

World merchandise trade expected to remain below trend in Q4 of 2019: WTO's Goods Trade Barometer

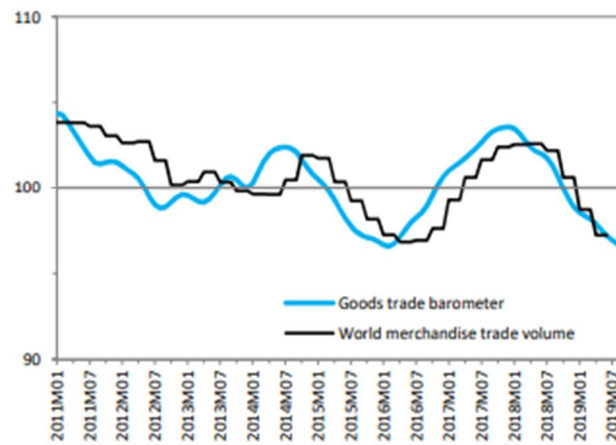
World merchandise trade is expected to remain below trend into the fourth quarter of 2019, according to the WTO's latest Goods Trade Barometer. The indicator's reading of 96.6 marks a slight improvement compared to the 95.7 registered in August 2019, but it remains well below the index's baseline value of 100, signalling below average growth.

Goods trade barometer

Index value, September 2019



Index history, trend = 100



Source: PHD Research Bureau, PHDCCI compiled from WTO

The Goods Trade Barometer provides "real time" information on the trajectory of world merchandise trade volumes relative to recent trends. Some components of the barometer have stabilized since the last reading in August, while others remain on a downward trajectory reflecting heightened trade tensions and rising tariffs in key sectors.

Indices for export orders (97.5), automotive products (99.8), and container shipping (100.8) have firmed up into on-trend territory. However, the indices for international air freight (93.0), electronic components (88.2), and raw materials (91.4) have all deteriorated further below trend. Electronic components trade was weakest of all, possibly reflecting recent tariff hikes affecting the sector.

Official data confirm the loss of momentum in goods trade foreseen by the Goods Trade Barometer earlier this year. According to the latest WTO quarterly trade volume statistics, merchandise trade rose by only 0.2% year-on-year in the second quarter of 2019, compared with 3.5% in the same quarter of last year.

Like its counterpart for services, the Goods Trade Barometer aims to gauge momentum and identify turning points 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 Goods Trade Barometer of WTO for your kind reference.

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