

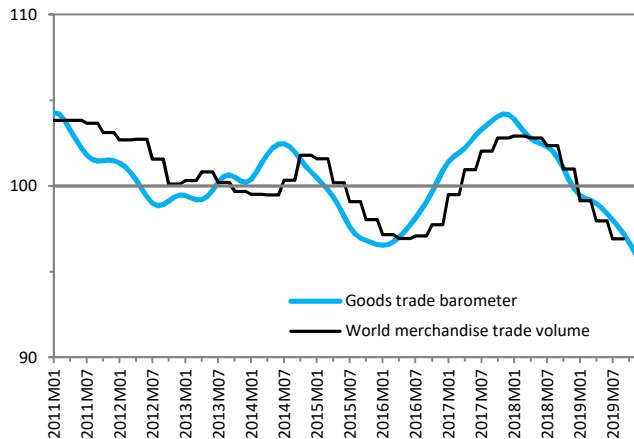
Goods barometer signals further weakening of trade into first quarter

Goods trade barometer

Index value, December 2019

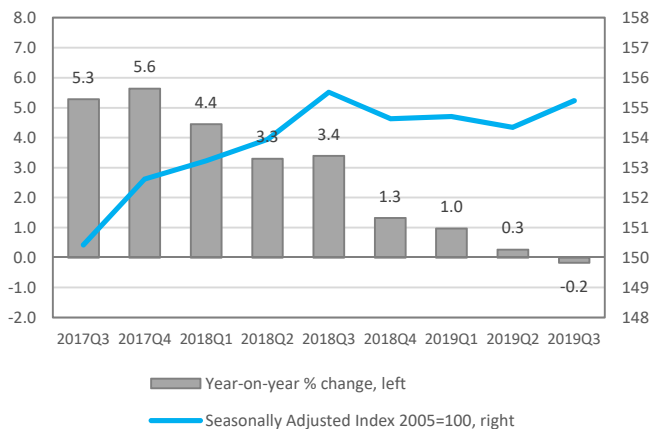


Index history, trend = 100



The WTO's Goods Trade Barometer provides real-time information on the trajectory of world trade relative to recent trends. The latest reading of 95.5 is lower than the previous reading of 96.6 in November 2019, signaling that trade volume growth may continue to weaken into early 2020. The slow start could be dampened further by global health threats and other recent developments in the first few months of the year, which are not yet accounted for in the barometer's best-available historical data.

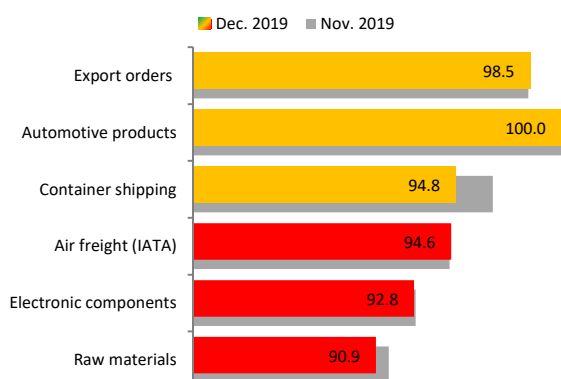
World merchandise trade volume



Previously, the seasonally adjusted index (blue line) had indicated a slight growth in trade volumes as of the third quarter of 2019, in a reversal of declines recorded since the fourth quarter of 2018. However, on a year-on-year comparison, world merchandise trade volume was 0.2% lower in 2019Q3 relative to the same quarter in 2018 in line with expectations from the barometer index of Nov 2019. The latest barometer reading suggests that year-on-year growth in trade is likely to continue to remain below trend in 2019Q4 and early 2020.

Drivers of goods trade

Component index values, trend = 100

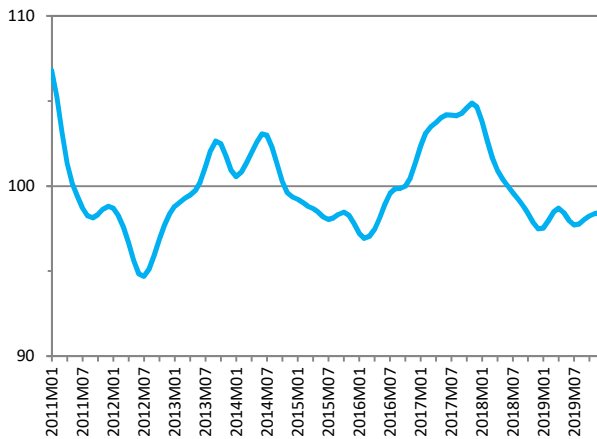


The lower barometer reading is driven by further drops in container shipping (94.8) and agricultural raw materials (90.9) and a plateauing for automotive products (100.0). Meanwhile, the decline in export orders (98.5) and electronic components (92.8) appear to be stabilizing, and the weak performance of air freight (94.6) through 2019 seems to have bottomed out. However, the performance of these component indices will also depend on the emerging impact of COVID-19 and how quickly the global economy can recover.

Component indices

Export orders

(Index, trend = 100)

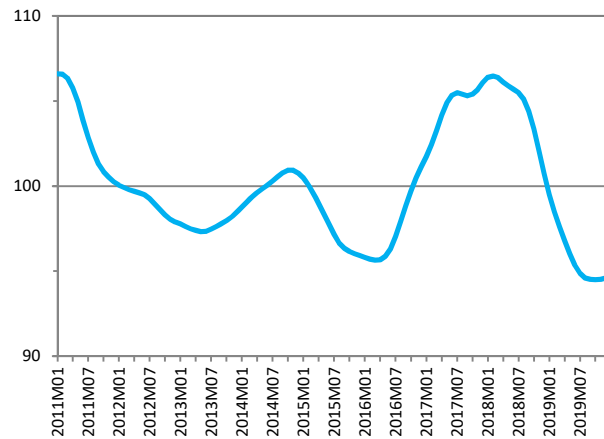


Source: IHS Markit.

98.5

International air freight (IATA)

(Index, trend = 100)

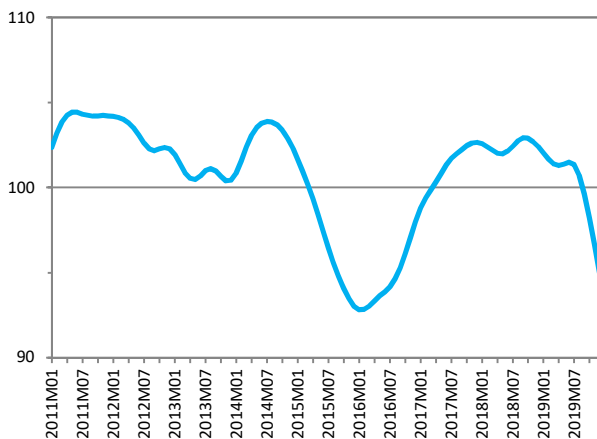


Source: IATA.

94.6

Container port throughput

(Index, trend = 100)

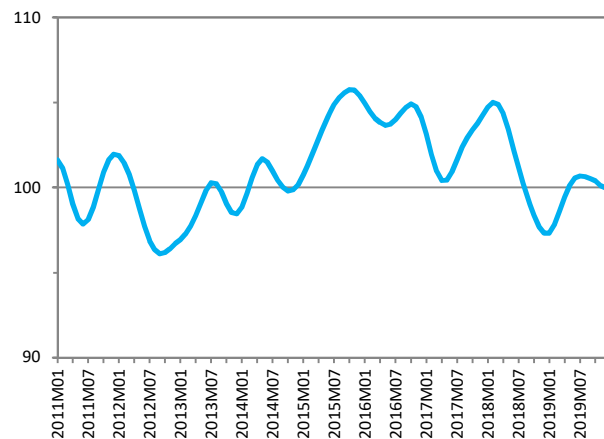


Source: ISL.

94.8

Automobile production and sales

(Index, trend = 100)

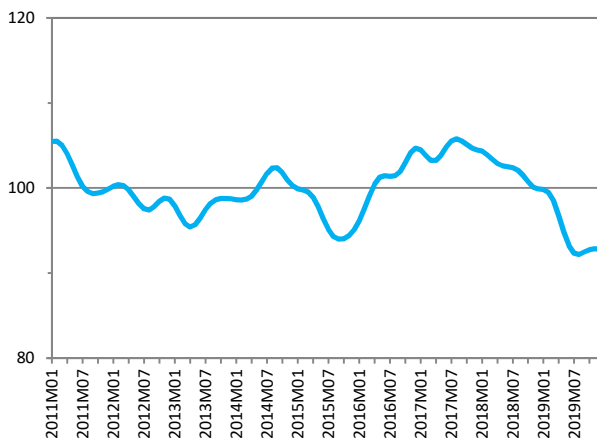


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

100.0

Electronic components

(Index, trend = 100)

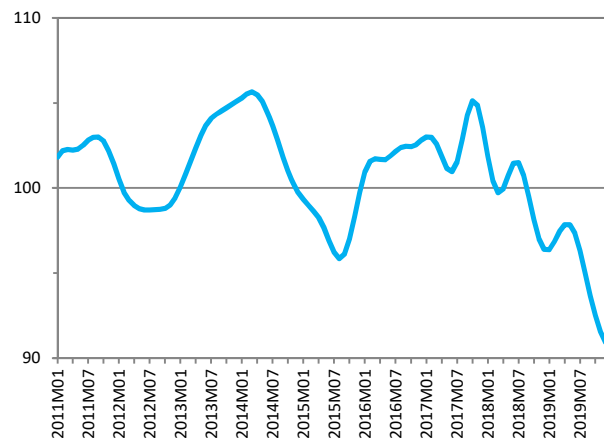


Source: TDM.

92.8

Agricultural raw materials

(Index, trend = 100)



Source: TDM.

90.9



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:

Background: [http://www.iata.org/publications/economic-briefings/Air freight and world trade.pdf](http://www.iata.org/publications/economic-briefings/Air_freight_and_world_trade.pdf)

IATA Quarterly Analysis: <http://www.iata.org/cargochartbook/monthly-analysis>

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/news19_e/methodology_wtoi_15aug19_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/pres19_e/pr840_e.htm