WTOI suggests moderating trade growth in fourth 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 102.2 suggests more moderate trade growth in Q4 following stronger growth earlier in the year. Meanwhile, world merchandise trade volume is in line with the WTOI, signalling stable trade growth in Q3 once complete figures of this period are available.

The WTOI component index for export orders remains above trend but has turned down recently, suggesting that trade growth will moderate but remain fairly strong in the coming months. Indices for international air freight and container port throughput are also above trend but have lost upward momentum, pointing to an easing of trade growth. Automobile production and sales are below trend but show signs of bottoming out, which could indicate recovering consumer confidence. Indices for electronic components and agricultural raw materials are both rising, although the level of raw materials trade remains below trend. The WTO upgraded its forecast for world merchandise trade growth in 2017 to 3.6% on 21 September following stronger than expected trade growth in the first half of the year.

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.

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 101.9
(Index, trend = 100)

International air freight (IATA) 106.7
(Index, trend = 100)

Container port throughput 102.3
(Index, trend = 100)

Automobile production and sales 96.3
(Index, trend = 100)

Electronic components 103.3
(Index, trend = 100)

Agricultural raw materials 97.1
(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:
IATA Quarterly Analysis: [http://www.iata.org/cargochartbook](http://www.iata.org/cargochartbook)


Details on the methodology of the trade outlook indicator are available on the WTO website at the following address:
[www.wto.org/WTOI](http://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](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)