

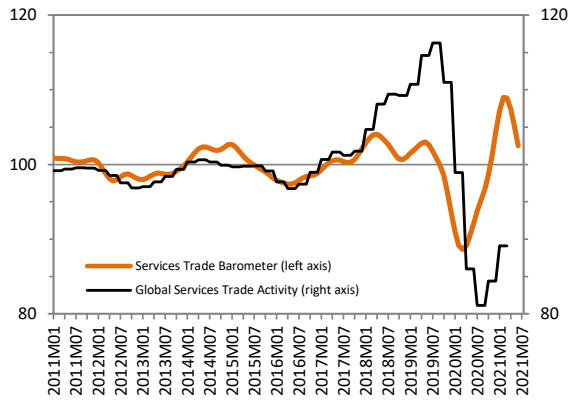
Global services trade recovering but below pre-pandemic levels, WTO barometer indicates

Services Trade Barometer

Index value, June 2020 = 102.5



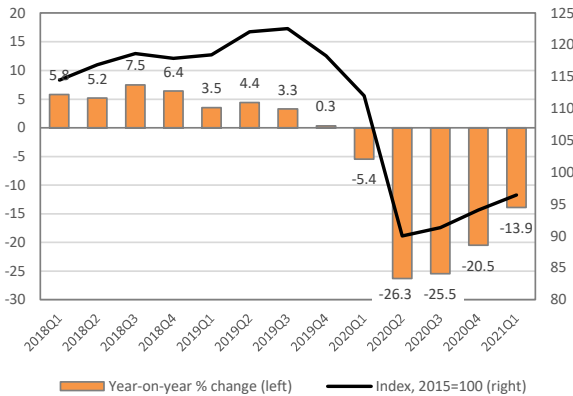
Index history, trend = 100



The Services Trade Barometer index has risen above the Global Services Trade Activity Index, and remains above the baseline value of 100 despite having turned downwards recently. This suggests that the services trade will continue to recover in the second and third quarters once official statistics for these periods are available. However, the expansion could proceed along a new, lower trajectory if the impact of the COVID-19 pandemic turns out to be long lasting.

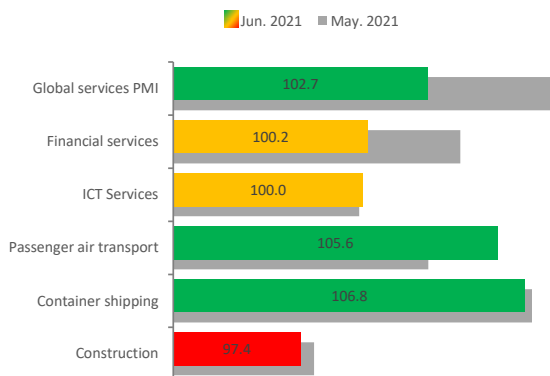
Global services trade activity

Seasonally-adjusted index, 2005=100



The volume of world services trade was down 13.9% year-on-year in the first quarter of 2021 according to the Global Services Trade Activity index, which provides an approximate measure of the volume of world services trade accounting for changes in prices and exchange rates. Services trade fell sharply early in the pandemic but, in contrast to goods trade, has only managed a partial recovery since then. The recent performance of services trade differs from the financial crisis of 2008-09, when services trade was more resilient than goods trade. Year-on-year growth in services trade should turn strongly positive in the second quarter due to a low base value in the previous year.

Drivers of services trade

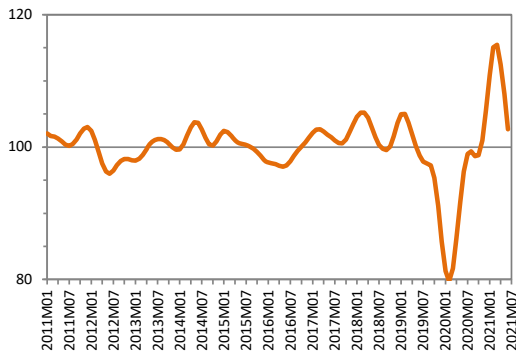


Although most component indices are on or above trend, the overall picture is mixed. The global services PMI (102.7) and financial services (100.2) indices have turned down, suggesting a slowing in the pace of growth. Meanwhile, the index of ICT services (100.0) has climbed back to trend. Passenger air transport (105.6) has picked up recently but remains well below pre-pandemic levels. Growth in container shipping (106.8) has eased even as throughput has hit record highs. The recent surge in shipping costs appears to be more due to strong demand for traded goods than to supply constraints. Construction is the only component to have dipped below trend (97.4).

Component indices

Global services Purchasing Managers' Index 102.7

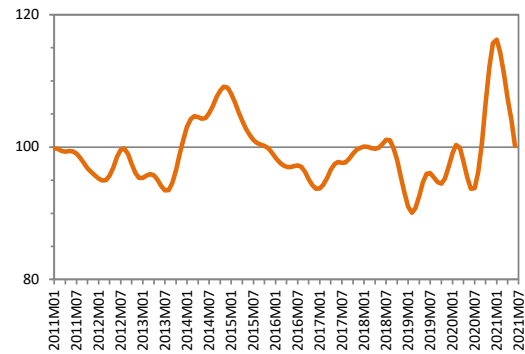
(Index, trend = 100)



Source: IHS-Markit.

Global financial transactions 100.2

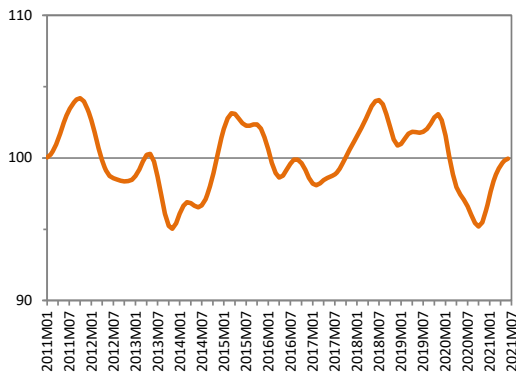
(Index, trend = 100)



Source: SWIFTNet.

Information, computer and telecom services 100.0

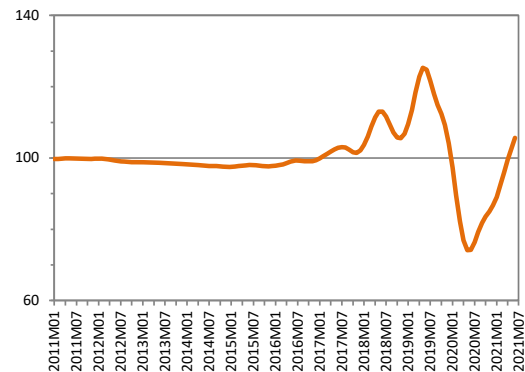
(Index, trend = 100)



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

Global revenue passenger kilometers (IATA) 105.6

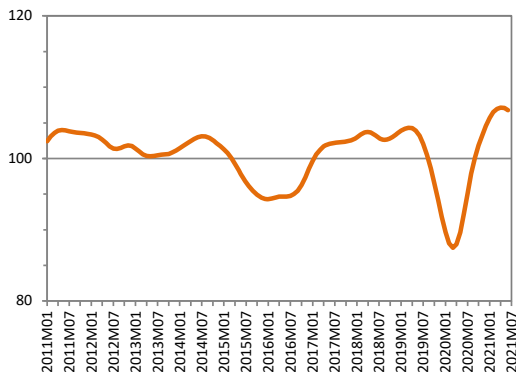
(Index, trend = 100)



Source: IATA.

Container port throughput 106.8

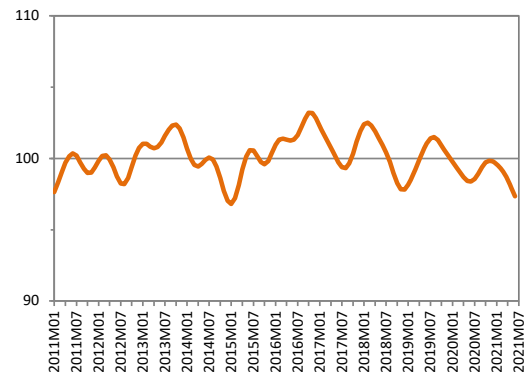
(Index, trend = 100)



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

Building permits in selected economies 97.4

(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/>

- 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