

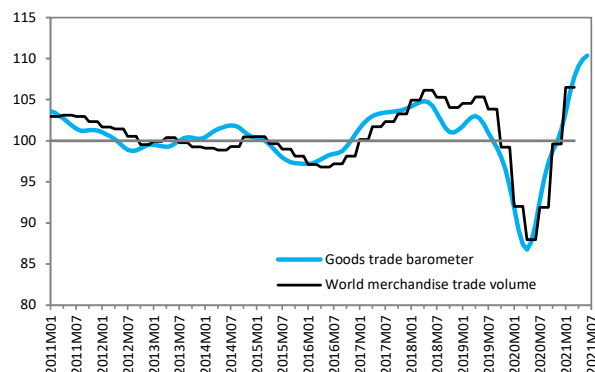
Goods Barometer hits record high, confirming strength of trade recovery

Goods trade barometer

Index value, June 2021 = 110.4

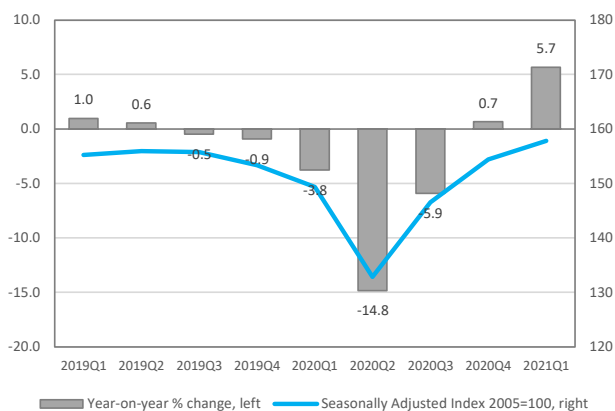


Index history, trend = 100



The Goods Trade Barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends. The latest reading of 110.4 is up more than 20 points year-on-year, reflecting the strength of the ongoing recovery and the depth of the pandemic-induced shock last year. Data suggest that the trade recovery may be slowing as the barometer index has started to rise at a decreasing rate. These results are consistent with the WTO's most recent forecast of 8% growth in world merchandise trade volume in 2021.

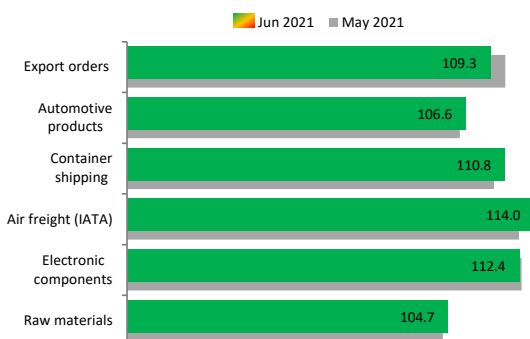
World merchandise trade volume



Global goods trade continues to recover after registering a sharp decline in the second quarter of 2020 during the early stages of the pandemic. The volume of merchandise trade was up 5.7% year-on-year in the first quarter of 2021, the largest increase since a 5.8% rise in third quarter of 2011. The recovery has been marked by regional disparities, with North America, Europe and Asia regaining lost ground and other regions lagging behind. The latest barometer reading suggests that goods trade will see an even bigger year-on-year increase in the second quarter, with growth moderating thereafter. The pace of recovery could be restrained by supply chain disruptions, e.g. the semiconductor shortage that has recently hampered vehicle production.

Drivers of goods trade

Component index values, trend = 100

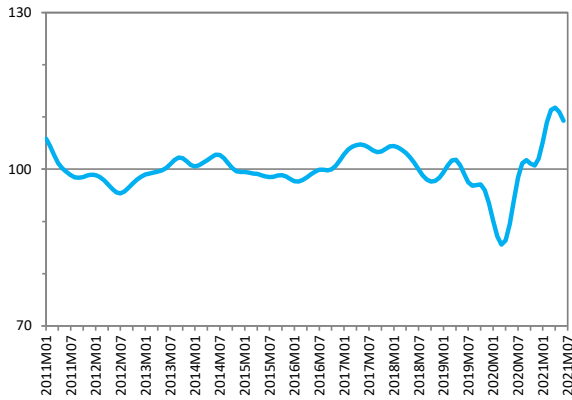


All of the barometer's component indices were above trend in the latest month, illustrating the broad-based nature of the trade recovery. Indices for air freight (114.0), container shipping (110.8) and raw materials (104.7) were rising, indicating faster than average growth. The automotive products index (106.6) also rose despite the fact that car production and sales fell in July in some countries due to a shortage of semiconductors (the rise can be explained by smoothing of the underlying data). This shortage is also reflected in a small drop in the index for electronic components (112.4). The forward-looking export orders index (109.3) has also turned down, suggesting that upward momentum in trade may have peaked.

Component indices

Export orders

(Index, trend = 100)

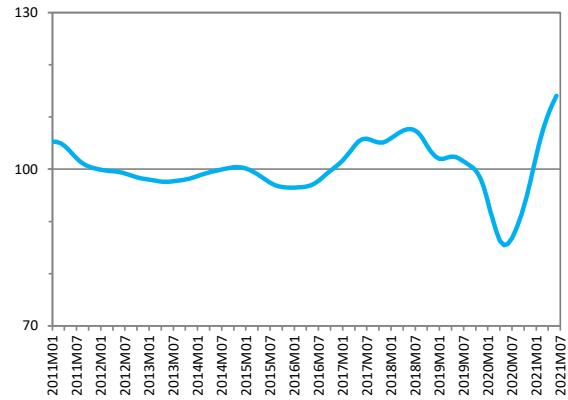


Source: IHS Markit.

109.3

International air freight (IATA)

(Index, trend = 100)

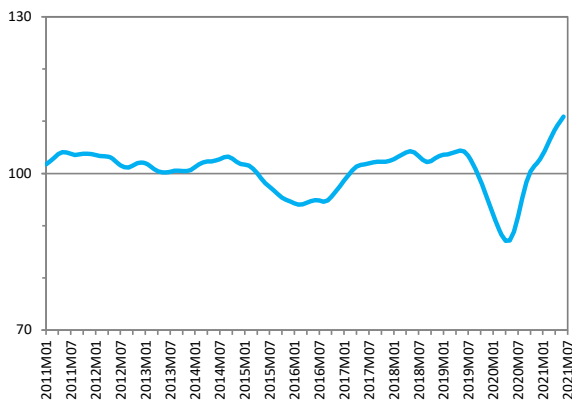


Source: IATA.

114.0

Container port throughput

(Index, trend = 100)

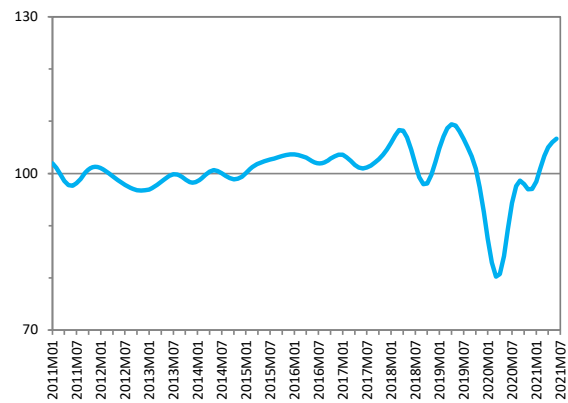


Source: ISL.

110.8

Automobile production and sales

(Index, trend = 100)

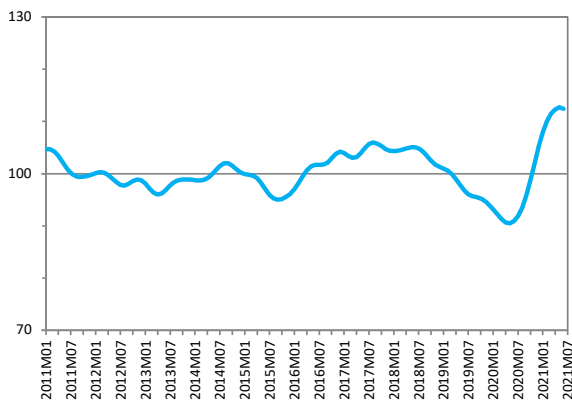


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

106.6

Electronic components

(Index, trend = 100)

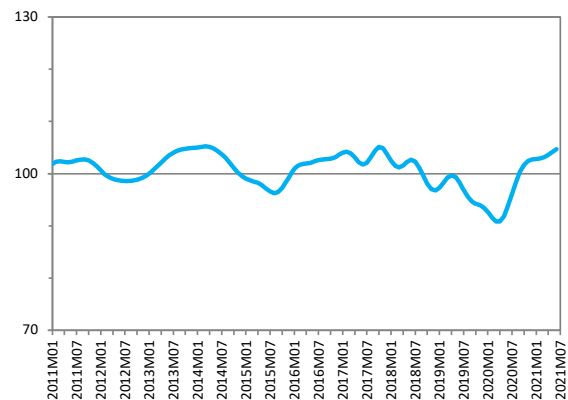


Source: TDM.

112.4

Agricultural raw materials

(Index, trend = 100)



Source: TDM.

104.7



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:

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

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/news20_e/methodology_wtoi_19aug20_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

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/pres21_e/pr876_e.htm