

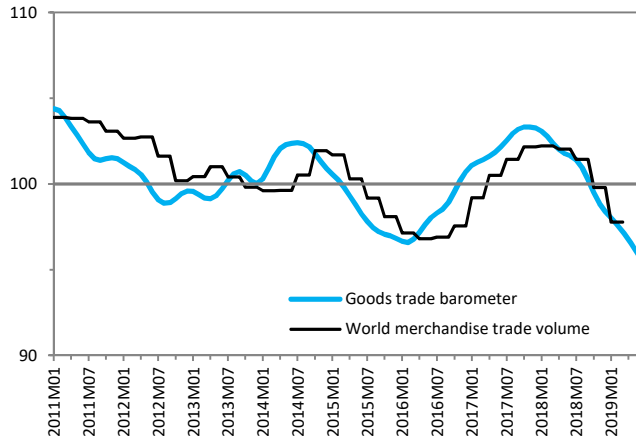
Revamped trade indicator shows goods trade to remain weak in Q3

Goods trade barometer

Index value, June 2019

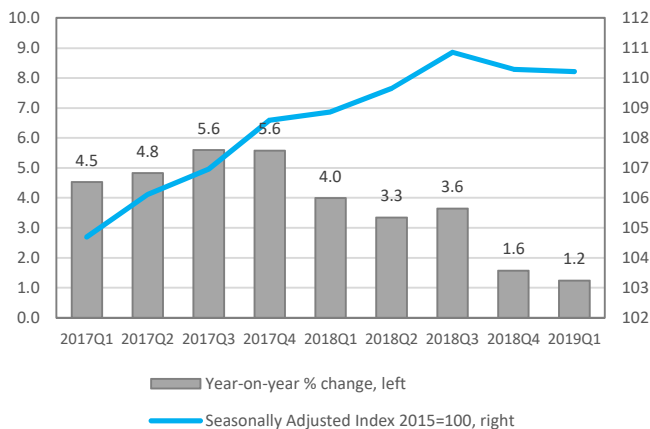


Index history, trend = 100



The WTO's Goods Trade Barometer, formerly the World Trade Outlook Indicator, provides real-time information on the trajectory of world trade relative to recent trends. The latest reading of 95.7 is lower than the baseline value of 100 for the index, suggesting that the volume of world merchandise trade will likely remain below its medium-run trend into the third quarter of 2019.

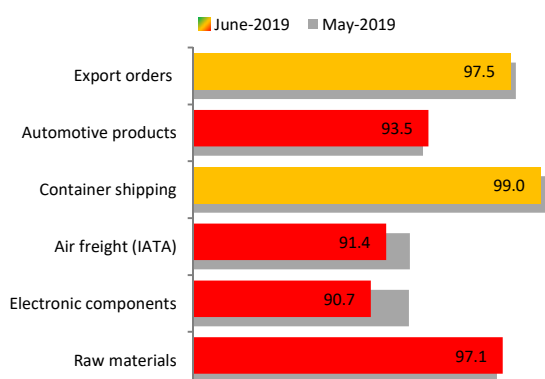
World merchandise trade volume



Goods trade has been losing momentum for many months, as evidenced by declining rates of year-on-year growth in the volume of world merchandise trade, shown in the chart to the left. According to the latest WTO quarterly trade volume statistics, merchandise trade was up 1.2% year-on-year in the first quarter of 2019, compared with 4.0% in the same quarter of last year. The latest barometer reading suggests that goods trade will likely remain weak in the second quarter and into the third once comprehensive data for those periods are released.

Drivers of goods trade

Component index values, trend = 100

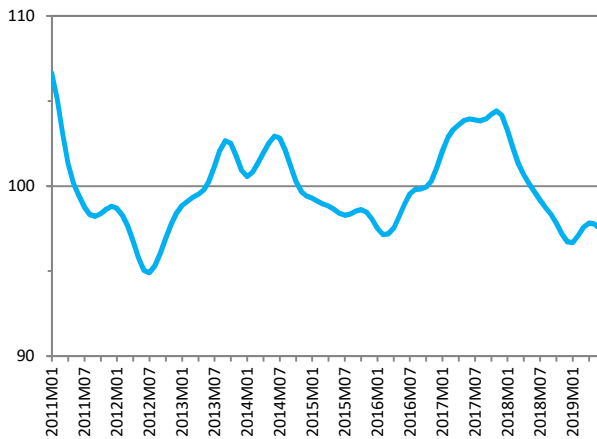


Sustained weakness in the barometer index was driven by below trend values in all component indices. The international air freight (91.4) and electronic components (90.7) indices showed the strongest deviations from trend, with readings well below the previous release. Indices for export orders (97.5), automobile production and sales (93.5) and agricultural raw materials (97.1) all remained below-trend although they show signs of having bottomed out. Only the index for container shipping (99.0) was close to the baseline value of 100.

Component indices

Export orders

(Index, trend = 100)

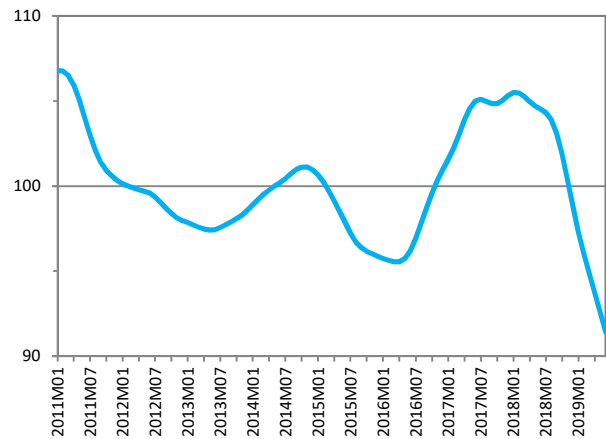


Source: IHS Markit.

97.5

International air freight (IATA)

(Index, trend = 100)

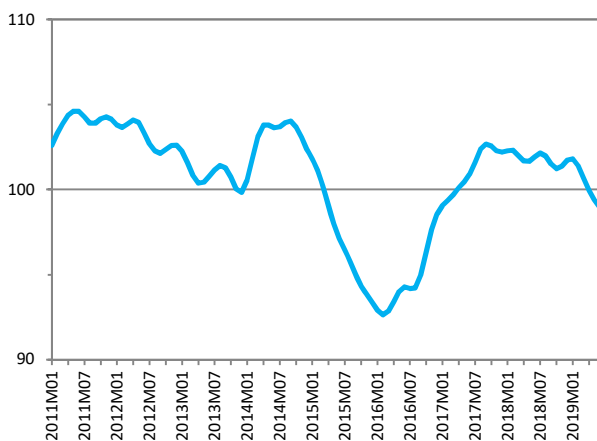


Source: IATA.

91.4

Container port throughput

(Index, trend = 100)

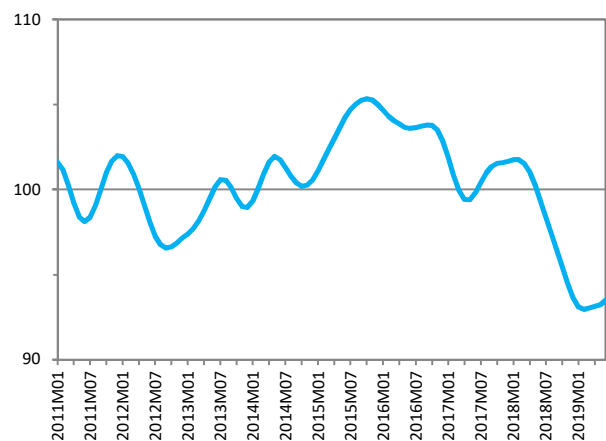


Source: ISL.

99.0

Automobile production and sales

(Index, trend = 100)

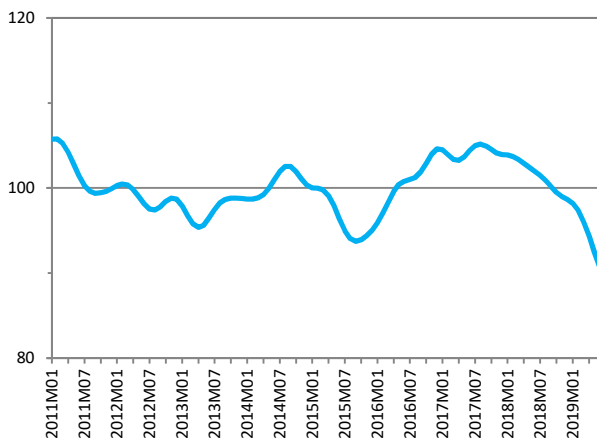


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

93.5

Electronic components

(Index, trend = 100)

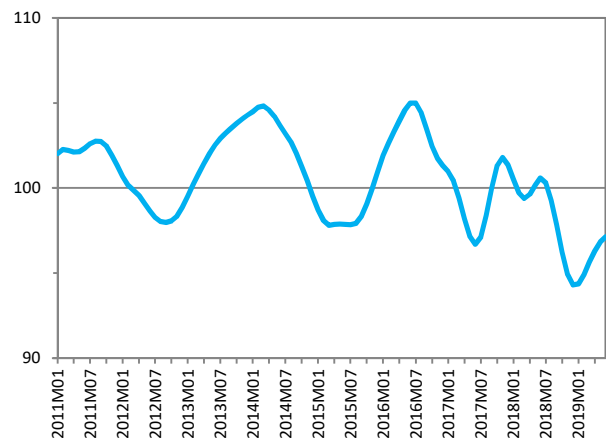


Source: TDM.

90.7

Agricultural raw materials

(Index, trend = 100)



Source: TDM.

97.1



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/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/news19_e/methodology_wtoi_15aug19_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/pres19_e/pr837_e.htm