

World Trade Outlook Indicator points to slower trade growth in first quarter of 2019

Trade weakness is likely to extend into the first quarter of 2019, according to the WTO's latest World Trade Outlook Indicator (WTOI). The most recent WTOI reading of 96.3 is the weakest since March 2010 and below the baseline value of 100 for the index, signalling below-trend trade expansion into the first quarter.



Source: PHD Research Bureau, compiled from WTO

The WTO downgraded its trade forecast last September amid escalating trade disputes and tighter credit market conditions. Trade growth is currently forecast to slow to 3.7% in 2019 from an expected 3.9% in 2018, but these estimates could be revised downward if trade conditions continue to deteriorate. Nevertheless, greater certainty and improvement in the policy environment could bring about a swift rebound in trade

growth.

Weakness in the overall index was driven by steep declines in the component indices, which appear to be under pressure from heightened trade tensions. Indices for export orders (95.3), international air freight (96.8), automobile production and sales (92.5), electronic components (88.7) and agricultural raw materials (94.3) have shown the strongest deviations from trend, approaching or surpassing previous lows since the financial crisis. Only the index for container port throughput remained relatively buoyant at 100.3, showing on-trend growth.

According to the trade outlook, temporary factors may have influenced some of the indices. Front-loading of imports ahead of anticipated US-China tariffs may have sustained container shipping to some extent, while technical problems in the German automotive sector may have contributed to weakness in automobile production and sales. It should be noted that below-trend growth in an index does not necessarily imply a decline in the underlying data.

Designed to provide "real time" information on the trajectory of world trade relative to recent trends, the WTOI is not intended as a short-term forecast, although it does provide an indication of trade growth in the near future. It aims to identify turning points and gauge momentum in global trade growth. As such, it complements trade statistics and forecasts from the WTO and other organizations. Readings of 100 indicate growth in line with medium-term trends; readings greater than 100 suggest above-trend growth, while those below 100 indicate below trend growth.

Please find enclosed the full World Trade Outlook Indicator for your kind reference.

Please contact for any query related to this mail to Ms. Bhawna Kakkar, Research Associate at bhawna.kakkar@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in, and Ms. Surbhi Sharma, Associate Economist at surbhi@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,
Dr S P Sharma
Chief Economist
PHD Chamber of Commerce and Industry



NATIONAL APEX CHAMBER

PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

Follow us on



"Towards an Inclusive & Prosperous India"



PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947



COPYRIGHT: All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

DISCLAIMER: This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.