

World Trade Outlook Indicator 98.6
(Index, trend = 100)



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q2)	101.5	→
Export orders	96.6	↓
International air freight (IATA)	100.0	↓
Container port throughput	101.2	↓
Automobile production and sales	96.9	↓
Electronic components	93.9	↓
Agricultural raw materials	97.2	↓

Indicator signals further loss of momentum in trade growth into Q4

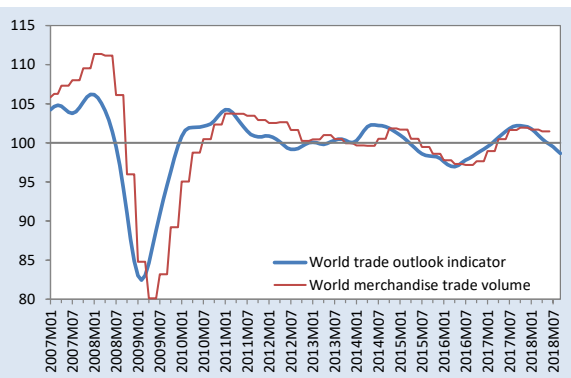
The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. The latest value of 98.6 is lower than the previous value of 100.3 and falls under the baseline value of 100 for the index, signalling that trade growth in the coming months will be below-trend. The most recent reading is the lowest since October 2016. The WTOI line in the chart underneath (blue) appears lower than the merchandise trade line (red) for Q2, which suggests that quarterly merchandise trade volume growth momentum will continue to soften going forward.

The further moderation in the overall WTOI index was driven by declines in all indices, with export orders (96.6) in particular continuing to decline steadily over the course of the year and remaining below trend. Indices for automobile production and sales (96.9), electronic components (93.9), and agricultural raw materials (97.2) have moved from on trend to below trend. Meanwhile, international air freight (100.0) and container port throughput (101.2) have dipped but remain on trend.

About the Indicator: Readings of 100 indicate growth in line with medium-term trends; readings greater than 100 suggest above trend growth, while those below 100 indicate the opposite. The direction of change reflects momentum compared the previous month. The chart below compares historical values of the WTOI to actual merchandise trade data. Trade volume growth tends to accelerate when the WTOI (blue line) is above the index for merchandise trade (red line), and decelerate when the WTOI is below the trade index.

World trade trajectory and momentum

World Trade Outlook Indicator and merchandise trade
(Index, trend = 100)



Changes in WTOI and component indices
(Point changes in index values)

	Month-on-month change			Year-on-year change
	2018 Jul.	2018 Aug.	2018 Sept.	2017 Sept.
WTOI	-0.3	-0.4	-0.4	-3.6
Export orders	-0.5	-0.4	-0.3	-6.2
Air freight	-0.3	-0.3	-0.4	-4.3
Container shipping	0.2	0.0	-0.2	-1.9
Automobiles	-0.8	-0.8	-0.6	-2.9
Electronics	-1.9	-1.8	-1.6	-5.7
Raw materials	0.2	-0.1	-0.2	-0.9

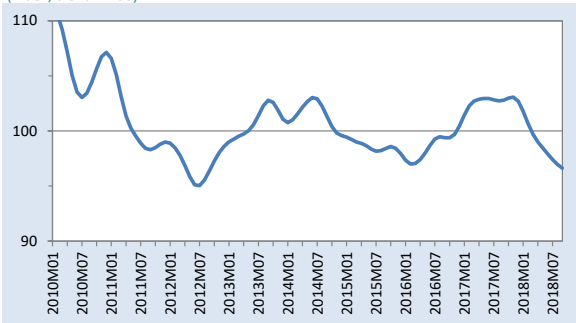
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

96.6

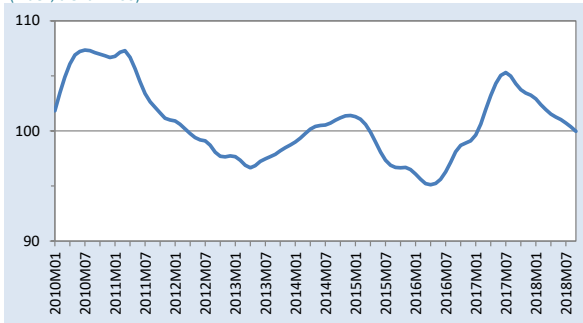
(Index, trend = 100)



International air freight (IATA)

100.0

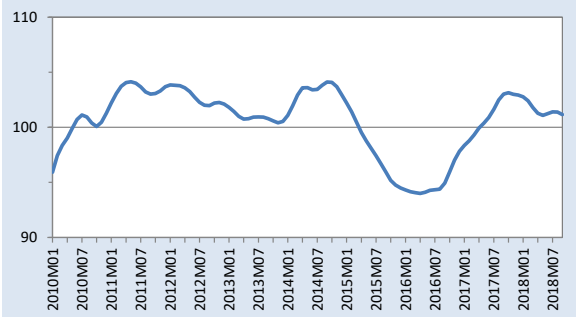
(Index, trend = 100)



Container port throughput

101.2

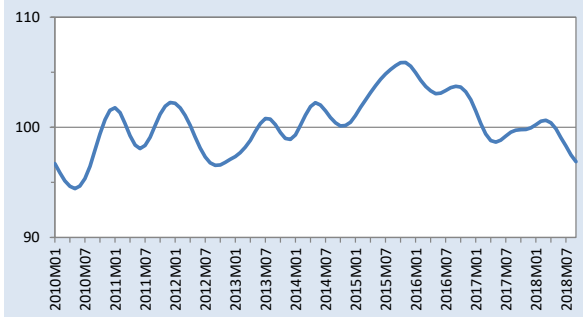
(Index, trend = 100)



Automobile production and sales

96.9

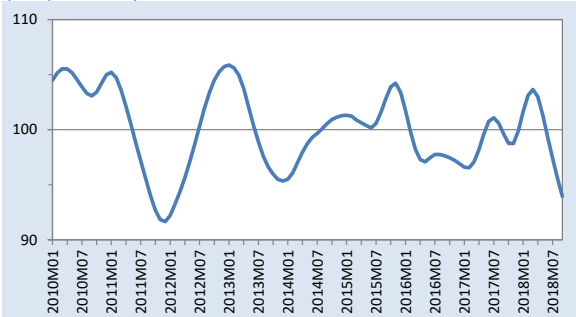
(Index, trend = 100)



Electronic components

93.9

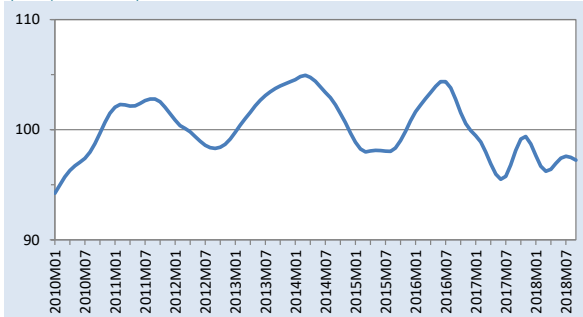
(Index, trend = 100)



Agricultural raw materials

97.2

(Index, trend = 100)



Data on international air freight courtesy of the International Air Transport Association (IATA). Air freight has proved to be a very timely indicator of overall world trade and an early signal of turning points in recessions. Further information and analysis available here:

Background: [http://www.iata.org/publications/economic-briefings/Air freight and world trade.pdf](http://www.iata.org/publications/economic-briefings/Air_freight_and_world_trade.pdf)

IATA Quarterly Analysis: <http://www.iata.org/cargochartbook>

IATA Monthly Analysis: <http://www.iata.org/freight-monthly-analysis>



Other sources: WTO Secretariat for quarterly merchandise trade volume, TDM Trade Data Monitor database for electronic components and agricultural raw materials, Institute for Shipping Economics and Logistics for container throughput. Export orders from IHS-Markit Global PMI.

Details on the methodology of the trade outlook indicator are available on the WTO website at the following address:

https://www.wto.org/english/news_e/news18_e/methodologywtoi_12feb18_e.pdf

Short-term WTO trade statistics (quarterly and monthly) can be obtained here:

https://www.wto.org/english/res_e/statis_e/short_term_stats_e.htm

The WTO issues a separate semi-annual trade forecasts projecting trade growth over two years. The latest release is available for download here:

https://www.wto.org/english/news_e/pres18_e/pr822_e.htm