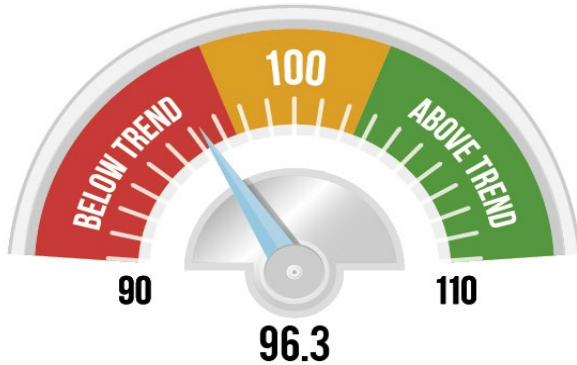


World Trade Outlook Indicator 96.3
(Index, trend = 100)



Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q3)	101.9	↑
Export orders	95.3	↓
International air freight (IATA)	96.8	↓
Container port throughput	100.3	→
Automobile production and sales	92.5	↓
Electronic components	88.7	↓
Agricultural raw materials	94.3	↓

WTOI points to slower trade growth into first quarter of 2019

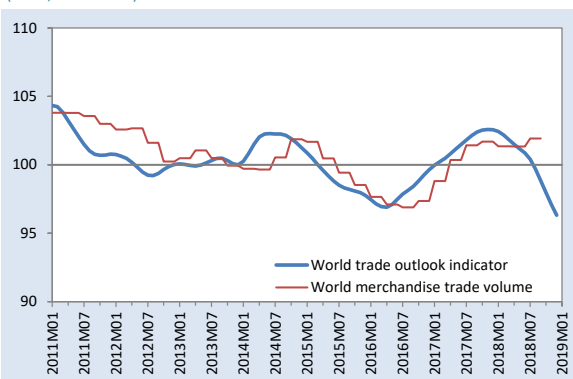
The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. The latest reading of 96.3 is the weakest since March 2010 and is below the baseline value of 100 for the index, signalling below-trend trade expansion into Q1. In the following chart, the blue line depicting the WTOI has turned sharply downward, which suggests that actual merchandise trade flows represented by the red line will follow suit in the coming months. This sustained loss of momentum highlights the need to reduce global trade tensions in order to avoid a broader economic slowdown.

Weakness in the overall index was driven by steep declines in most component indices. Indices for export orders (95.3), air freight (96.8), automobile production and sales (92.5), electronic components (88.7) and agricultural raw materials (94.3) have all fallen below trend. Only the container port throughput index has remained on trend (100.3). Simultaneous declines in multiple trade-related indicators should put policy makers on guard for a sharper slowdown should current trade tensions remain unresolved. Conversely, greater certainty and improvement in the policy environment could bring about a swift rebound in trade growth.

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 Oct.	2018 Nov.	2018 Dec.	2018 Dec.
WTOI	-0.9	-0.9	-0.8	-6.3
Export orders	-0.5	-0.6	-0.6	-7.9
Air freight	-1.2	-1.3	-1.4	-7.0
Container shipping	-0.3	-0.2	0.0	-2.1
Automobiles	-1.4	-1.5	-1.2	-10.3
Electronics	-2.3	-2.3	-2.2	-12.9
Raw materials	-1.0	-0.9	-0.7	-5.1

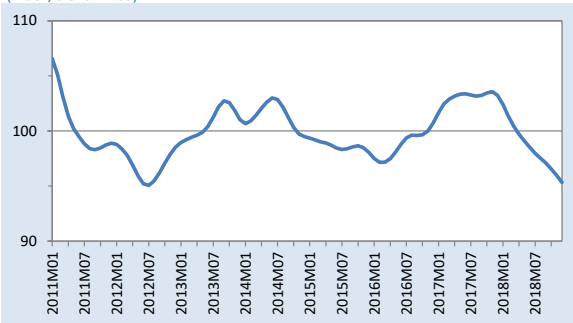
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

95.3

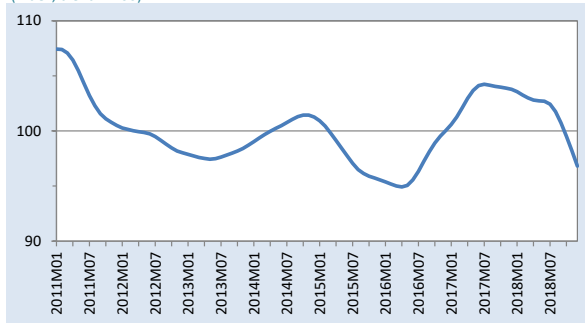
(Index, trend = 100)



International air freight (IATA)

96.8

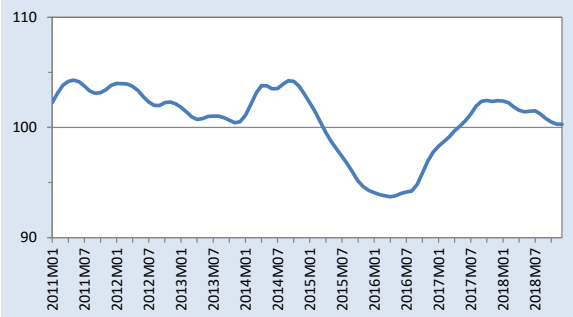
(Index, trend = 100)



Container port throughput

100.3

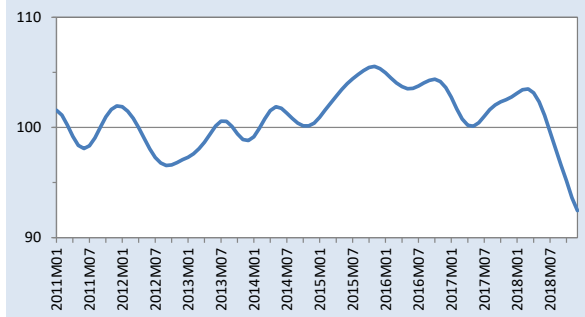
(Index, trend = 100)



Automobile production and sales

92.5

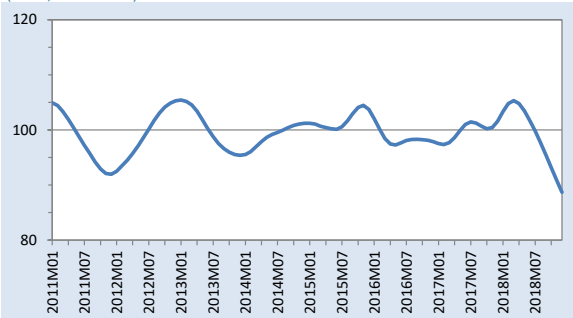
(Index, trend = 100)



Electronic components

88.7

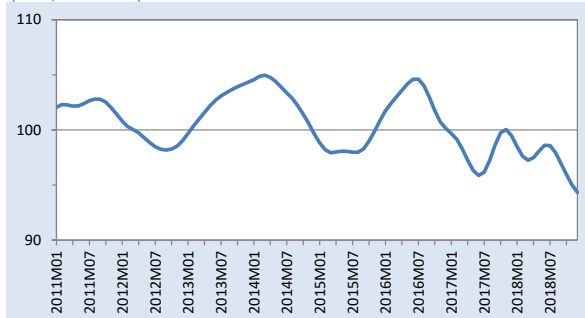
(Index, trend = 100)



Agricultural raw materials

94.3

(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, 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:

http://www.wto.org/english/news_e/news19_e/wtoi_methodology_18_02_19.pdf

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/pr822_e.htm