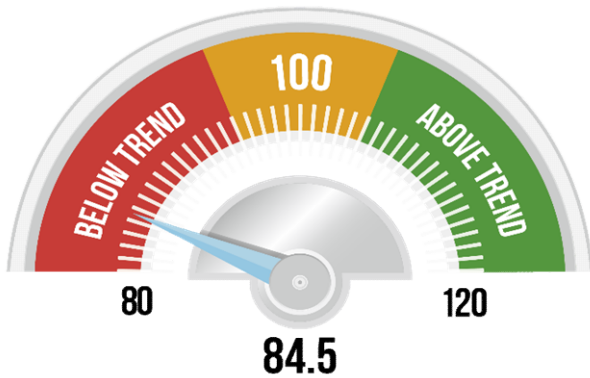


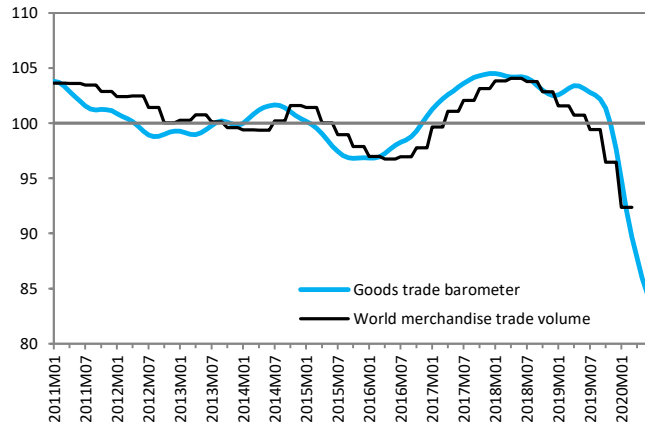
Goods barometer confirms steep drop in trade but hints at nascent recovery

Goods trade barometer

Index value, June 2020

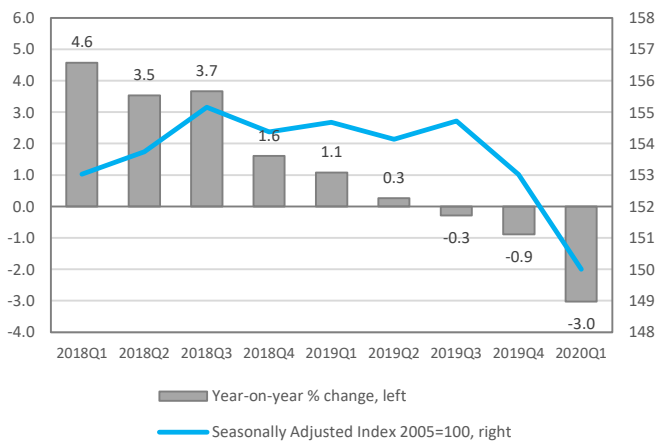


Index history, trend = 100



The WTO's Goods Trade Barometer provides real-time information on the trajectory of world trade relative to recent trends. The current reading of 84.5 is 15.5 points below the baseline value of 100 for the index and down 18.6 points year-on-year. It is broadly consistent with the WTO's June trade forecast update, which estimated an 18.5% drop in merchandise trade volumes in Q2. It had also projected that the expected trade decline for the whole of 2020 would be closer to the less pessimistic forecast made in April of -13% and unlikely to reach worst-case outcomes.

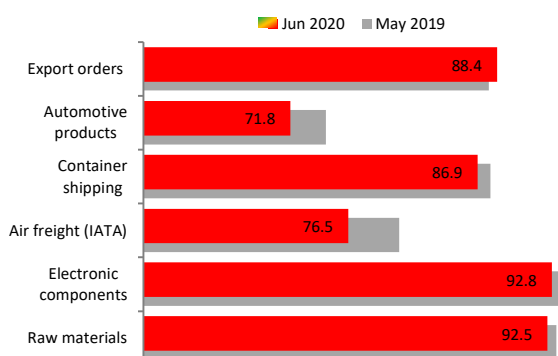
World merchandise trade volume



Global trade growth has been slowing since the fourth quarter of 2018, finally turning negative in 2019Q3. The seasonally-adjusted volume of world merchandise trade was already down 3.0% year-on-year in the first quarter of 2020, a decline that only partly reflects the effect of the COVID-19 pandemic. The full economic impact of the virus and associated containment efforts are expected to be seen statistics for the second quarter. If the WTO's June estimate of an 18.5% year-on-year decline in world trade for Q2 is realised, that would imply a 14% drop between the first and second quarters.

Drivers of goods trade

Component index values, trend = 100



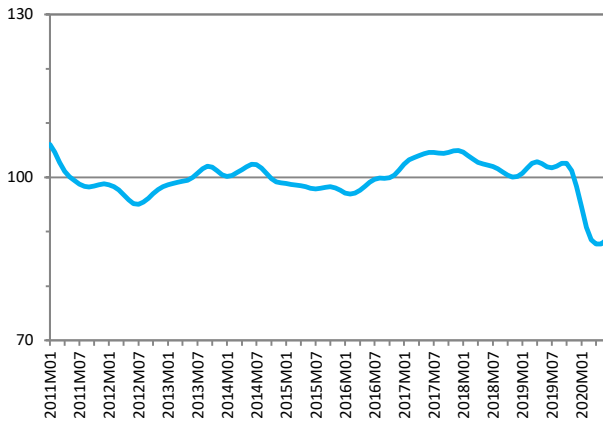
All of the barometer's component indices remain well below trend, with many registering record lows, but some have begun to stabilize. Indices for automotive products (71.8) and air freight (76.5) are by far the worst on record since 2007. Container shipping (86.9) also remains deeply depressed. Export orders (88.4) show signs of recovery as this index has turned upward. Meanwhile, indices for electronic components (92.8) and agricultural raw materials (92.5) have held up relatively well.

Component indices

Export orders

88.4

(Index, trend = 100)

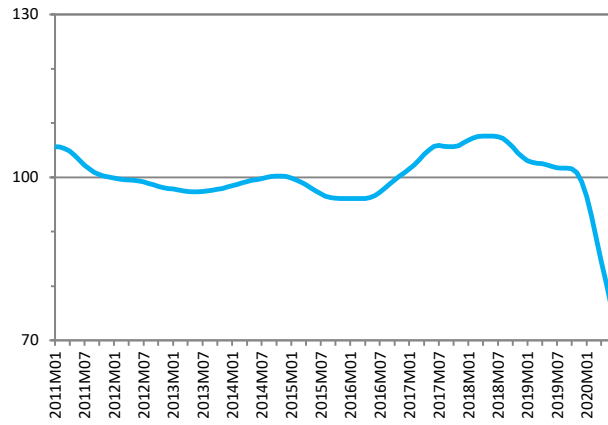


Source: IHS Markit.

International air freight (IATA)

76.5

(Index, trend = 100)

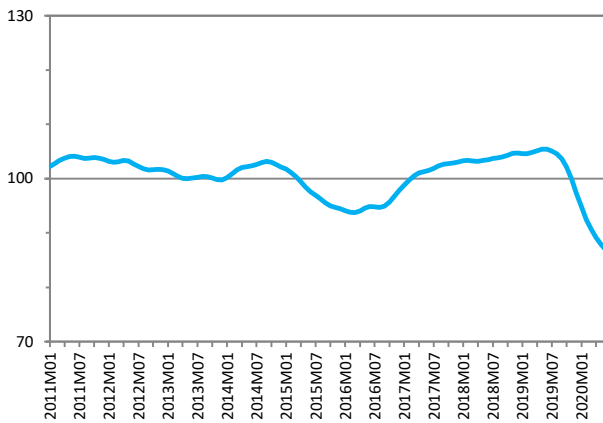


Source: IATA.

Container port throughput

86.9

(Index, trend = 100)

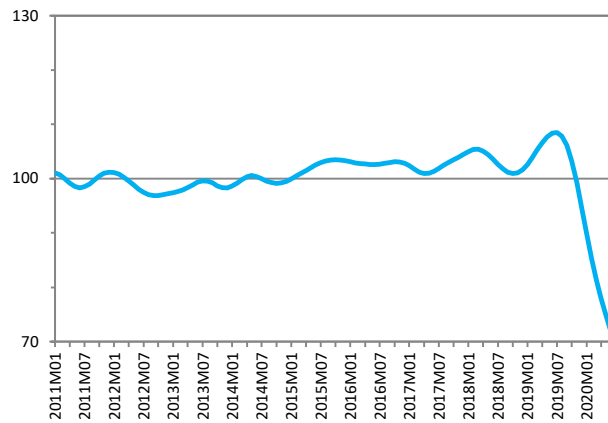


Source: ISL.

Automobile production and sales

71.8

(Index, trend = 100)

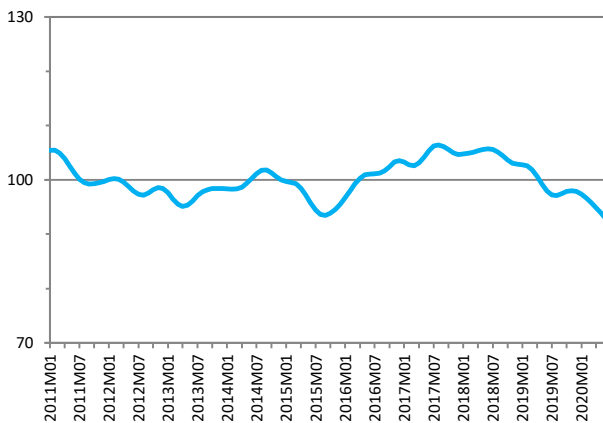


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

Electronic components

92.8

(Index, trend = 100)

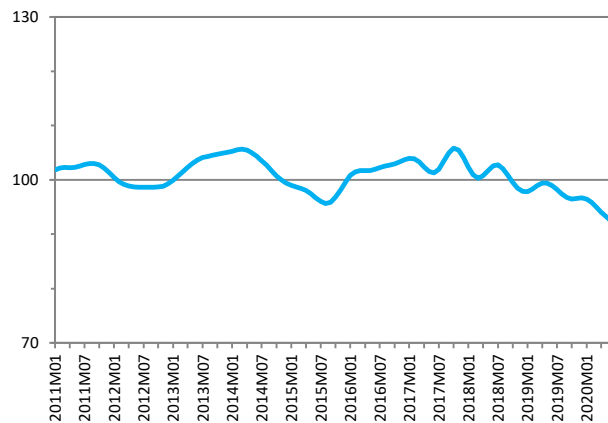


Source: TDM.

Agricultural raw materials

92.5

(Index, trend = 100)



Source: TDM.



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 monthly-analysis](http://www.iata.org/cargochartbook/monthly-analysis)

Other sources: WTO Secretariat for quarterly merchandise trade volume, TDM Trade Data Monitor database for electronic components and agricultural raw materials, Institute for Shipping Economics and Logistics for container throughput. Export orders from IHS-Markit Global PMI.

Details on the methodology of the trade outlook indicator are available on the WTO website at the following address:

[https://www.wto.org/english/news_e/news19_e/Goods Trade Barometer Methodology 17.08.20.pdf](https://www.wto.org/english/news_e/news19_e/Goods_Trade_Barometer_Methodology_17.08.20.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

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/pres20_e/pr858_e.htm