

World Trade Outlook Indicator

Release date: 13 November 2017

World Trade Outlook Indicator 102.2

(Index, trend = 100)



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q2)	102.2	↑
Export orders	101.9	↓
International air freight (IATA)	106.7	→
Container port throughput	102.3	→
Automobile production and sales	96.3	↓
Electronic components	103.3	↑
Agricultural raw materials	97.1	↑

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.

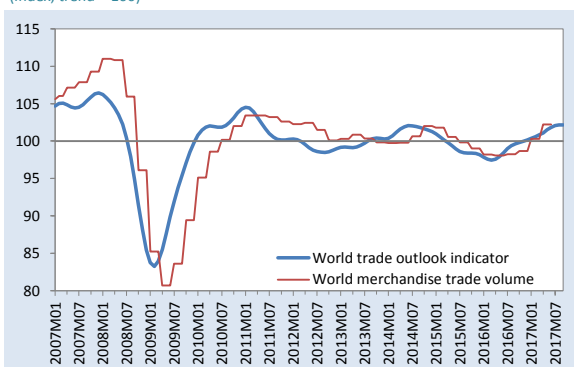
The WTOI component index for export orders remains above trend but has turned down recently, suggesting that trade growth will moderate but remain fairly strong in the coming months. Indices for international air freight and container port throughput are also above trend but have lost upward momentum, 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.

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 Jul.	2017 Aug.	2017 Sept.	2017 Sept.
WTOI	0.2	0.1	0.0	2.5
Export orders	-0.1	-0.2	-0.2	2.7
Air freight	0.5	0.3	-0.1	7.0
Container shipping	0.0	-0.1	-0.1	4.0
Automobiles	-0.2	-0.1	-0.2	-6.9
Electronics	1.1	0.5	0.2	4.5
Raw materials	0.7	0.9	1.0	-4.8

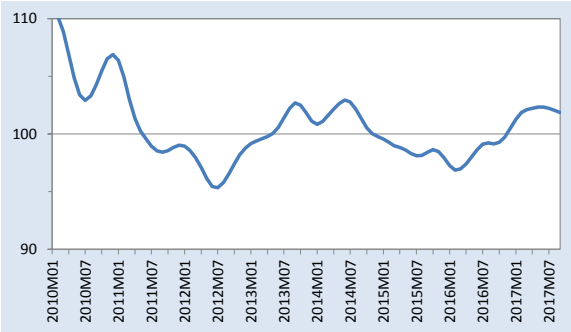
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

(Index, trend = 100)

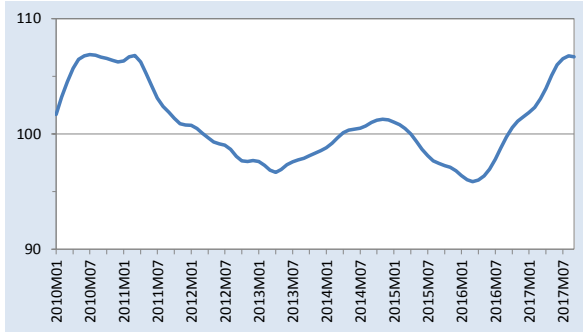
101.9



International air freight (IATA)

(Index, trend = 100)

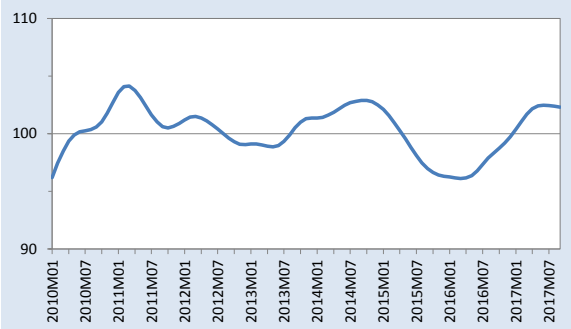
106.7



Container port throughput

(Index, trend = 100)

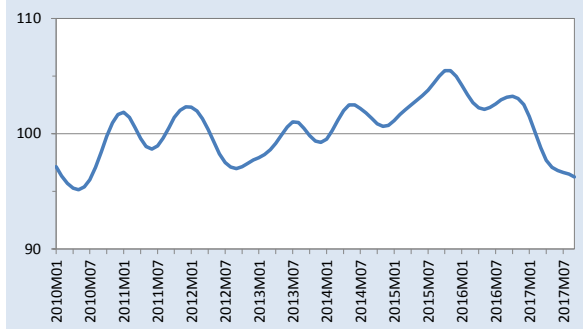
102.3



Automobile production and sales

(Index, trend = 100)

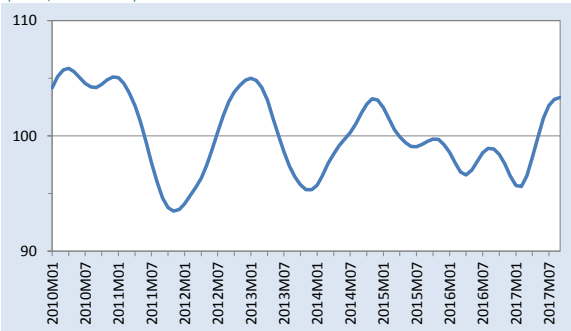
96.3



Electronic components

(Index, trend = 100)

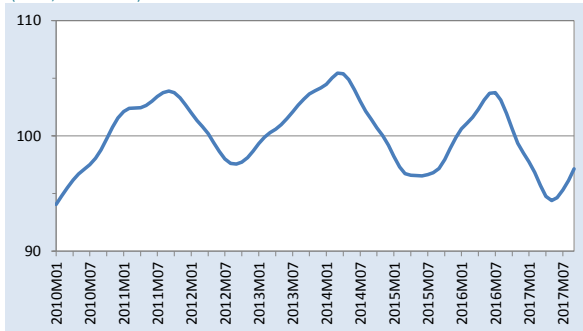
103.3



Agricultural raw materials

(Index, trend = 100)

97.1



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 from national sources: National Bureau of Statistics, Federal Reserve Bank of St. Louis, Deutsche Bundesbank, and 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