

World Trade Outlook Indicator

9 August 2018

World Trade Outlook Indicator

100.3

(Index, trend = 100)



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q1)	102.0	➔
Export orders	97.2	⬇️
International air freight (IATA)	100.9	⬇️
Container port throughput	102.2	⬇️
Automobile production and sales	98.1	➔
Electronic components	102.2	⬇️
Agricultural raw materials	100.1	⬆️

WTOI suggests trade momentum softening further in third quarter of 2018

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 100.3 is below the previous value of 101.8 and just above the baseline value of 100 for the index, signalling an easing of trade growth in the coming months in line with medium-term trends. The WTOI line in the chart below (blue) is below the merchandise trade line (red) for Q1, which suggests that quarterly merchandise trade volume growth will moderate going forward.

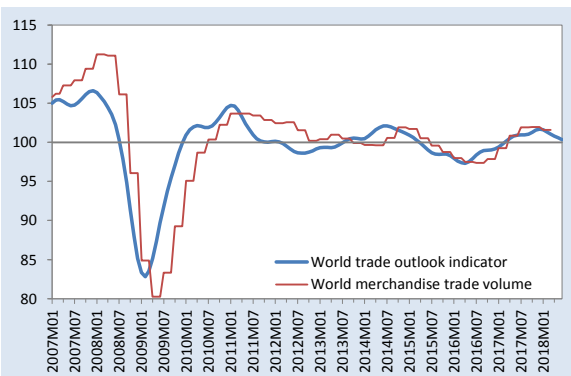
The moderation in the overall WTOI index was driven by export orders (97.2), which have declined steadily over the course of the year, and automobile production and sales (98.1), which have risen slightly recently but remain below trend. The indices for air freight (100.9) and container port throughput (102.2) remain above trend but growth momentum in both appears to be past its peak. Electronic components stayed above trend (102.2) while agricultural raw materials (100.1) moved from below trend to on 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 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
	2018 April	May	June	2017 June
WTOI	-0.2	-0.2	-0.2	-0.6
Export orders	-0.7	-0.6	-0.5	-5.3
Air freight	-0.3	-0.3	-0.3	-3.7
Container shipping	-0.4	-0.4	-0.3	1.6
Automobiles	0.4	0.3	0.0	1.7
Electronics	-0.1	-0.5	-1.1	1.3
Raw materials	0.9	1.2	1.2	5.3

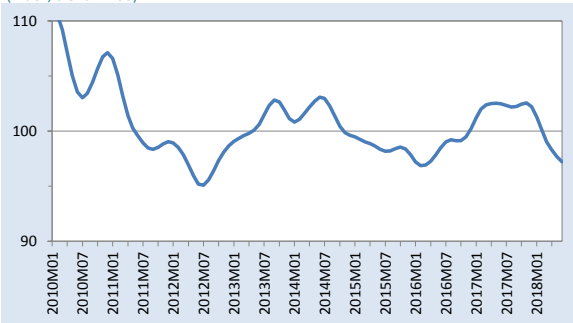
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

97.2

(Index, trend = 100)



International air freight (IATA)

100.9

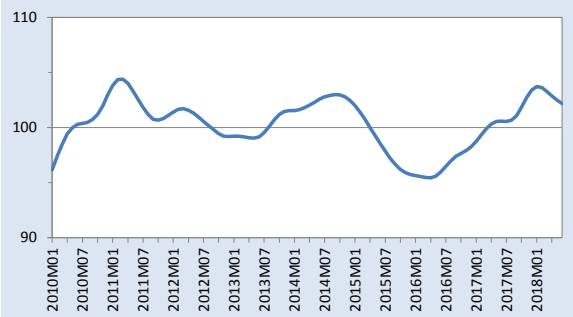
(Index, trend = 100)



Container port throughput

102.2

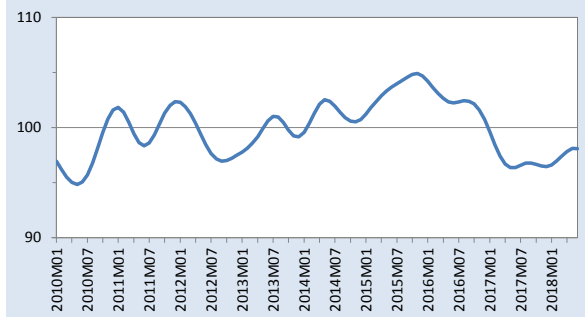
(Index, trend = 100)



Automobile production and sales

98.1

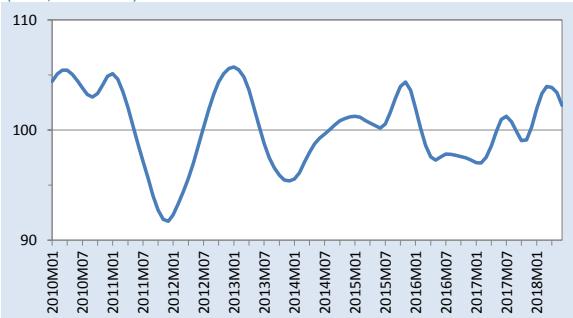
(Index, trend = 100)



Electronic components

102.2

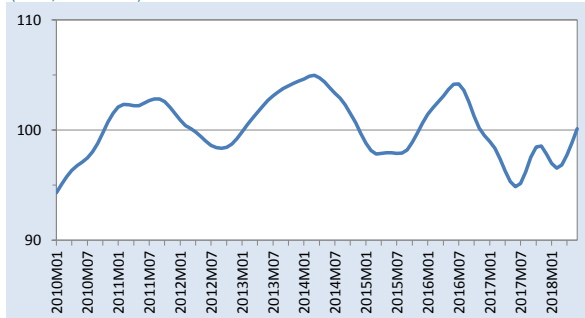
(Index, trend = 100)



Agricultural raw materials

100.1

(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:

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/pres18_e/pr820_e.htm