

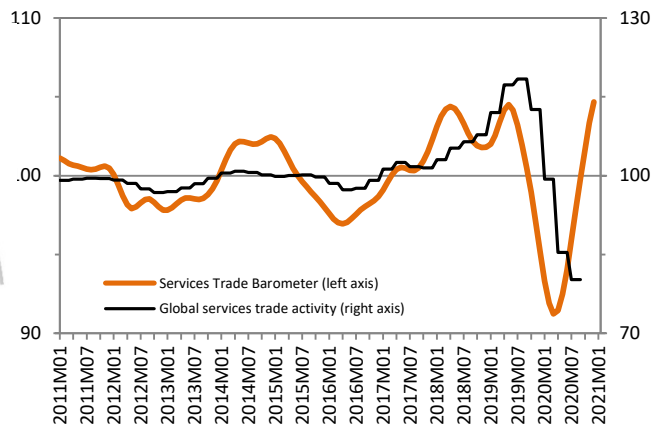
Barometer points to services trade rebound in short run, long term outlook less clear

Services Trade Barometer

Index value, December 2020 = 104.7



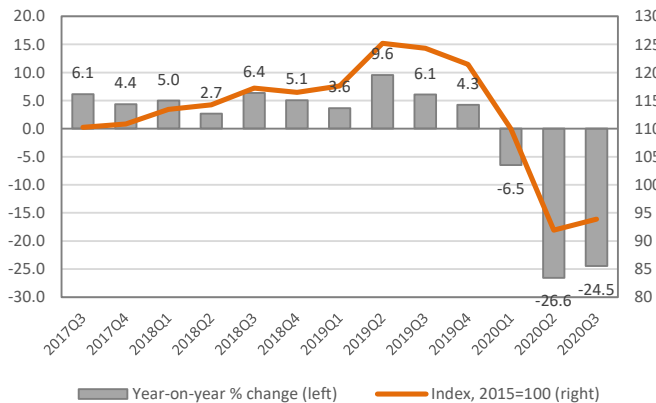
Index history, trend = 100



The WTO Services Trade Barometer has risen sharply to 104.7, above the baseline value of 100 for the index and well above the low point of 91.2 earlier in the pandemic. This suggests that world services trade growth accelerated in the fourth quarter of 2020 after bottoming out in the second quarter. Prospects for the first quarter of 2021 and beyond are uncertain due to the uneven distribution of vaccines around the world and the the appearance of new variants of COVID-19.

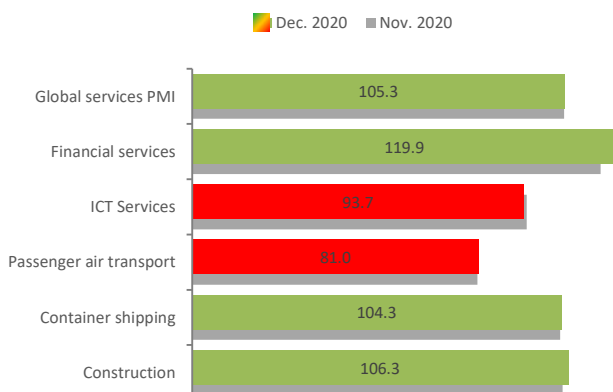
Global services trade activity

Seasonally-adjusted index, 2005=100



Services trade plunged in the second quarter of 2020 and remained weak in the third quarter despite the relaxation of lockdowns in many countries. Once they become available, statistics for services trade in the fourth quarter should show faster growth, although travel restrictions and lockdowns related to the resurgence of COVID-19 could still weigh on the recovery in the first quarter of 2021.

Drivers of services trade

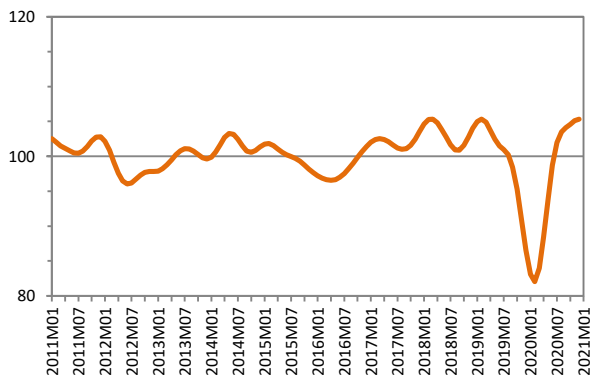


The barometer's component indices are mixed. The financial services index (119.9) had an especially strong showing due to rising international transfers. Indices for container shipping (104.3), construction (106.3) and the Global services PMI (105.3) were also all above trend. Passenger air transport (81.0) remains depressed due to travel restrictions. The ICT index (93.7) dipped due to weakness in some computer services while telecom services remained steady. International passenger flights could see a partial recovery in Q2 and Q3, but this is highly dependent on successful vaccination efforts. Recovery over the longer term could be undermined if new variants of COVID-19 become more widespread.

Component indices

Global services Purchasing Managers' Index 105.3

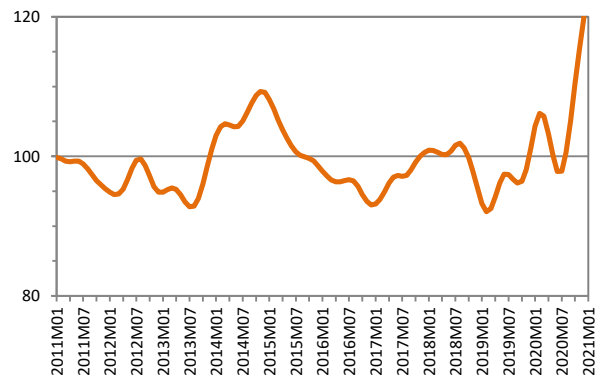
(Index, trend = 100)



Source: IHS-Markit.

Global financial transactions 119.9

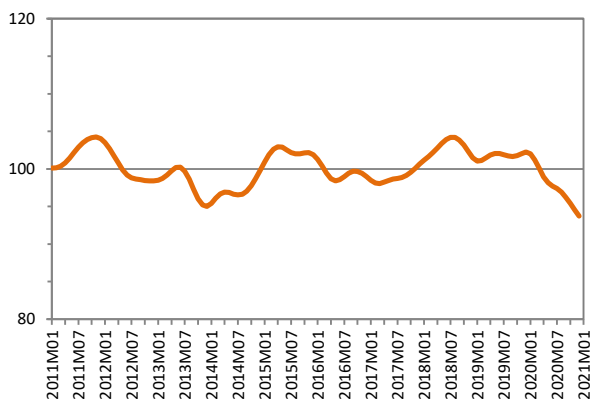
(Index, trend = 100)



Source: SWIFTNet.

Information, computer and telecom services 93.7

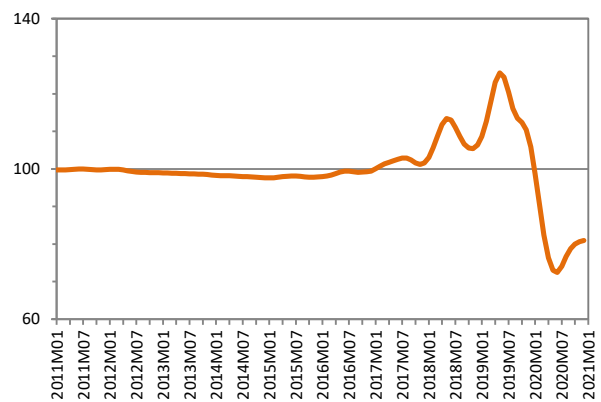
(Index, trend = 100)



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

Global revenue passenger kilometers (IATA) 81.0

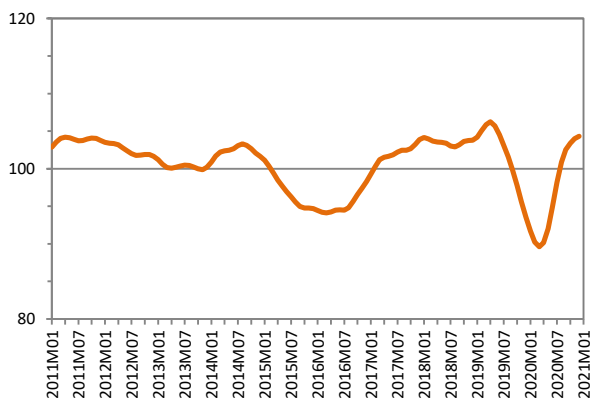
(Index, trend = 100)



Source: IATA.

Container port throughput 104.3

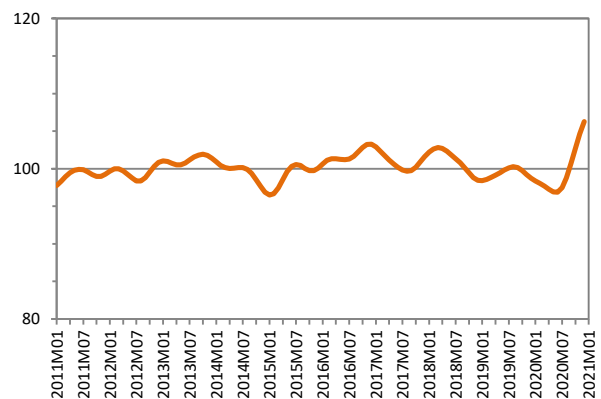
(Index, trend = 100)



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

Building permits in selected economies 106.3

(Index, trend = 100)



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

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:

IATA Economics: <https://www.iata.org/en/publications/economics/>

Monthly Analysis: <https://www.iata.org/en/publications/economics/?Search=&EconomicsL2=146&Ordering=DateDesc>

- 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, US Bureau of Labor Statistics for tech industry employment, 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:

https://www.wto.org/english/news_e/news21_e/metodology_wtoi_11mar21_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