ECONSTOR
Make Your Publications Visible.

A Service of
ZBW
Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

World business trends

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1972) : World business trends, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 07, Iss. 2, pp. 63-64,
https://doi.org/10.1007/BF02929161

This Version is available at:
https://hdl.handle.net/10419/138593

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

Realignment and Trade Flows

Last year the international trade and payments relations were exposed to serious troubles. From mid-August to mid-December the present economic order was jeopardised more than ever before during the post-war period by the setting-up of protectionist trade barriers, the general floating of exchange rates and increasing limitations of convertibility. The effects on the exchange of goods cannot yet be estimated, all the more since dockers' strikes in the USA distorted developments. But according to available data for the whole of 1971 an increase of foreign trade turnovers of all countries (excluding Eastern socialist states, in terms of dollar) by about 11 p.c. is still to be expected (after 14.6 p.c. in 1970).

Parity Changes and Prices

In comparison with the world economy's production development the international exchange of goods expanded again much more than proportional in 1971, too. The increase of the Western industrial countries' GNP in real terms by about 3.5 p.c. was accompanied by an expansion of world trade (adjusted for price) by approximately 6 p.c. (after 9 p.c. in 1970). For, the increase of average values in world trade by 5 p.c. is hardly smaller in 1971 than in the preceding year.

LDCs Keeping up

Western Europe and above all Japan participated again more than proportional in the expansion of world exports in 1971, while the USA and Canada could increase their export values only below average. It is to be pointed out that the developing countries (LDCs) could almost keep in step. This seems to be proven by the fact that during the period from January to September the OECD-countries' imports from this group of nations were 11.5 p.c. above the previous year's corresponding level (1970: +12.5 p.c.). Simultaneously the LDCs continued raising their imports vigorously. During this period the OECD-countries' deliveries to the LDCs surpassed by 15 p.c. the preceding year's corresponding values (1970: 14.5 p.c.).

1972: Trade Expansion

After the readjustment of exchange rates the cyclical determinants of world trade can also be better judged again. According to them the international growth of production will increase distinctly in 1972, again mainly due to the recovery in the USA. In Western Europe, however, cyclical expansion will remain moderate and the declining utilisation of capacities will dampen the propensity to invest. Considering all relevant factors for 1972 a growth rate of the international trade volume in the same magnitude as in 1971 is indicated again. Data on the development in nominal terms are of little significance in view of the new valuation of the US-$, which is used as the common denominator. In any case the parity changes alone should raise the (dollar) price component almost as much as in the preceding year.

The revaluation of all other currencies vis-à-vis the dollar reaches an average of approximately 6 to 7 p.c. The thus effected shift in competitive po-

Index Numbers of World Market Prices of Foodstuffs and Industrial Raw Materials

Index and commodity group	1970	1971				1972	
	December	March	June	September	December	Jan. 7	Jan. 21
HWWA-Index * (1952–1956 = 100)	**103.9**	**105.0**	**104.2**	**106.5**	**110.0**	**113.5**	**115.3**
Foodstuffs	102.3	102.9	99.7	97.7	104.5	112.3	115.1
Raw materials other than foodstuffs	104.6	106.0	106.4	110.8	112.6	114.1	115.3
Fuels	112.6	113.8	114.8	125.0	124.6	124.7	124.5
Raw materials for consumer goods	86.9	88.2	90.1	94.6	102.9	106.0	108.7
Raw materials for capital goods	108.5	110.3	109.0	107.6	107.2	108.9	110.6
Reuter's Index (18. 9. 1931 = 100)	**549.0**	**532.8**	**525.7**	**508.9**	**525.8**	**545.2**	**531.3**
Moody's Index (31. 12. 1931 = 100)	**382.9**	**378.1**	**376.5**	**361.3**	**373.6**	**378.1**	**395.1** [1]

* Index compiled by the Hamburg Institute for International Economics. On dollar-basis. [1] Jan. 20, 1972.

Since the frequent parity changes impaired the indicative value of the HWWA-Index as hitherto calculated and published here, in future our Index will be published on a dollar basis also in World Business Trends. This calculation, that for several years has been carried through on parallel lines, takes into consideration parity changes vis-à-vis the dollar. Other values than the monthly and annual averages published here may be obtained from our Department on Business Cycles and Statistics.

sitions influences not so much the total world trade volume but the direction of trade flows. What will mainly happen is an activation of the USA's trade balance that at long last will "burden" Western Europe's and Japan's economies. But these countries' foreign trade turnovers are so big that the average growth rates of their total exports in 1972 and 1973 need only decline by one percentage point and their total imports rise by one point, if a "swing" in the trade balances between $ 7 and 8 bn in favour of the rest of the world would happen.

Raw Material Markets

Recovery on the Copper Markets

The prices on the world copper markets increased remarkably in 1971 until April in spite of the large stocks of the producers, because a strike in the US-copper industry and a reduced production in the CIPEC-countries were expected. But the CIPEC-countries did not come to such a decision, and the production caused by the strike were lower than expected, so that until the end of 1971 the copper prices returned to the level of December 1970.

The now available statistics indicate for 1971 a slight consumption surplus of refined copper, after in 1970 a remarkable production surplus of 320,000 tons was reached. In the first nine months of 1971 with 5.33 mn tons, about 250,000 tons or 4.5 p.c. were less produced than in the previous year's corresponding period, while the consumption increased by about 1 p.c. up to 5.4 mn tons. But this improvement of the statistical situation in favour of the producers has recently only led to a stop of the price decrease and not to a new improvement of prices. In view of the large copper stocks of the producers the manufacturers restrained their purchases and used their own copper stocks. Under these circumstances the reduction of the producers' copper stocks with their downward pressure on prices made hardly any progress. At the end of October 1971 they still held stocks of 392,000 tons vis-à-vis 435,000 tons at the beginning of the year, and since July even a stock increase is to be observed. Even clearer was the manufacturers' restraint in purchases reflected by the development of copper stocks of the London Metal Exchange, which increased from 70,000 tons at the beginning of 1971 to 142,000 tons at the beginning of 1972.

Because of the business prospects in the Western industrialised countries a gradual strengthening of the demand for copper is to be anticipated.

The world copper production should probably also increase in 1972. In Canada, Australia, Congo and on the island Bougainville in the South Pacific new capacities will start operating.

Supposing in 1972 the consumption will increase more strongly than production and therefore the reduction of the excessive stocks held by the producers and the London Exchange will become possible, a recovery of the copper prices is to be expected. The different effects of the new monetary parities on the development of the copper prices in the USA and for example at the London Exchange are hardly to be anticipated accurately. They should have been discounted to a large extent during the preceding floating of major currencies vis-à-vis the dollar.

Compiled by the Department for Business Cycles and Statistics of the Hamburg Institute for International Economics

PUBLISHER: HWWA–Institut für Wirtschaftsforschung–Hamburg (Professor Dr Heinz-Dietrich Ortlieb, Dr Dietrich Kebschull) and Stiftung Deutsches Übersee-Institut (Professor Dr Günther Jantzen)

EDITORIAL BOARD:
Chief Editors: Carsten R. Moser, Otto G. Mayer

Assistant Chief Editor: Hubert Höping

Editors: Klaus Kwasniewski, Gert Romeyke

Editorial Production: Sabine Schwarz, Helga Lange

Address: Neuer Jungfernstieg 21, 2 Hamburg 36, Phone: (04 11) 35 62 307/308

PRODUCTION AND DISTRIBUTION:
Verlag Weltarchiv GmbH, Hamburg

Advertisements: Representative Dr Hans Klemen

Advertising Price List: No. 13 of January 1, 1971

Rates of Subscription: Single Issue: DM 4.20; Annual rate: DM 48.– (Students: DM 24.–)

Publication Dates: monthly

Printing: Otto Schwitzke, Hamburg

Address: Neuer Jungfernstieg 21, 2 Hamburg 36, Phone: (04 11) 35 62 500

Copyright by Verlag Weltarchiv GmbH