Flexport Research
Making Global Trade Easy for Everyone

## Trade Activity Forecast Shows Slowing, but Still Significant Growth

Flexport's Trade Activity Forecast augments traditional economic techniques for predicting US merchandise imports with Flexport's proprietary data. US merchandise imports are expected to slow seasonally into the year end, but still remain 12% higher year over year in November and 9% in December.

The Methodology: *The Flexport Trade Activity Forecast combines traditional economic statistics alongside Flexport's proprietary data and analysis to generate a forecast of US merchandise import growth. The use of additional data has been particularly important since the advent of the pandemic and resulting shift in trade patterns away from historic averages.*

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US merchandise imports in October 2021 increased by 2.7% sequentially and by 14.4% year over year according to US Bureau of Economic Analysis figures.

Fig. 1: Industrial Supplies Drive Growth in Imports

Year-Over-Year Change in US Merchandise Imports

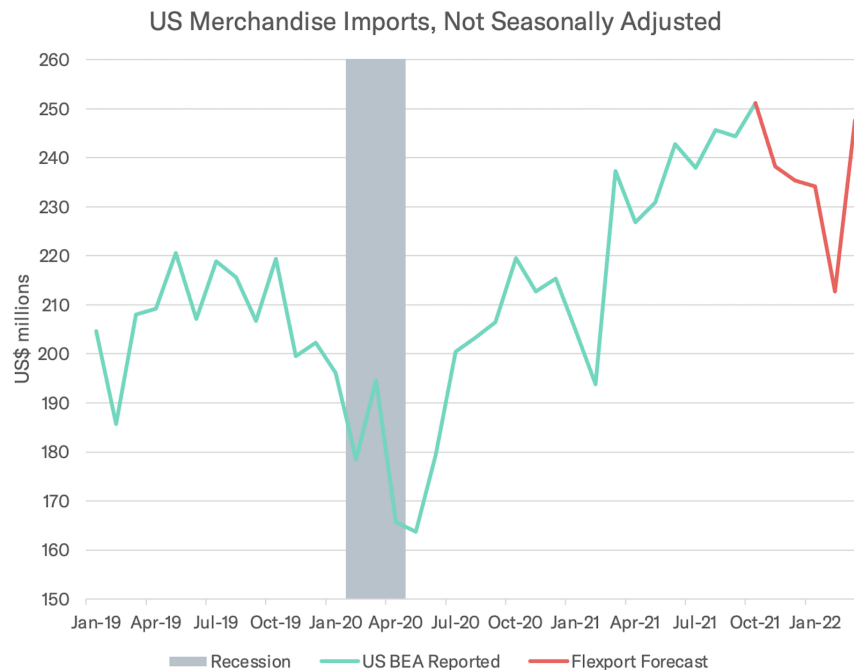Sources: Flexport, US Bureau of Economic Affairs.
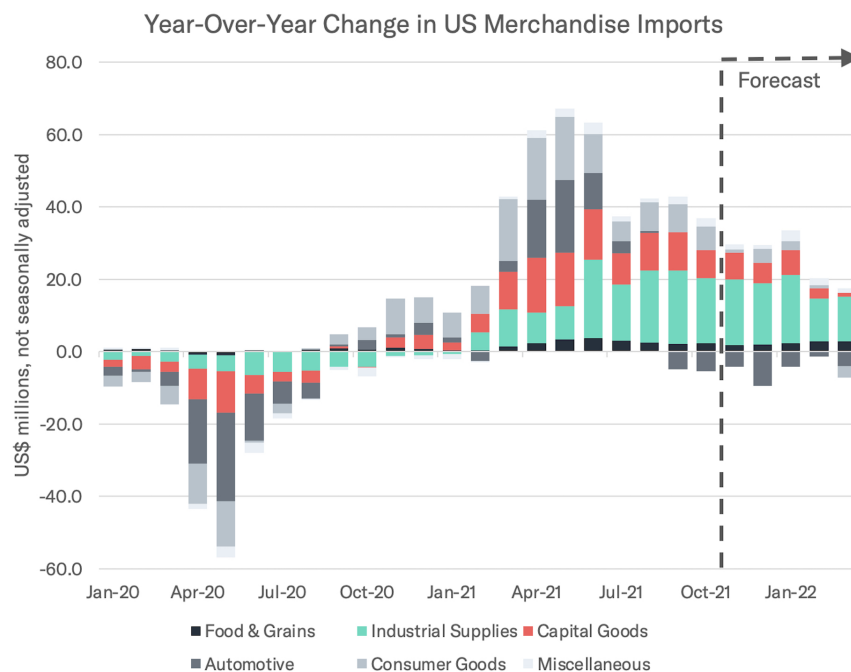
As shown in Figure 1, activity remains bifurcated with growth in commodity products leading the way due to higher prices, for example industrial supplies - including energy, energy derivatives and metals - rose by 46.8% year over year.

On the other hand the automotive sector remains in a downturn largely due to supply chain challenges, with imports which fell by 15.7% year over year across both vehicles and parts.

The boom in consumer goods purchasing has been a major driver of international trade activity and will continue to be key for logistics network developments in the year ahead, as discussed in Flexport's recent 2022 Outlook report.

Indeed, Flexport's Post-Covid Indicator suggests that the demand for goods relative to services may remain high into early 2022. The rate of consumer goods imports growth has slowed but was at a still-considerable 13.1% in October.

Fig. 2 Reversal in Import Trend Not Yet Visible

US Merchandise Imports, Not Seasonally Adjusted

Sources: Flexport, US Bureau of Economic Analysis.

Flexport's **Trade Activity Forecast (TAF), shown in Figure 2 in non-seasonally adjusted terms** calls for continued growth in industrial supplies while automotive shipments are expected to continue to decline. Consumer goods imports are expected to slow seasonally into the new year on a sequential basis while the rate of growth on a year-over-year basis will also slow.

In aggregate the TAF for November shows growth in total US imports of goods on a consumption basis of 12% year over year, slowing to 9% in December. On a sequential, non-seasonally adjusted basis that equates to a 5% drip in November and 1% in December.

The US Census Bureau will publish November 2021 trade data on Jan. 6 2022 and December 2021 data on Feb. 8, 2022. The next update of the Flexport Trade Activity Forecast is scheduled for Jan. 18, 2022.

Please direct questions about the Flexport TAF to economics@flexport.com.