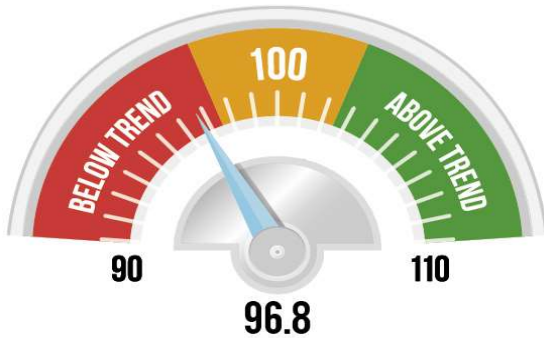


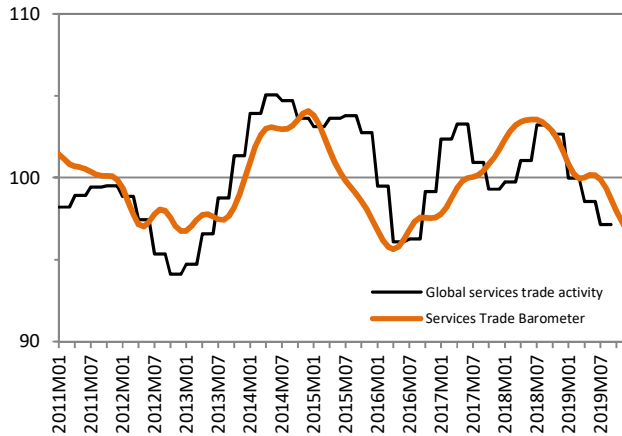
## Services trade growth weakens as COVID-19 crisis hits global economy

### Services Trade Barometer

Index value, December 2019



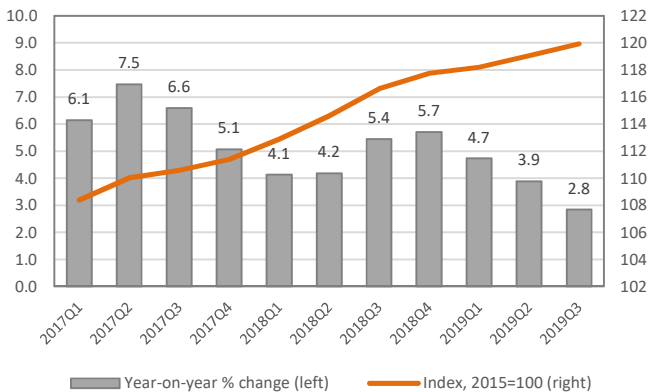
Index history, trend = 100



World services trade growth continued to weaken toward the end of 2019 and into the first quarter of 2020 according to the WTO's Services Trade Barometer. The latest reading of 96.8 is a further decline from 98.4 recorded last September and below the baseline value of 100, suggesting that a recovery is not yet in sight. The indicator does not yet fully reflect the economic impact of the COVID-19 virus and may decline further in the coming months.

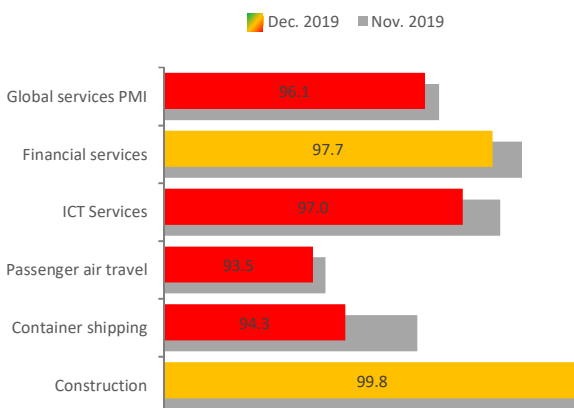
### Global services trade activity

Seasonally-adjusted index, 2005=100



Growth in the services trade activity index remains positive, but it has slowed over the past year or so. Year-on-year growth in the index fell to 2.8% in 2019Q3, down from a recent high of 5.7% in 2018Q4. The current barometer reading and the spread of COVID-19 suggest that services trade may slow further in coming periods.

### Drivers of services trade

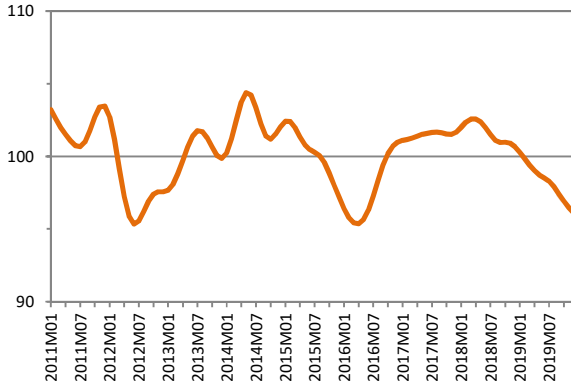


Among the barometer's components, the largest declines were in passenger air travel (93.5) and container shipping (94.3). Both indices cover developments through January and may partly reflect early efforts to halt the spread of the disease, which intensified toward the end of the month. Indices for financial services (97.7) and ICT services (97.0) also dipped below trend, while the construction index (99.8) held steady. The global services PMI (96.1) is the most forward-looking barometer component, reflecting expectations that COVID-19 will continue to weigh on services trade in the near term.

## Component indices

### Global services Purchasing Managers' Index 96.1

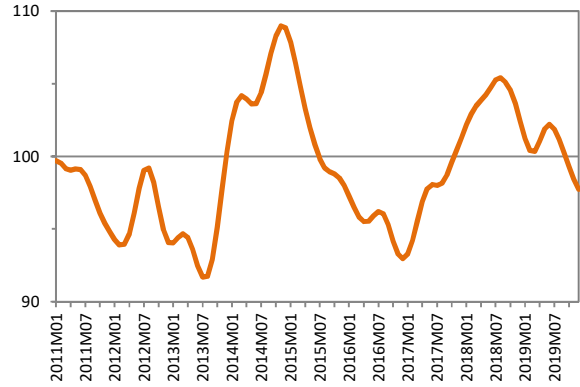
(Index, trend = 100)



Source: IHS-Markit.

### Global financial transactions 97.7

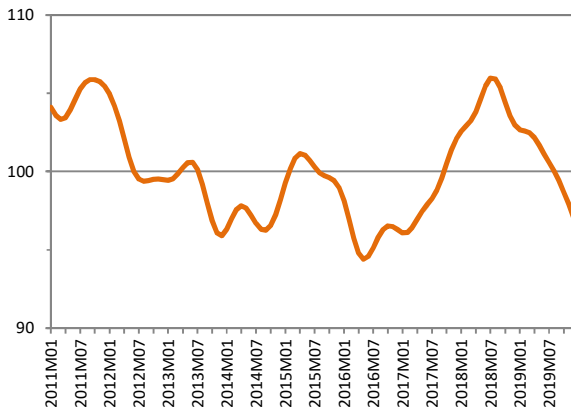
(Index, trend = 100)



Source: SWIFTNet.

### Information, computer and telecom services 97.0

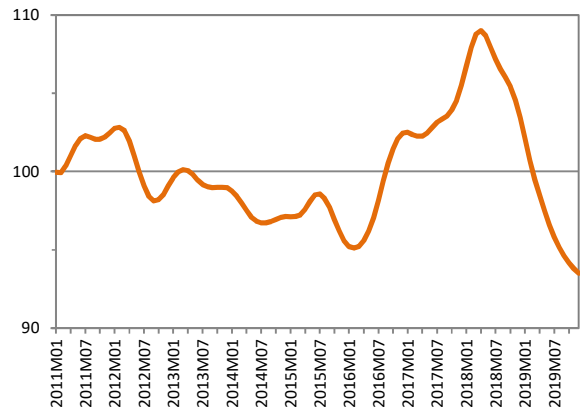
(Index, trend = 100)



Source: Federal Reserve Bank of San Francisco, Eurostat, China National Bureau of Statistics.

### Global revenue passenger kilometers (IATA) 93.5

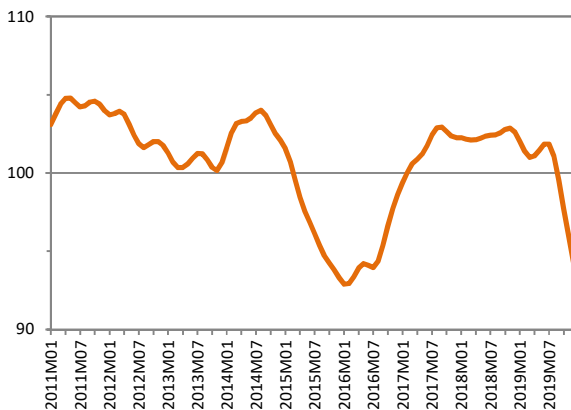
(Index, trend = 100)



Source: IATA.

### Container port throughput 94.3

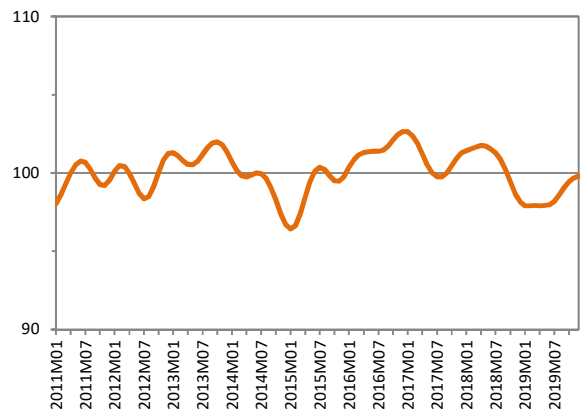
(Index, trend = 100)



Source: Institute for Shipping Economics and Logistics (ISL).

### Building permits in selected economies 99.8

(Index, trend = 100)



Sources: National statistics for France, Germany, Japan, the United States and China.

## Notes

### Notes:

- The Services Trade Barometer (STB) is a composite coincident indicator of world services trade activity, combining six component indices. The services trade activity is an approximate measure of the volume of world services trade calculated by adjusting nominal services trade statistics to account for changes in prices and exchange rates.
- Readings of 100 in the Services Trade Barometer 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 to the previous month.
- Component indices of the STB are derived from various sources and are seasonally-adjusted, smoothed, de-trended and amplitude adjusted by the WTO Secretariat. As a result, values differ from original data series. For more information on interpretation, see methodological note.

### Sources :



Data on air passengers (Industry-wide revenue passenger kilometers) courtesy of the International Air Transport Association (IATA). Further information and analysis available here:

IATA Economics: <https://www.iata.org/en/publications/economics/>

Monthly Analysis: <https://www.iata.org/en/publications/economics/?Search=&EconomicsL2=146&Ordering=DateDesc>

- Other sources: WTO Secretariat for commercial services trade activity data, IHS-Markit for Services PMI headline index, SWIFT for SWIFTNet FIN traffic data, China National Bureau of Statistics for volume of telecommunication services data and real estate building starts data, Eurostat for EU28 telecommunications production volume index and building permits index for Germany and France, Federal Reserve Bank of San Francisco for Techpulse index, Federal Reserve Bank of St. Louis for US construction spending data, Statistics Bureau of Japan for building construction starts data and the Institute of Shipping Economics and Logistics for container throughput data.

Details on the methodology of the Services Trade Barometer are available on the WTO website at the following address:

[https://www.wto.org/english/news\\_e/news19\\_e/metodology\\_wtoi\\_12sep19\\_e.pdf](https://www.wto.org/english/news_e/news19_e/metodology_wtoi_12sep19_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](https://www.wto.org/english/res_e/statis_e/short_term_stats_e.htm)