally adjusted growth from the 1st quarter of 2010 to the 2nd quarter of 2010 in "Current" and from the 4th quarter of 2009 to the 1st quarter of 2010 in "Previous"; *Seasonally adjusted using time-region fixed effects and deflated using U.S. consumer price index.

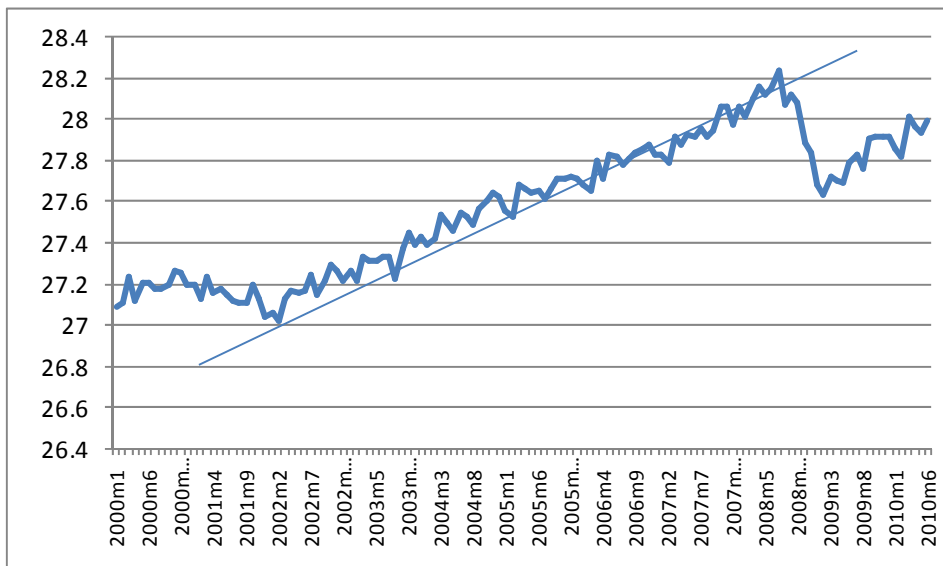
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Figure 5: Month-Over-Month Trade Growth, Now and Then



Source: Datastream, I.M.F., U.S. Commerce Department, U.S. Bureau of Labor Statistics and author's calculations. Data in US dollars for a balanced sample of 39 countries, deflated using U.S. consumer price index.

Figure 6: Natural Logarithm of World Imports



Source: Datastream, Bloomberg, U.S. Commerce Department and authors' calculations using a balanced sample of 60 economies reporting data. Imports are in current US dollars.