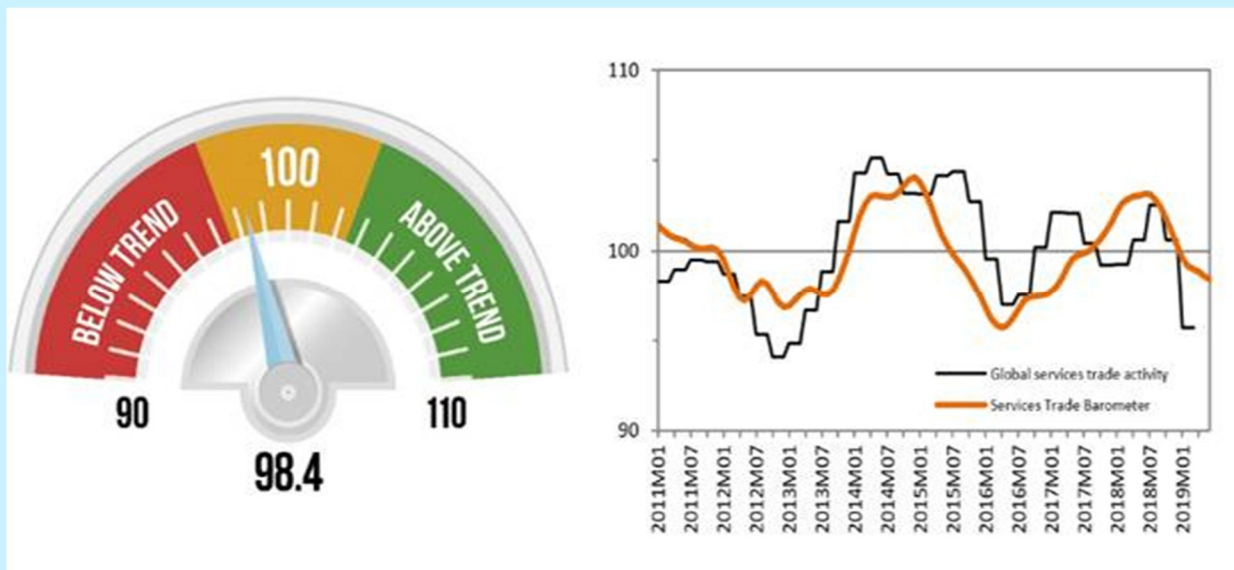


World services trade weakens into second half of 2019: WTO's Services Trade Barometer

World trade in commercial services lost momentum through the second quarter of 2019 according to the WTO's new Services Trade Barometer. The index's reading of 98.4 is below the baseline value of 100, suggesting that services trade continued to face strong headwinds leading into the second half of the year.



Source: PHD Research Bureau, PHDCCI compiled from WTO

The barometer is part of the WTO's efforts to develop new insights into services trade. Its June reading indicates a further weakening after services trade growth slowed during the first quarter of 2019. For comparison, during a recent peak in July 2018, the barometer registered

103.1.

Declines in most of the Services Trade Barometer's component indices drove the second quarter softening, as they signalled a broad loss of momentum across various services sectors. The passenger air travel index (95.6), construction index (97.0), and global services Purchasing Managers' Index (97.2) all fell further below trend in June. The financial services index (99.7) also dipped, finishing slightly below trend. The index for information and communication technology services (100.3), meanwhile, fell from well above trend in mid-2018 to on-trend in June. In contrast, the container shipping index (100.8) was slightly above trend and rising in June, following a multi-month slowdown.

Despite the overall loss of momentum since the start of 2019, services trade has generally held up better than goods trade since the latter is more directly affected by recent trade tensions. The importance of services trade to the global economy will be explored in greater depth in the forthcoming World Trade Report.

The Services Trade Barometer, which will be released two times per year, highlights turning points and changing patterns in world services trade. Unlike its counterpart for goods, the fluctuations registered by the services indicator coincide with movements in actual trade flows, rather than anticipating them. 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.

Please find enclosed the full Services Trade Barometer of WTO for your kind reference.

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