

Trade and the crisis: The Great Trade Collapse

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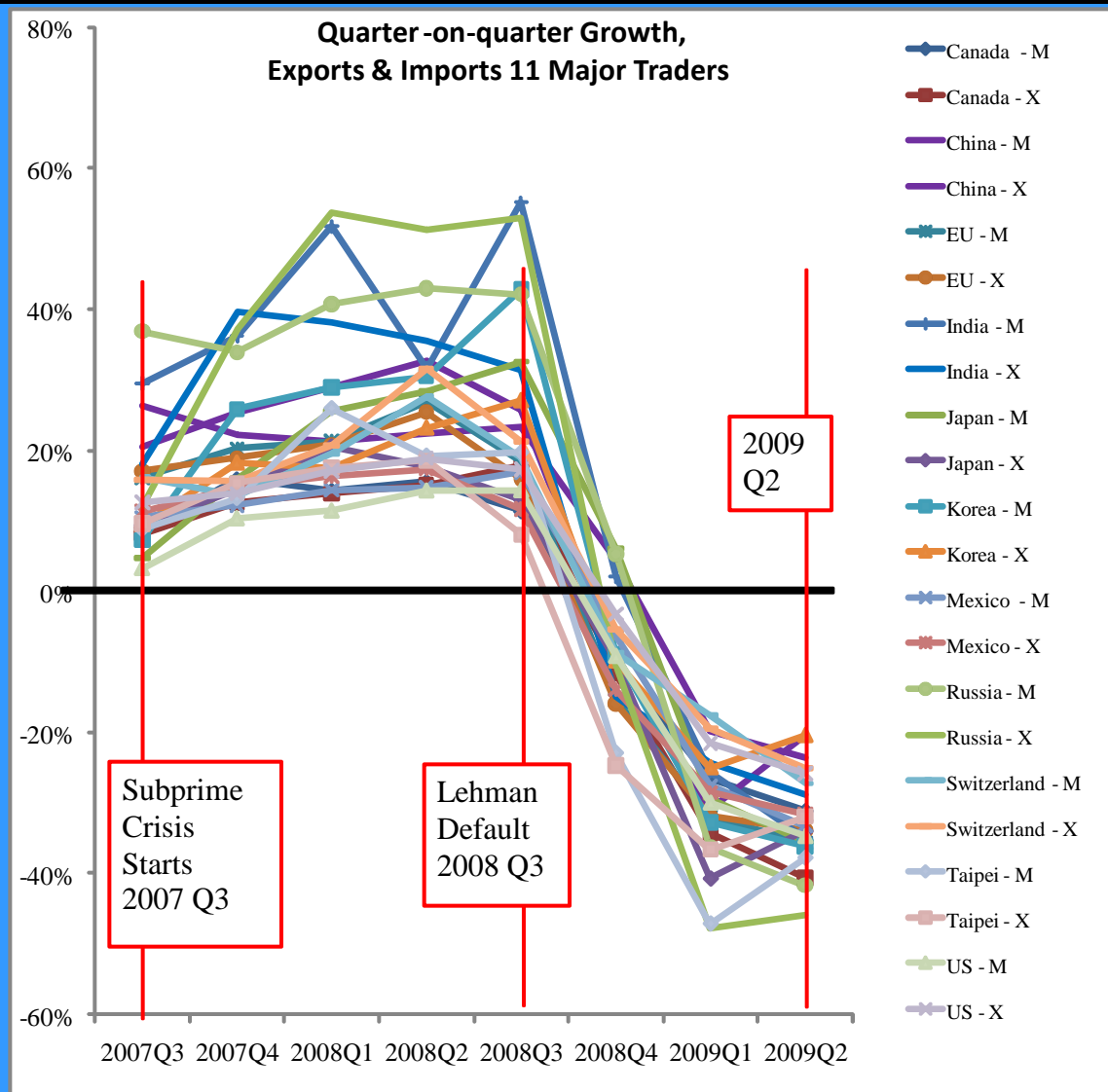
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The great trade collapse: 2008Q3 – 2009Q2

- Sudden
- Severe
- Synchronised



What caused it?

- Two global crises, not one.
 - North Atlantic banking crisis.
 - Subprime crisis wipes out “shadow banking” sector.
 - Rest of world
 - Sudden, severe & synchronized demand shock.

Cause of trade collapse

- Demand shock to “postpone-ables”

Trade recovery

- Uneven recovery as aggregate demand shock passes for Rest of world, but supply damage continues for North Atlantic, especially EU.

END: Thanks for listening

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eBook: “The Great Trade Collapse”
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