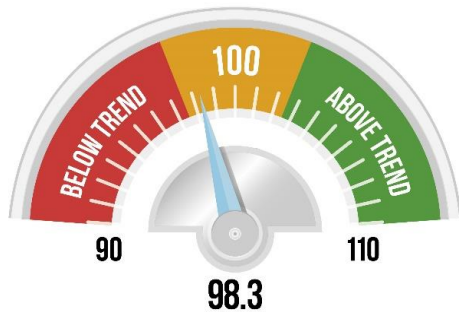


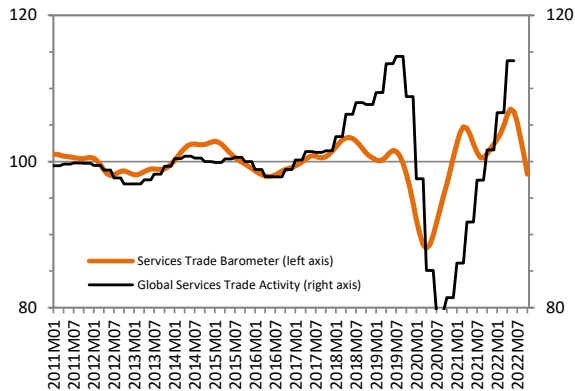
Services trade activity likely to weaken with slowing growth in major economies

Services Trade Barometer

Index value, October 2022=98.3



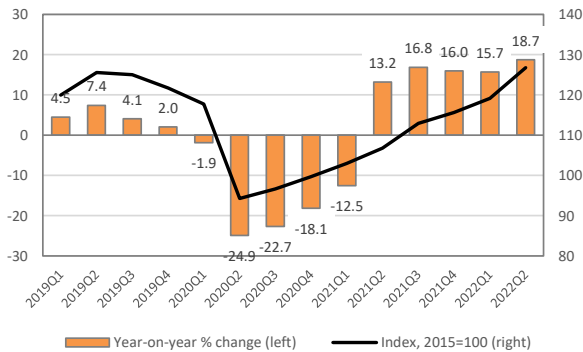
Index history, trend = 100



The WTO's Services Trade Barometer index reading for the month of October fell to 98.3, slightly below its baseline value of 100 indicating growth in line with recent trends, and well below its peak of 107.2 for the month of May. The downturn suggests that services trade activity is likely to soften in the fourth quarter of 2022 and into the first quarter of 2023 once statistics for these periods become available. Services trade has thus far been relatively unaffected by the conflict in Ukraine, but slowing growth in major economies could weigh more heavily on its post-pandemic recovery.

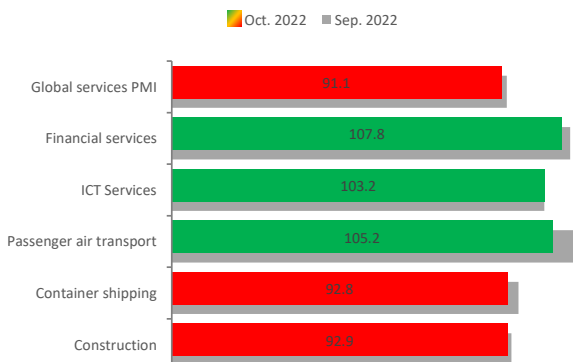
Global services trade activity

Seasonally-adjusted index, 2005=100



The Global Services Trade Activity Index provides an approximate measure of the real volume of world services trade, taking into account changes in consumer price inflation and exchange rates. Services trade volume finally surpassed its pre-pandemic peak in the second quarter of 2022 and is expected to remain strong in the third quarter, buoyed by spending on travel, information and communication technology (ICT) services and financial services. Year-on-year growth in real commercial services trade is likely moderate in the third quarter and slow further in the fourth.

Drivers of services trade

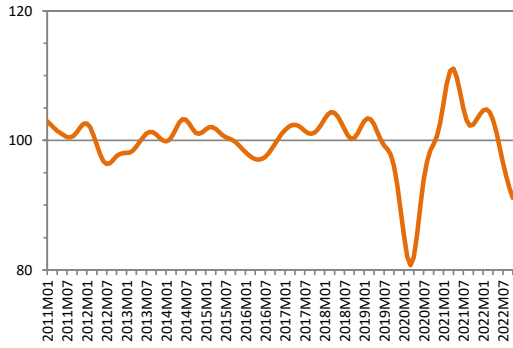


Among the services barometer's component indices, financial services (107.8) was most resistant to the slowing global economy, remaining firmly above trend. Indices for passenger air transport (105.2) and ICT services (103.2) also finished above trend, although the passenger index has fallen back closer to its baseline value of 100 representing on-trend expansion. In contrast to these positive signals, the component indices for construction services (92.9), container shipping (92.8) and services PMIs (91.1) all fell deep into contraction territory.

Component indices

Global services Purchasing Managers' Index 91.1

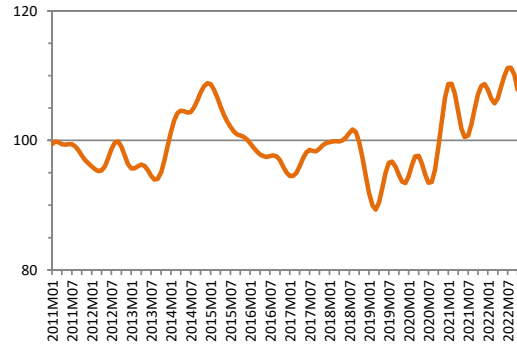
(Index, trend = 100)



Source: IHS-Markit.

Global financial transactions 107.8

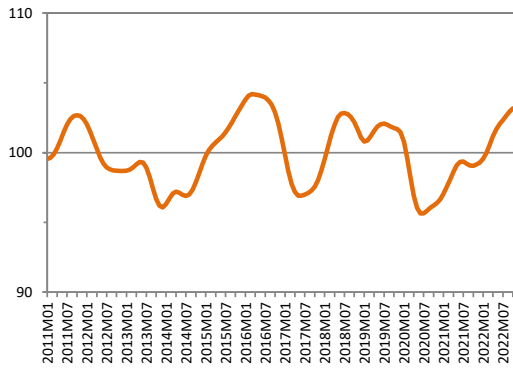
(Index, trend = 100)



Source: SWIFTNet.

Information, computer and telecom services 103.2

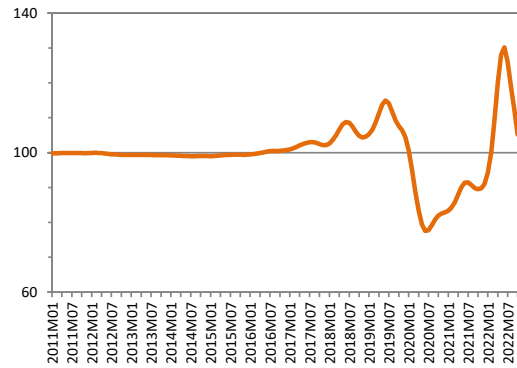
(Index, trend = 100)



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

Global revenue passenger kilometers (IATA) 105.2

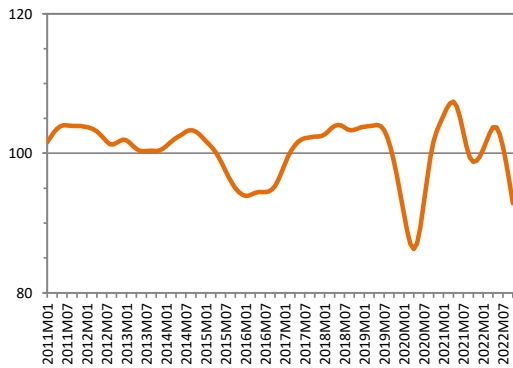
(Index, trend = 100)



Source: IATA.

Container port throughput 92.8

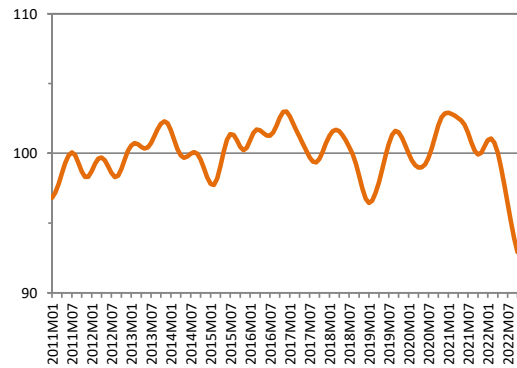
(Index, trend = 100)



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

Building permits in selected economies 92.9

(Index, trend = 100)



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

Notes

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