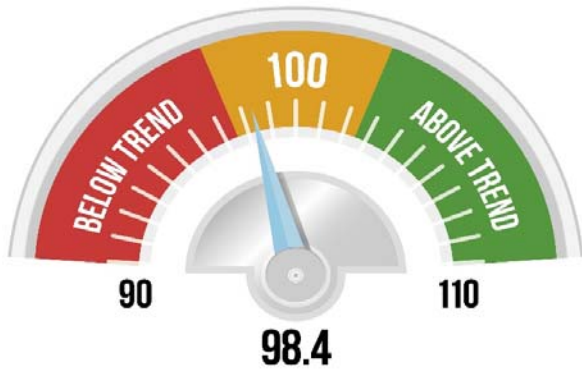


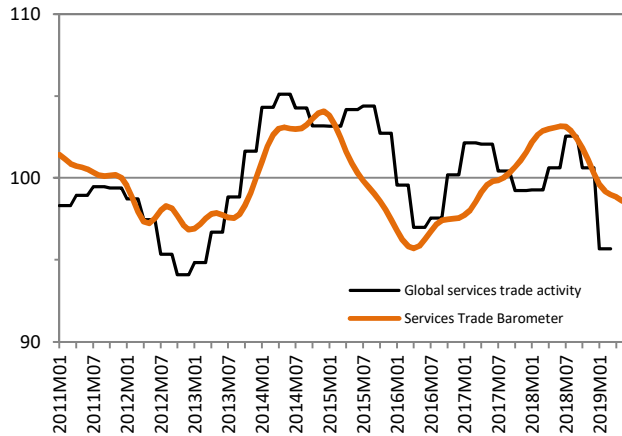
New WTO indicator finds services trade weakening into second half of 2019

Services Trade Barometer

Index value, June 2019

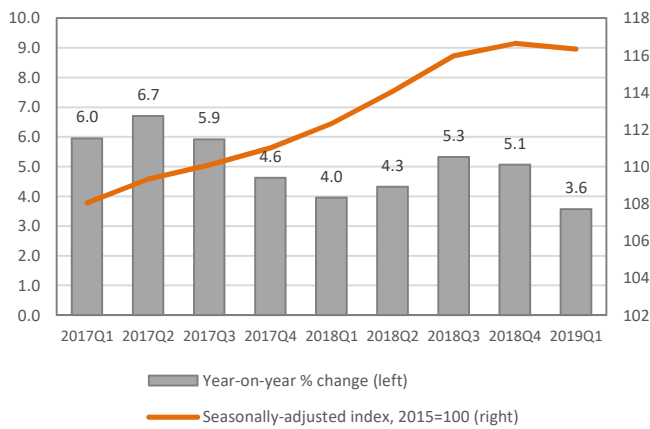


Index history, trend = 100



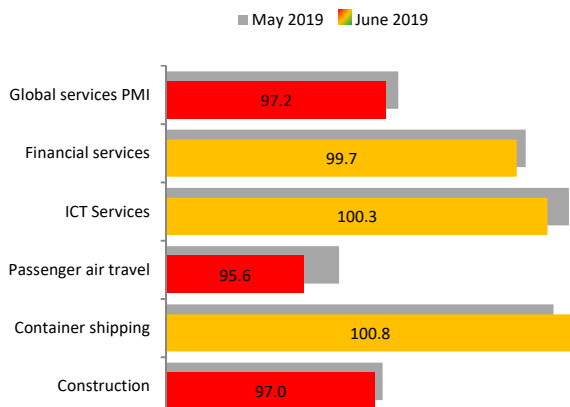
Global trade in commercial services faced increasing headwinds in the second quarter of 2019 according to the WTO's Services Trade Barometer. The latest reading of 98.4 is below the baseline value of 100 and well below the most recent peak of 103.1 recorded in July 2018, suggesting a loss of momentum in world services trade.

Global services trade activity



Already, world services trade growth had weakened further in the first quarter of 2019 according to a services trade activity index produced by the WTO (left), which provides an approximate measure of the volume of world services trade by adjusting nominal services trade values to account for changes in exchange rates and inflation. Despite its recent loss of momentum, services trade has generally held up better than goods trade, which is more directly affected by rising trade tensions.

Drivers of services trade

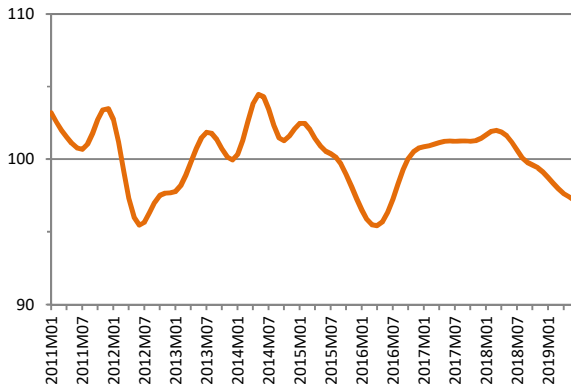


Most of the barometer's component indices declined in June, indicating a broad loss of momentum across service sectors. The global services Purchasing Managers' Index (PMI), the passenger air travel index from IATA, and the construction index were all below trend and slowing in the latest reading. The financial services index finished slightly below trend, down from the previous month. The ICT services index fell from above-trend in mid-2018 to on-trend. In contrast, the container shipping index was slightly above trend and rising in June, following a multi-month slowdown.

Component indices

Global services Purchasing Managers' Index 97.2

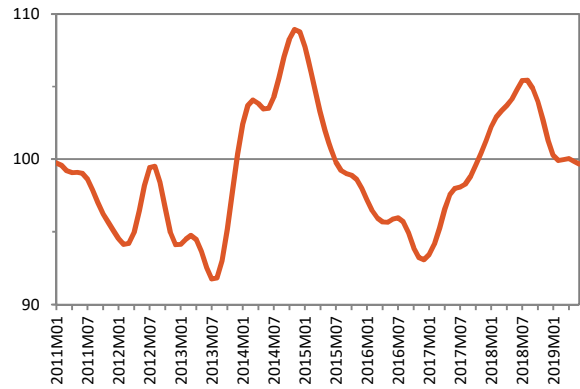
(Index, trend = 100)



Source: IHS-Markit.

Global financial transactions 99.7

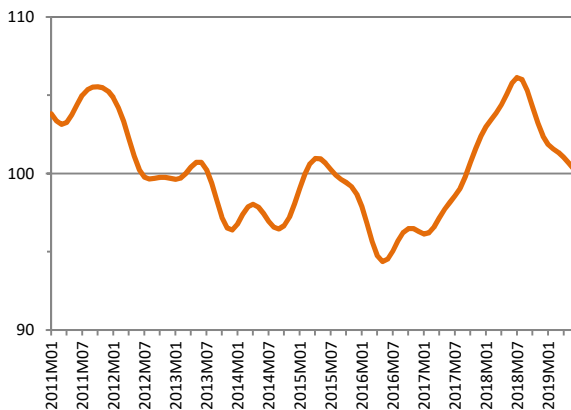
(Index, trend = 100)



Source: SWIFTNet.

Information, computer and telecom services 100.3

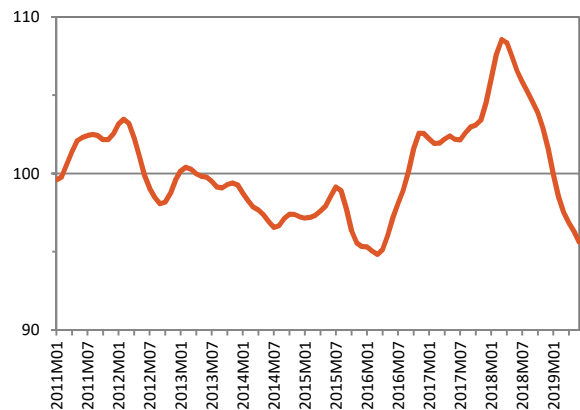
(Index, trend = 100)



Source: Federal Reserve Bank of San Francisco, Eurostat, China National Bureau of Statistics.

Global revenue passenger kilometers (IATA) 95.6

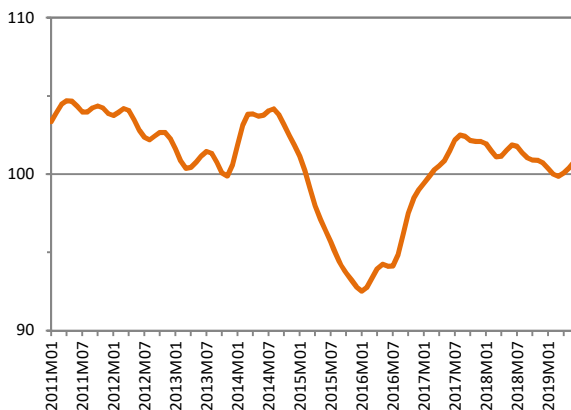
(Index, trend = 100)



Source: IATA.

Container port throughput 100.8

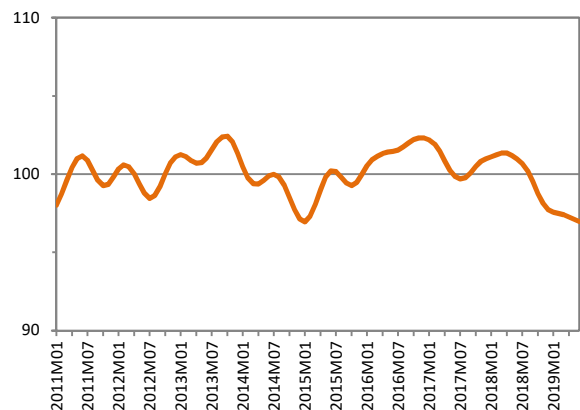
(Index, trend = 100)



Source: Institute for Shipping Economics and Logistics (ISL).

Building permits in selected economies 97.0

(Index, trend = 100)



Sources: National statistics for France, Germany, Japan, the United States and China.

Notes

Notes:

- The Services Trade Barometer (STB) is a composite coincident indicator of world services trade activity, combining six component indices. The services trade activity is an approximate measure of the volume of world services trade calculated by adjusting nominal services trade statistics to account for changes in prices and exchange rates.
- Readings of 100 in the Services Trade Barometer 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 to the previous month.
- Component indices of the STB are derived from various sources and are seasonally-adjusted, smoothed, de-trended and amplitude adjusted by the WTO Secretariat. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Sources :



Data on air passengers (Industry-wide revenue passenger kilometers) courtesy of the International Air Transport Association (IATA). Further information and analysis available here:

Background: http://www.iata.org/publications/economic-briefings/Air_freight_and_world_trade.pdf

IATA Monthly Analysis: <http://www.iata.org/passenger-monthly-analysis>

- Other sources: WTO Secretariat for commercial services trade activity data, IHS-Markit for Services PMI headline index, SWIFT for SWIFTNet FIN traffic data, China National Bureau of Statistics for volume of telecommunication services data and real estate building starts data, Eurostat for EU28 telecommunications production volume index and building permits index for Germany and France, Federal Reserve Bank of San Francisco for Techpulse index, Federal Reserve Bank of St. Louis for US construction spending data, Statistics Bureau of Japan for building construction starts data and the Institute of Shipping Economics and Logistics for container throughput data.

Details on the methodology of the Services Trade Barometer are available on the WTO website at the following address:

http://www.wto.org/english/news_e/news19_e/metodology_wtoi_12sep19_e.pdf

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