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 in 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.

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.

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.

### Drivers of goods trade

<table>
<thead>
<tr>
<th>Component</th>
<th>Index value, June 2020</th>
<th>Index value, May 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export orders</td>
<td>88.4</td>
<td>88.0</td>
</tr>
<tr>
<td>Automotive products</td>
<td>71.8</td>
<td>71.9</td>
</tr>
<tr>
<td>Container shipping</td>
<td>86.9</td>
<td>86.9</td>
</tr>
<tr>
<td>Air freight (IATA)</td>
<td>76.5</td>
<td>76.5</td>
</tr>
<tr>
<td>Electronic components</td>
<td>92.8</td>
<td>92.8</td>
</tr>
<tr>
<td>Raw materials</td>
<td>92.5</td>
<td>92.5</td>
</tr>
</tbody>
</table>
Component indices

Export orders  88.4
(Index, trend = 100)

International air freight (IATA)  76.5
(Index, trend = 100)

Source: IHS Markit.

Source: IATA.

Container port throughput  86.9
(Index, trend = 100)

Automobile production and sales  71.8
(Index, trend = 100)

Source: ISL.


Electronic components  92.8
(Index, trend = 100)

Agricultural raw materials  92.5
(Index, trend = 100)

Source: TDM.

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

IATA Quarterly Analysis: http://www.iata.org/cargo/chartbook/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:


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/press_e/pr858_e.htm