

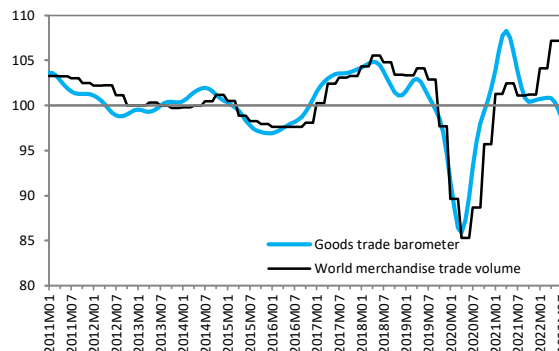
Goods barometer sinks below trend as global import demand weakens

Goods trade barometer

Index value, September 2022 = 96.2

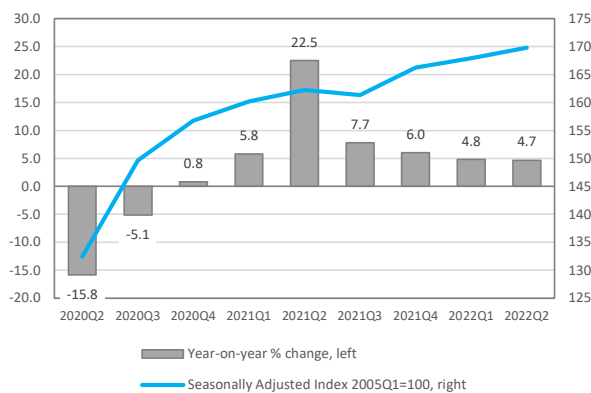


Index history, trend = 100



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 96.2 is below both the baseline value of the index and the previous reading of 100.0, suggesting slower trade growth in the closing months of 2022 and into next year, in line with the WTO's latest trade forecast. The recent divergence between the barometer index (blue line) and the trade volume index (black line) could be due to delayed shipments of goods as a result of supply chain disruptions.

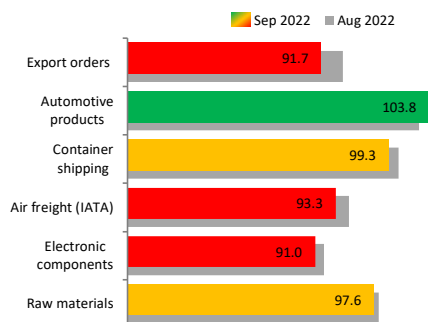
World merchandise trade volume



World merchandise trade volume growth continued to slow in the second quarter of 2022, with a 4.7% year-on-year increase similar to the 4.8% rise in the first quarter. According to the WTO's latest forecast, world trade is expected to decelerate further in the second half of 2022 and remain subdued in 2023 due to several related shocks, including the war in Ukraine, high energy prices, inflation, and monetary tightening in major economies.

Drivers of goods trade

Component index values, trend = 100



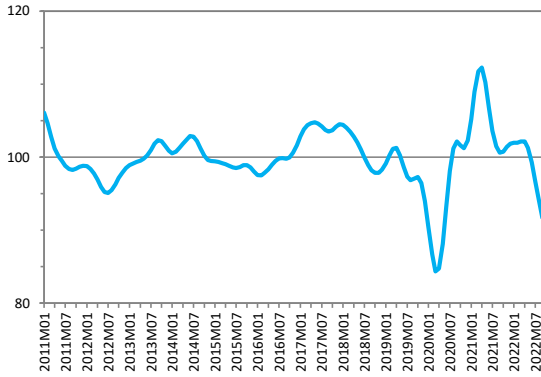
The barometer index was weighed down by negative readings in sub-indices representing export orders (91.7), air freight (93.3) and electronic components (91.0). Together, these suggest cooling business sentiment and weaker global import demand. The container shipping (99.3) and raw materials (97.6) indices finished slightly below trend and have lost momentum. The main exception is the automotive products index (103.8), which rose above trend due to stronger vehicle sales in the United States and increased exports from Japan as supply conditions improved and as the yen continued to depreciate.

Component indices

Export orders

(Index, trend = 100)

91.7

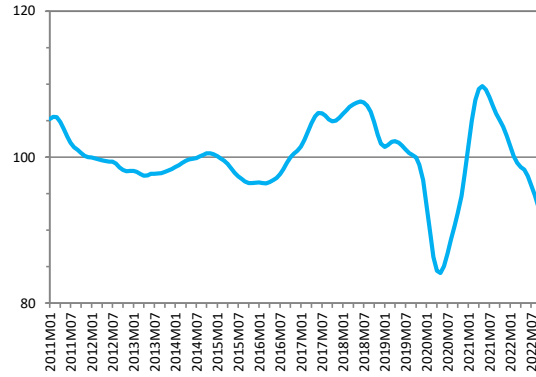


Source: IHS Markit.

International air freight (IATA)

(Index, trend = 100)

93.3

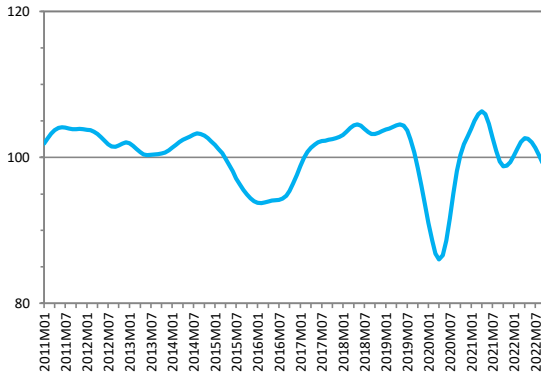


Source: IATA.

Container port throughput

(Index, trend = 100)

99.3

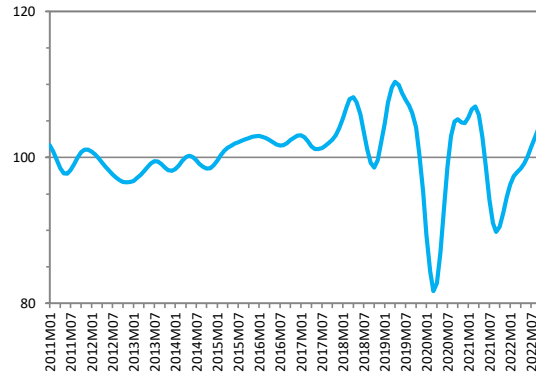


Source: ISL.

Automobile production and sales

(Index, trend = 100)

103.8

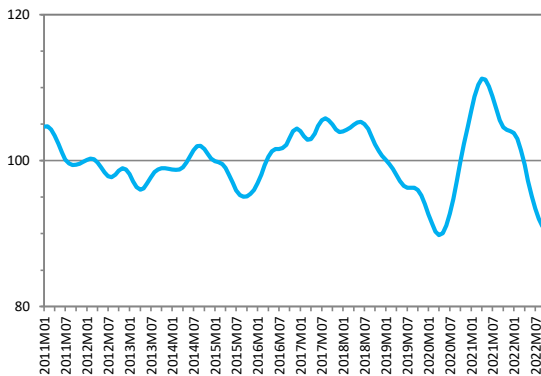


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

Electronic components

(Index, trend = 100)

91.0

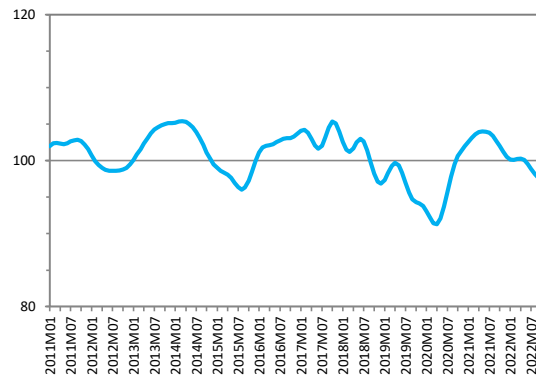


Source: TDM.

Agricultural raw materials

(Index, trend = 100)

97.6



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:

<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/latest_trends_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/pres22_e/pr909_e.htm