

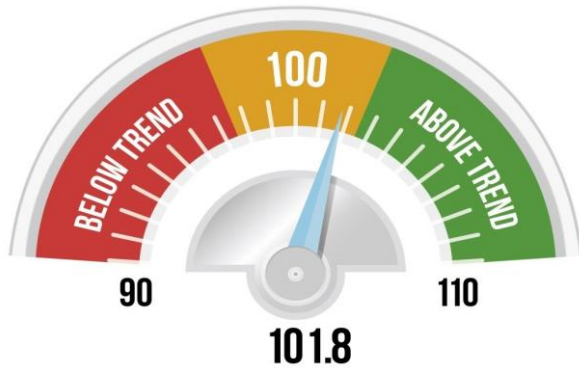
World Trade Outlook Indicator

Release date: 17 May 2018

World Trade Outlook Indicator

(Index, trend = 100)

101.8



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q4)	102.7	➔
Export orders	98.1	⬇
International air freight (IATA)	102.5	⬇
Container port throughput	105.8	➔
Automobile production and sales	97.9	➡
Electronic components	104.2	⬆
Agricultural raw materials	95.9	⬇

WTOI shows strong trade growth continues but may soften in second quarter of 2018

The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. The latest value of 101.8 is down from 102.3 in the last WTOI release in February but above the baseline value of 100 indicating growth in line with recent trends, which suggests continued solid trade growth in the second quarter but probably at a slightly slower pace than in the first quarter. The WTOI line in the chart below (blue) peaked in December roughly in line with a similar index of merchandise trade data (red), but the subsequent dip in the WTOI suggests that merchandise trade volume growth may slow in the coming months.

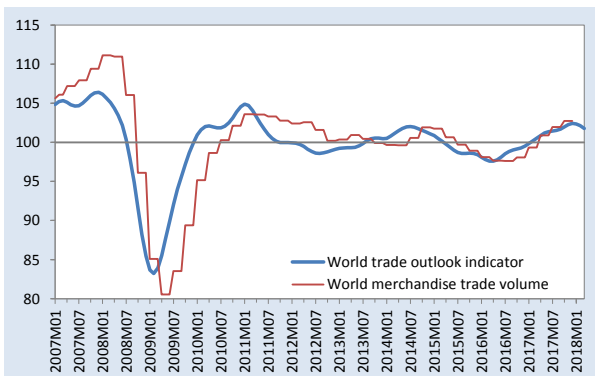
The moderate dip in the overall WTOI index was driven by declines in component indices for export orders and air freight. The forward-looking export orders index dropped from an above trend plateau to a below trend value in the latest month. While the IATA air freight index remains above trend, it has also lost momentum recently. Container port throughput remains above trend but shows signs of plateauing, while automobile sales and raw materials are currently weighing down the WTOI. In contrast, electronic components trade has turned up, climbing above trend. These results are broadly in line with the latest WTO trade forecast issued on 12 April 2018, which predicted a moderation of merchandise trade volume growth from 4.7% in 2017 to 4.4% in 2018.

About the Indicator: Readings of 100 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 the previous month. The chart below compares historical values of the WTOI to actual merchandise trade data. Trade volume growth tends to accelerate when the WTOI (blue line) is above the index for merchandise trade (red line), and decelerate when the WTOI is below the trade index.

World trade trajectory and momentum

World Trade Outlook Indicator and merchandise trade

(Index, trend = 100)



Changes in WTOI and component indices

(Point changes in index values)

	Month-on-month change			Year-on-year change
	2018 Jan.	Feb.	Mar.	2017 Mar.
WTOI	-0.1	-0.2	-0.3	1.3
Export orders	-1.0	-1.3	-1.4	-3.8
Air freight	-0.3	-0.4	-0.4	-0.3
Container shipping	0.6	0.3	0.1	5.1
Automobiles	-0.1	0.1	0.1	0.3
Electronics	1.4	1.3	1.0	6.4
Raw materials	-0.9	-1.1	-1.3	-1.1

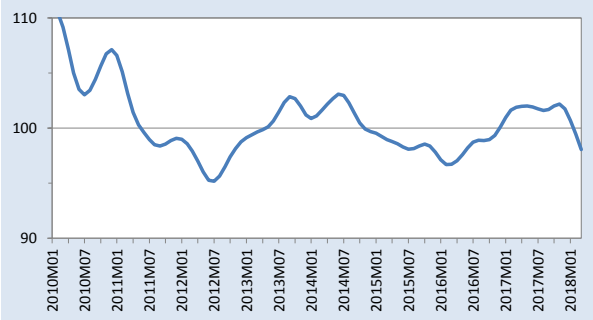
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

98.1

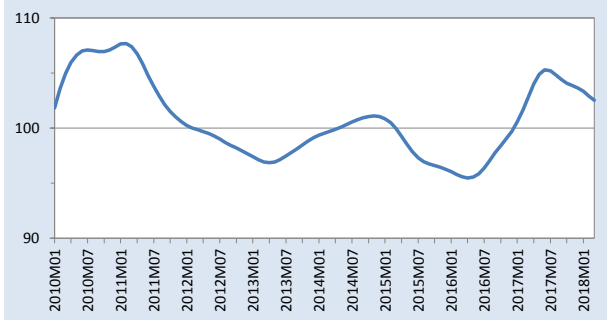
(Index, trend = 100)



International air freight (IATA)

102.5

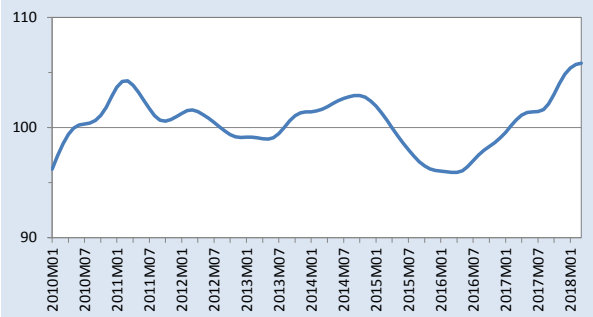
(Index, trend = 100)



Container port throughput

105.8

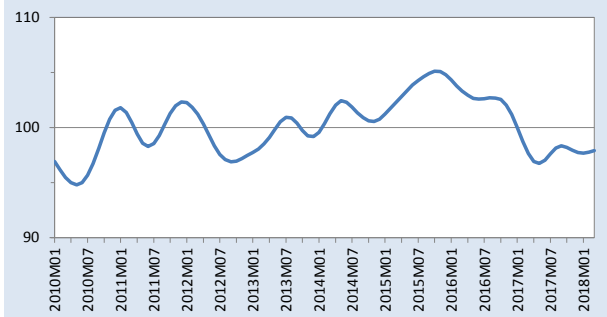
(Index, trend = 100)



Automobile production and sales

97.9

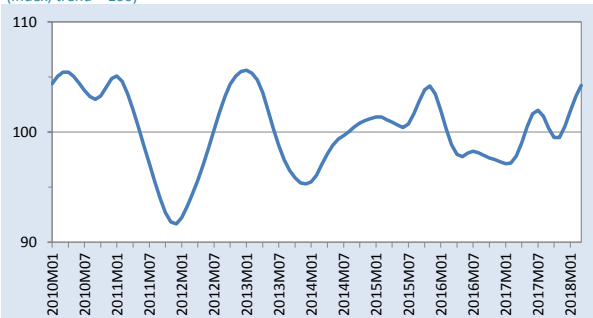
(Index, trend = 100)



Electronic components

104.2

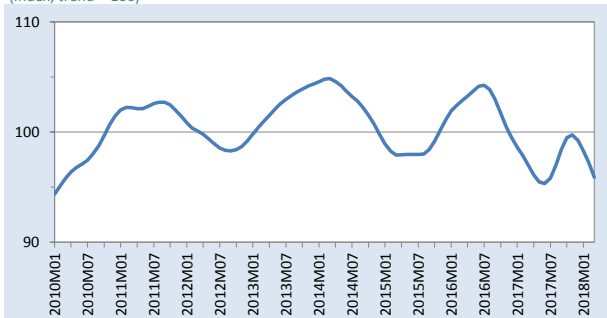
(Index, trend = 100)



Agricultural raw materials

95.9

(Index, trend = 100)



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>

IATA Monthly Analysis: <http://www.iata.org/freight-monthly-analysis>



Other sources: WTO Secretariat for quarterly merchandise trade volume, IHS Global Trade Atlas database for electronic components and agricultural raw materials, port authorities and national statistical agencies for container shipping. Export orders from national sources: National Bureau of Statistics, Federal Reserve Bank of St. Louis, Deutsche Bundesbank, and IHS Markit.

Details on the methodology of the trade outlook indicator are available on the WTO website at the following address:

www.wto.org/WTOI

Short-term WTO trade statistics (quarterly and monthly) can be obtained here:

https://www.wto.org/english/res_e/statist_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/pres18_e/pr820_e.htm