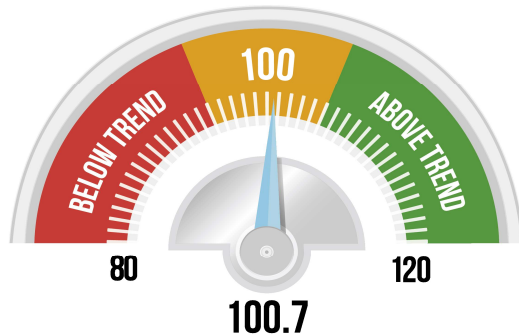


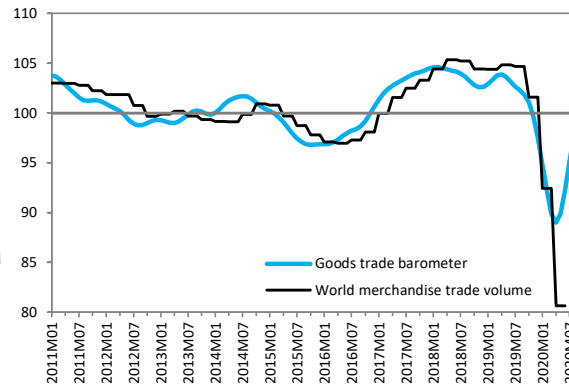
## Goods Barometer signals trade resilience amid ongoing COVID concerns

### Goods trade barometer

Index value, September 2020 = 100.7

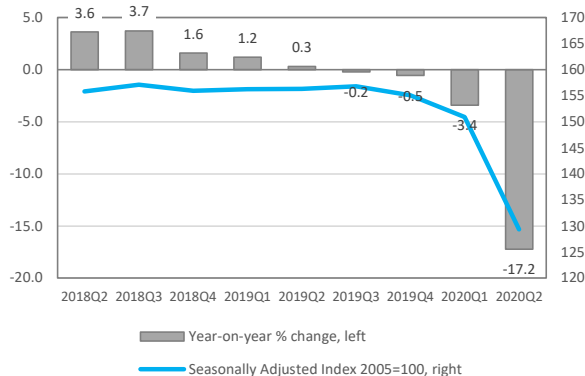


Index history, trend = 100



The WTO's Goods Trade Barometer provides real-time information on the trajectory of world merchandise trade relative to recent trends. The current reading of 100.7 is close to the baseline value of 100 for the index, reflecting the resilience of trade following a steep decline in Q2 linked to the COVID-19 pandemic. This result is broadly consistent with the WTO's October trade forecast, which predicted a sharp rebound in the volume of merchandise trade in Q3 as economies started to reopen, followed by slower growth thereafter. Despite the positive reading, the strength of the trade recovery remains uncertain as second waves of COVID-19 are likely to weigh on growth going forward.

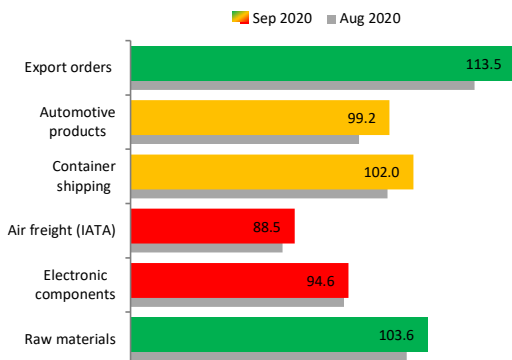
### World merchandise trade volume



The seasonally-adjusted volume of world merchandise trade plunged in the Q2 of 2020, with a 17.2% year-on-year decline and a 14.2% drop between the first and second quarters. Trade growth was already slowing since the fourth quarter of 2018, finally turning negative in 2019Q3 and falling 3.0% year-on-year in the first quarter of 2020, a decline that only partly reflected the effect of the COVID-19 pandemic. Trade is expected to register a strong rebound in the third quarter, with growth slowing in Q4 and beyond as pent up demand is exhausted and inventory restocking is completed.

### Drivers of goods trade

Component index values, trend = 100



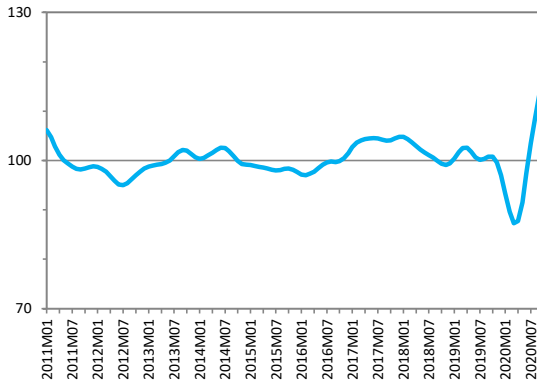
All of the barometer's component indices were rising in the latest month, with some climbing above their medium-run trends while other remained depressed. The recovery in the overall barometer index was driven by export orders (113.5) and agricultural raw materials (103.6), both of which finished firmly above trend. Indices for container shipping (102.0) and automotive products (94.6) also recovered substantially to near trend, while those for air freight (88.5) and electronic components (94.6) remained below trend.

## Component indices

### Export orders

(Index, trend = 100)

113.5

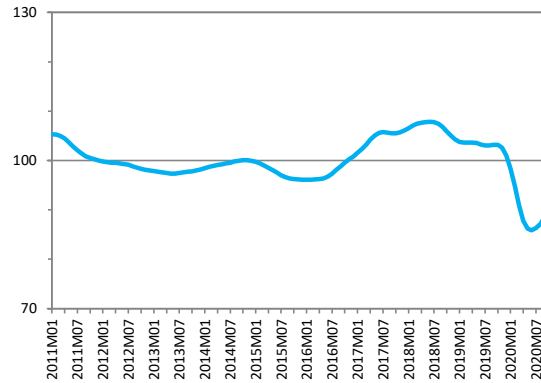


Source: IHS Markit.

### International air freight (IATA)

(Index, trend = 100)

88.5

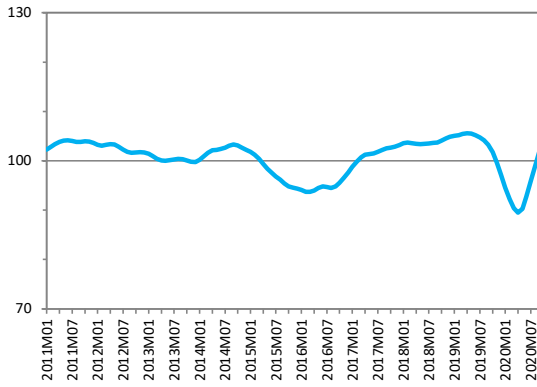


Source: IATA.

### Container port throughput

(Index, trend = 100)

102.0

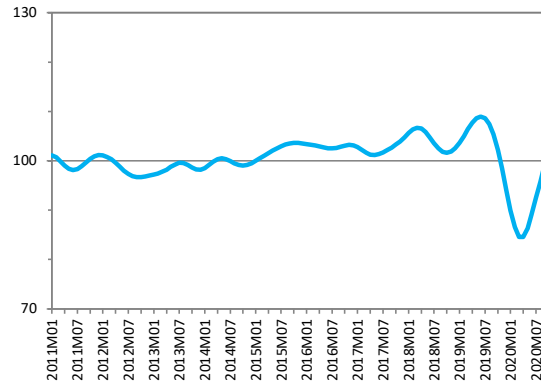


Source: ISL.

### Automobile production and sales

(Index, trend = 100)

99.2

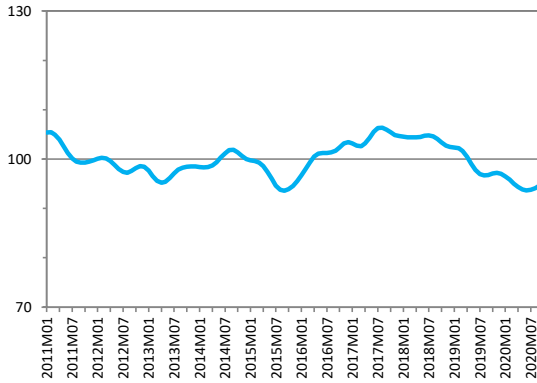


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

### Electronic components

(Index, trend = 100)

94.6

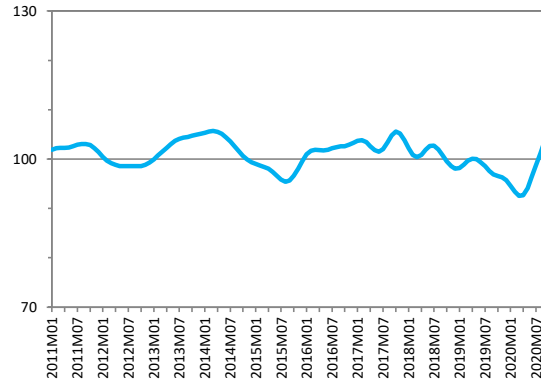


Source: TDM.

### Agricultural raw materials

(Index, trend = 100)

103.6



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>

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](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](https://www.wto.org/english/news_e/pres20_e/pr858_e.htm)