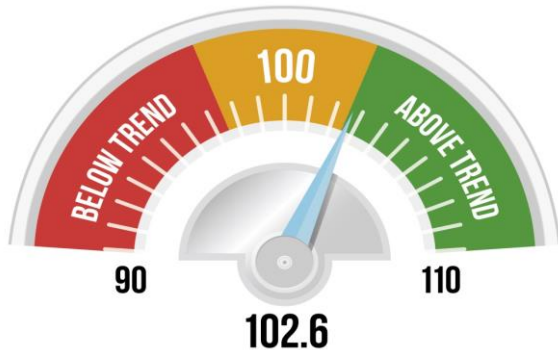


World Trade Outlook Indicator

Release date: 07 August 2017

World Trade Outlook Indicator 102.6
(Index, trend = 100)



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q2)	99.9	↑
Export orders	102.9	→
International air freight (IATA)	107.9	↑
Container port throughput	104.2	↑
Automobile production and sales	95.3	↓
Electronic components	100.4	↑
Agricultural raw materials	98.8	↑

WTOI points to continuing modest recovery of trade in third quarter of 2017

The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. The latest reading of 102.6 for June is above trend and rising, signalling strengthening trade growth in the third quarter (July-September).

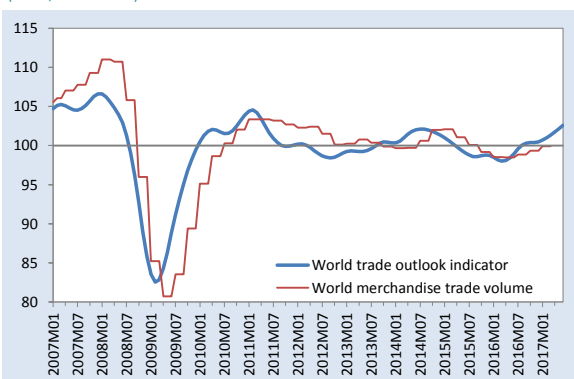
Component indices for international air freight and container port throughput are both up sharply, indicating increasing international shipments of goods. Indices for electronic components and agricultural raw materials have also turned up recently. On the other hand, automobile production and sales have weakened, suggesting deteriorating consumer confidence. Export orders are above trend but have plateaued, which suggests that upward momentum in trade growth may have peaked. If so, trade growth would be expected to moderate toward the end of the year. These results are slightly stronger than the WTO's most recent forecast of 12 April 2017, which predicted moderate trade growth in 2017 following a weak expansion last year. The next WTO trade forecast update will be issued in late September or early October.

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 opposite. 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
	2017 April	2017 May	2017 June	2017 June
WTOI	0.4	0.4	0.4	3.6
Export orders	0.2	0.2	0.1	4.5
Air freight	1.1	1.2	1.2	10.0
Container shipping	0.6	0.6	0.5	6.7
Automobiles	-1.1	-0.9	-0.7	-5.6
Electronics	0.6	0.7	0.7	0.6
Raw materials	0.3	0.4	0.5	-4.4

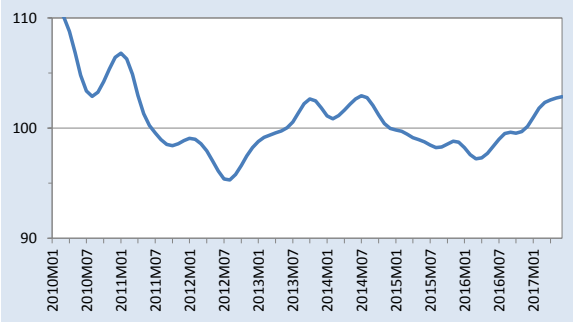
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

102.9

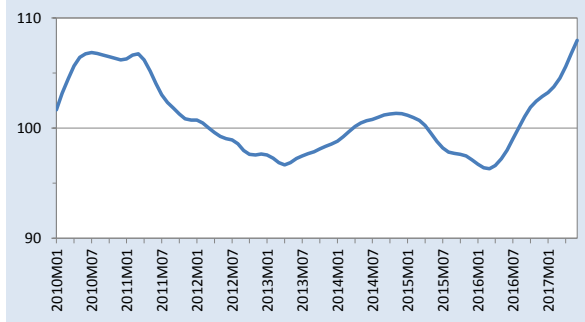
(Index, trend = 100)



International air freight (IATA)

107.9

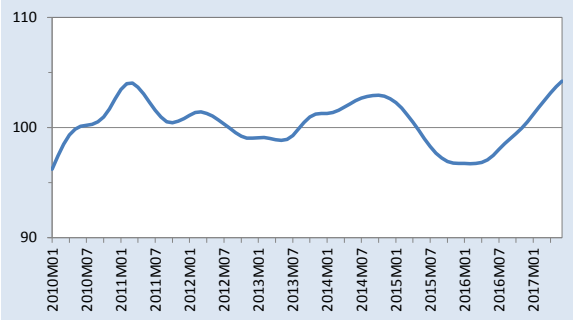
(Index, trend = 100)



Container port throughput

104.2

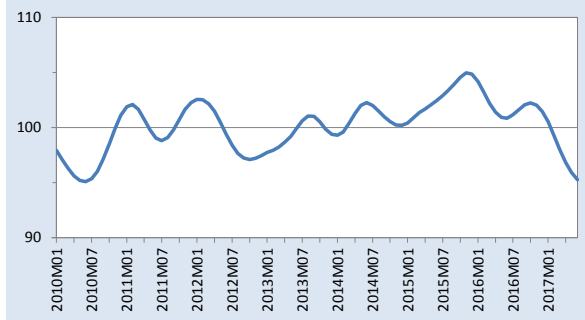
(Index, trend = 100)



Automobile production and sales

95.3

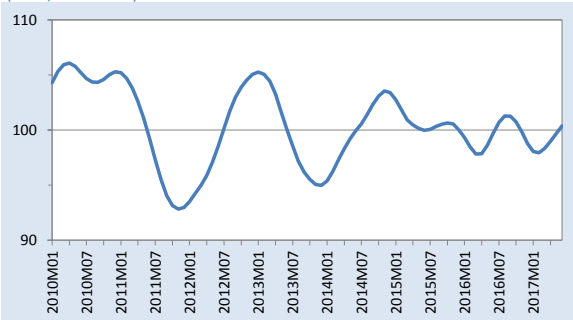
(Index, trend = 100)



Electronic components

100.4

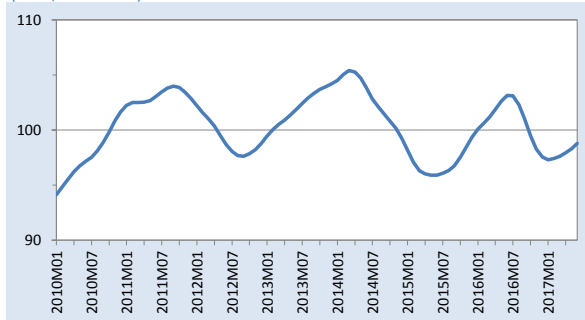
(Index, trend = 100)



Agricultural raw materials

98.8

(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_freight_and_world_trade.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 sourced from from IHS Markit.

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

www.wto.org/WTOI

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/pres16_e/pr768_e.htm