

World Trade Outlook Indicator

Release date: 14 February 2017

World Trade Outlook Indicator 102.0

(Index, trend = 100)



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q2)	97.4	➔
Export orders	102.2	➡
International air freight (IATA)	105.8	➡
Container port throughput	101.0	➡
Automobile production and sales	103.1	➡
Electronic components	99.0	➡
Agricultural raw materials	99.2	➡

WTOI suggests moderate trade momentum in first 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 value of 102.0 is up from the previous reading of 100.9 published last November, pointing to a strengthening trade growth into the first quarter of 2017. The WTOI index (blue line in chart below) remains above the merchandise trade index (red line in chart below), suggesting that trade volume may have begun to recover toward trend in Q4. Any such rebound would have to be fairly strong for trade growth in 2016 to match the 1.7% increase forecast by the WTO last September.

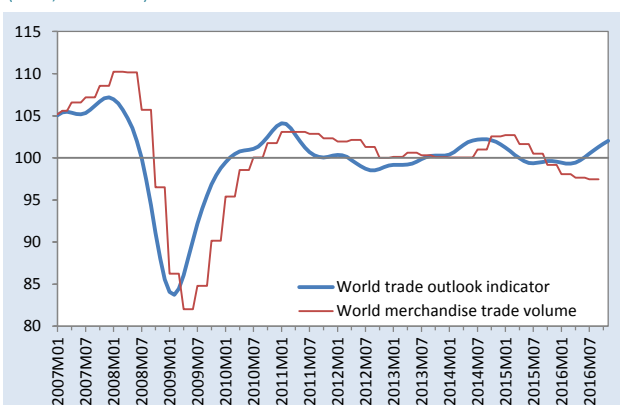
Most component indices are moving in a positive direction, with air freight, automobile sales, export orders and container shipping all above trend and rising. Data on international freight tonne kilometres from IATA have risen sharply as European carriers posted strong growth. Meanwhile, container port throughput of major ports has largely recovered from its recent slump. The automobile index has also rebounded, but electronics and agricultural raw materials trade are both slightly below trend.

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 to the previous period. 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 Sep.	2016 Oct.	2016 Nov.	2016 Nov.
WTOI	0.4	0.4	0.3	2.4
Export orders	0.3	0.4	0.5	5.6
Air freight	1.0	0.8	0.7	7.2
Container shipping	0.5	0.5	0.4	4.0
Automobiles	0.4	0.3	0.3	-3.0
Electronics	0.3	0.1	-0.1	-0.1
Raw materials	-0.4	-0.3	-0.3	-0.9

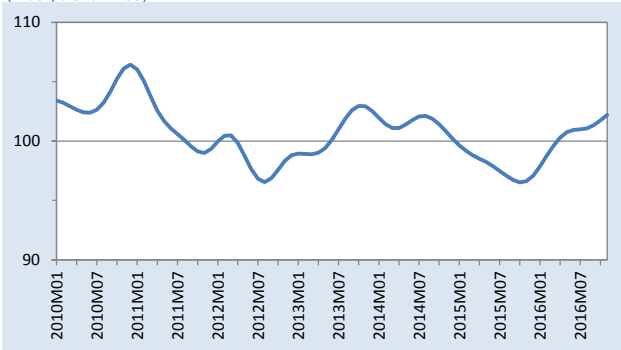
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

102.2

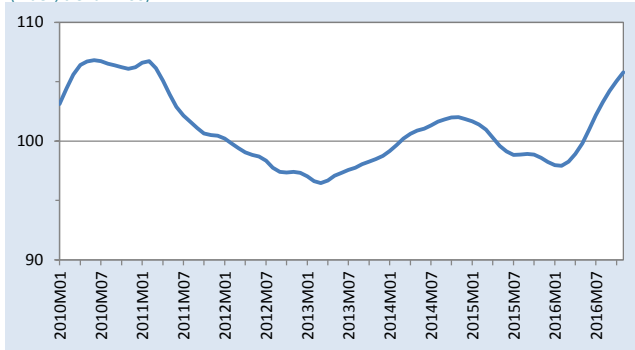
(Index, trend = 100)



International air freight (IATA)

105.8

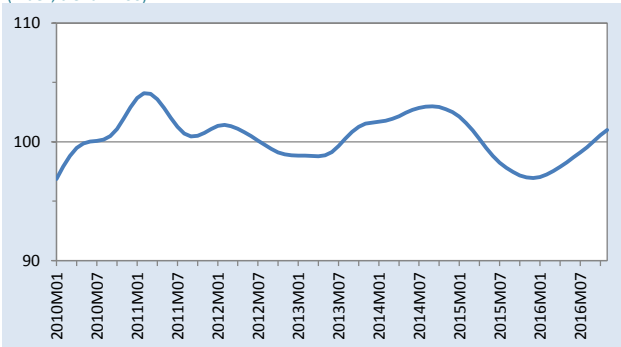
(Index, trend = 100)



Container port throughput

101.0

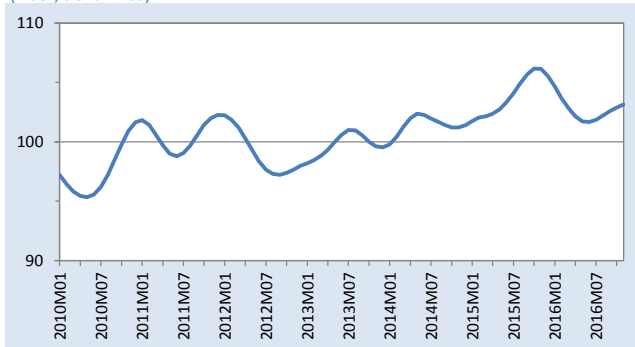
(Index, trend = 100)



Automobile production and sales

103.1

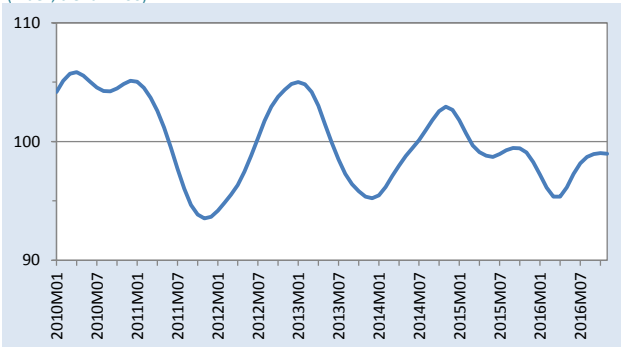
(Index, trend = 100)



Electronic components

99.0

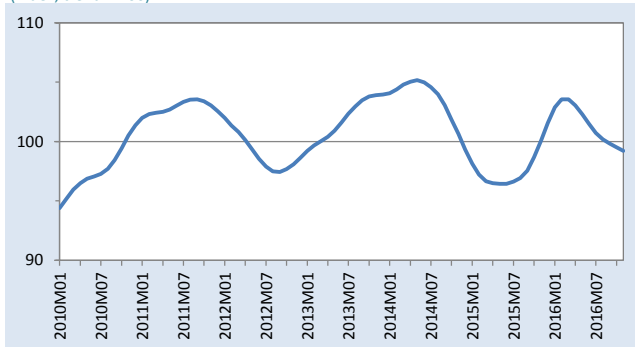
(Index, trend = 100)



Agricultural raw materials

99.2

(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/

Short-term WTO trade statistics (quarterly and monthly) can be obtained here:

https://www.wto.org/english/res_e/statistics_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