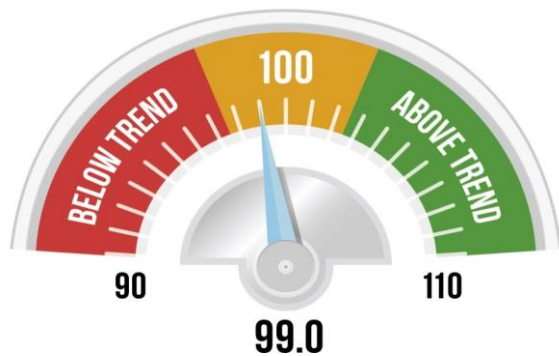


## World Trade Outlook Indicator

Release date: 8 July 2016

**World Trade Outlook Indicator** 99.0

(Index, trend = 100)



### Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q1)	96.9	↓
Export orders	101.3	↑
International air freight (IATA)	98.0	→
Container port throughput	97.1	→
Automobile production and sales	100.0	↓
Electronic components	95.0	↓
Agricultural raw materials	106.5	↑

### Latest data suggest trade growth to remain sluggish into the third quarter

The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. With a current reading of 99.0, the WTOI is slightly below trend, signalling continued sluggish trade growth in July and August. Still, the WTOI was more positive than the WTO's quarterly merchandise trade volume index after a weak result in Q1. This suggests that world merchandise trade may rebound in Q2 but that the underlying weakness will likely persist into Q3.

Component indices derived from original sources and adjusted by the WTO give a mixed picture. Export orders of leading trading economies have rebounded above trend and continue to pick up. However, international air freight data (IATA) and container port throughput remain weak but show signs of stabilizing. Automobile sales and production have fallen back to trend after rising sharply earlier in the year. Electronic components trade has dipped sharply and is losing momentum, while trade in agricultural raw materials has picked up.

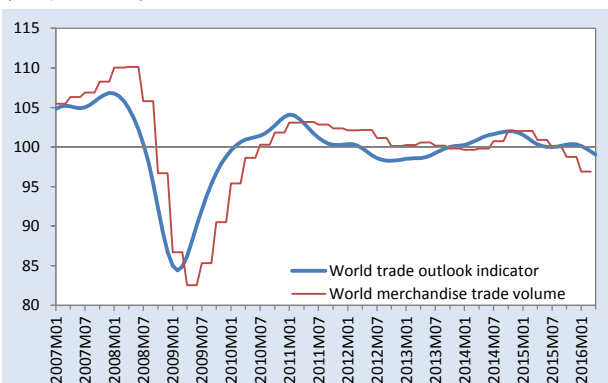
#### About the Indicator

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 reverse. The direction of change reflects momentum compared the previous month. The chart below compares historical values of the WTOI to actual merchandise trade data. Trade volume growth tends to accelerate when the WTOI (blue line) is above the index for merchandise trade (red line), and decelerate when the WTOI is below the trade index.

### World trade trajectory and momentum

#### World Trade Outlook Indicator and merchandise trade

(Index, trend = 100)



#### Changes in WTOI and component indices

(Point changes in index values)

	Month-on-month change			Year-on-year change
	2016 Feb.	2016 Mar.	2016 Apr.	2016 Apr.
WTOI	-0.3	-0.4	-0.4	-1.3
Export orders	0.9	0.9	0.8	2.1
Air freight	-0.4	-0.4	-0.4	-3.2
Container shipping	-0.2	-0.3	-0.3	-4.0
Automobiles	-1.3	-1.3	-1.2	-1.2
Electronics	-1.4	-1.3	-1.3	-4.3
Raw materials	1.3	1.0	0.6	9.5

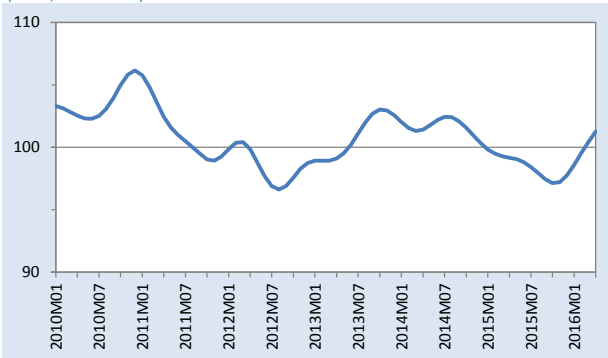
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

## Component indices

### Export orders

101.3

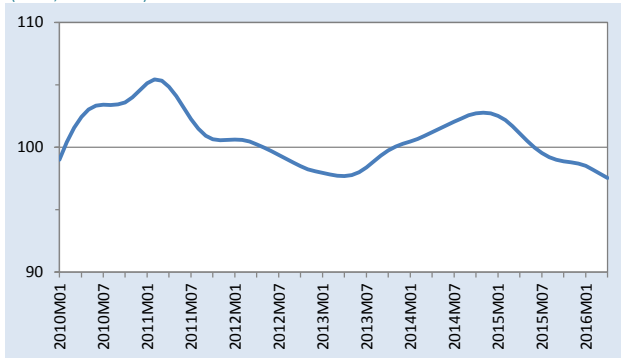
(Index, trend = 100)



### International air freight (IATA)

98.0

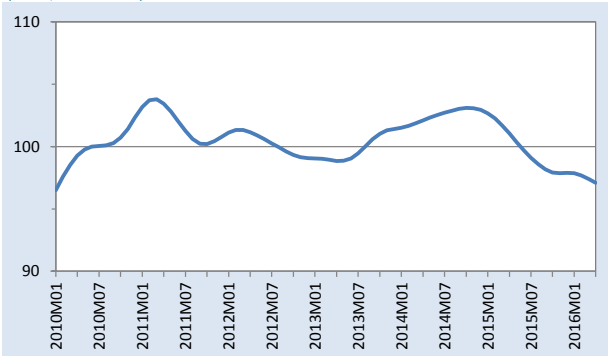
(Index, trend = 100)



### Container port throughput

97.1

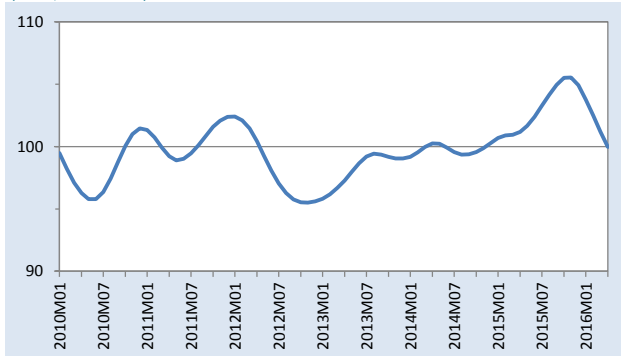
(Index, trend = 100)



### Automobile production and sales

100.0

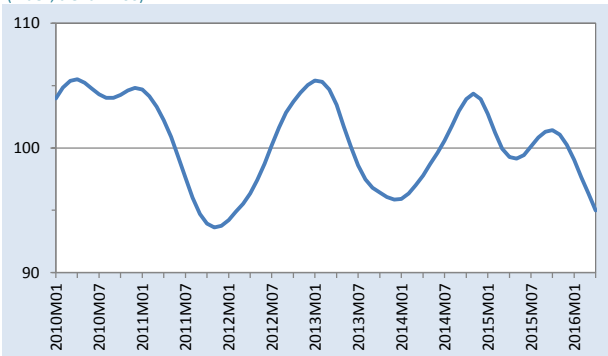
(Index, trend = 100)



### Electronic components

95.0

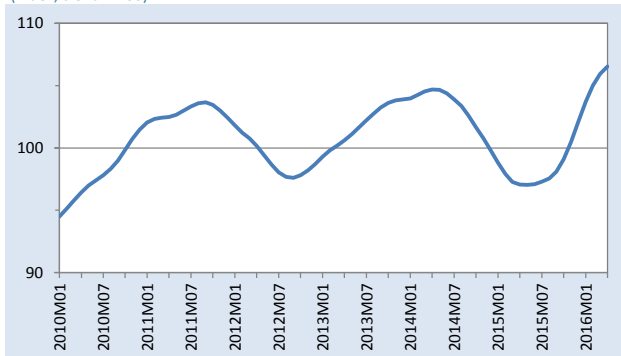
(Index, trend = 100)



### Agricultural raw materials

106.5

(Index, trend = 100)



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%20freight%20and%20world%20trade.pdf)

IATA Quarterly Analysis: <http://www.iata.org/cargochartbook>

IATA Monthly Analysis: <http://www.iata.org/freight-monthly-analysis>

Other sources: WTO Secretariat for quarterly merchandise trade volume, IHS Global Trade Atlas database for electronic components and agricultural raw materials, port authorities and national statistical agencies for container shipping. Export orders from national sources: National Bureau of Statistics for China, Federal Reserve Bank of St. Louis for the United States, Deutsche Bundesbank for Germany.

Details on the methodology of the trade outlook indicator are available on the WTO website at the following address:

[www.wto.org/WTO](http://www.wto.org/WTO)

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)

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/pres16\\_e/pr768\\_e.htm](https://www.wto.org/english/news_e/pres16_e/pr768_e.htm)