

## World Trade Outlook Indicator

Release date: 15 May 2017

### World Trade Outlook Indicator

102.2

(Index, trend = 100)



### Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q2)	98.6	→
Export orders	104.2	↑
International air freight (IATA)	104.4	↑
Container port throughput	104.1	↑
Automobile production and sales	99.7	↓
Electronic components	97.9	↓
Agricultural raw materials	98.6	→

## Latest trade outlook indicator signals sustained momentum in second quarter

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 for March is up from the previous value of 102.0 and is the highest level of the indicator since May 2011. The WTOI index remains above the merchandise trade index, which suggests that trade volume growth will be above trend in Q1 and Q2 once quarterly data for these periods are available. Strong performances in some areas were tempered by weaker results in others, making the WTO cautiously optimistic about trade prospects.

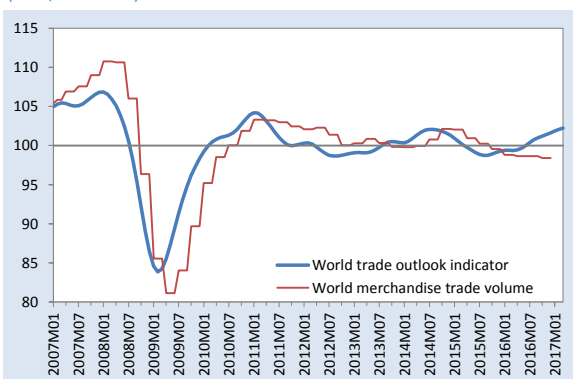
The main components of the WTOI – export orders, air freight and container shipping – were well above trend and rising in the latest period, but weakness in demand for automotive products, electronics and raw materials weighed down the overall index. Without these headwinds, the WTOI would have been unambiguously above trend. These results are broadly in line with our most recent trade forecast of 12 April 2017, which foresees a return to moderate trade growth this year after weak expansion last 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 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)

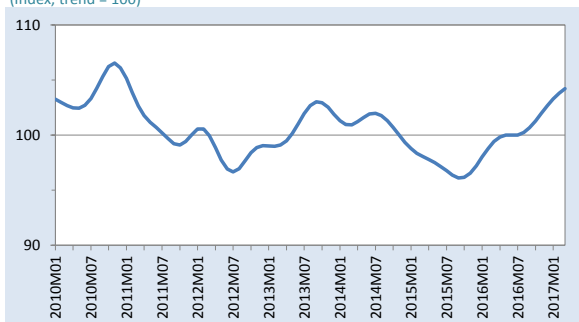
	Month-on-month change			Year-on-year change
	2017			2017
	Jan.	Feb.	Mar.	Mar.
WTOI	0.2	0.2	0.2	2.9
Export orders	0.6	0.5	0.4	4.8
Air freight	0.4	0.4	0.4	6.7
Container shipping	0.9	0.8	0.6	6.6
Automobiles	-0.7	-0.8	-0.9	-3.4
Electronics	-0.5	-0.5	-0.2	0.2
Raw materials	-0.2	-0.1	0.0	-4.5

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

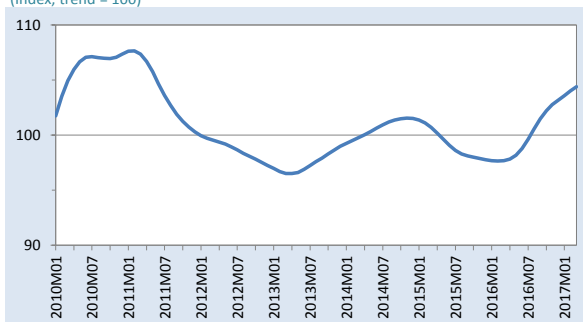
### Export orders 104.2

(Index, trend = 100)



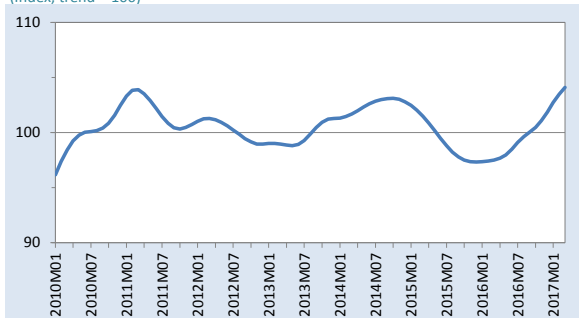
### International air freight (IATA) 104.4

(Index, trend = 100)



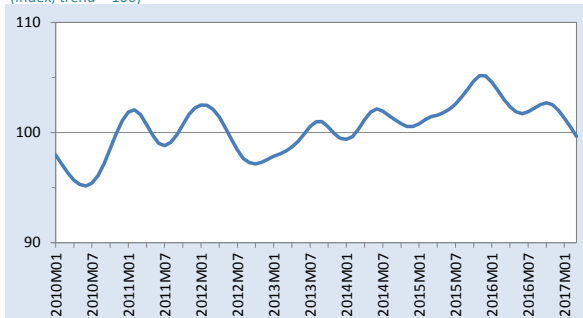
### Container port throughput 104.1

(Index, trend = 100)



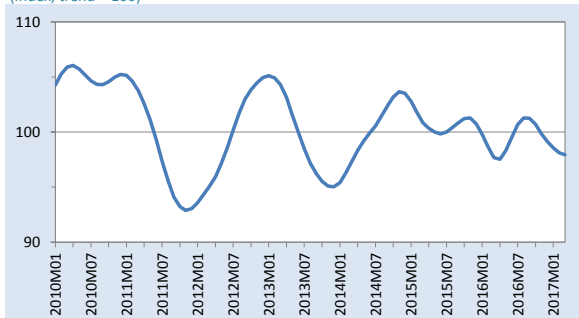
### Automobile production and sales 99.7

(Index, trend = 100)



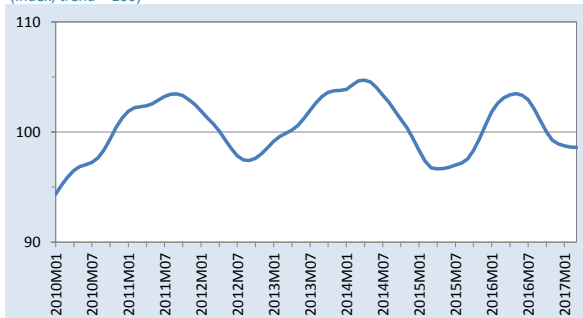
### Electronic components 97.9

(Index, trend = 100)



### Agricultural raw materials 98.6

(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 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](http://www.wto.org/WTOI)

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

[https://www.wto.org/english/res\\_e/statist\\_e/short\\_term\\_stats\\_e.htm](https://www.wto.org/english/res_e/statist_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)