

World Trade Outlook Indicator

Release date: 12 February 2018

World Trade Outlook Indicator 102.3
(Index, trend = 100)



Drivers of trade

| | Level of Index | Direction of change |
|----------------------------------|----------------|---------------------|
| Merchandise trade volume (Q3) | 102.7 | ↑ |
| Export orders | 102.8 | ↑ |
| International air freight (IATA) | 103.2 | ↓ |
| Container port throughput | 104.3 | ↑ |
| Automobile production and sales | 101.0 | → |
| Electronic components | 94.1 | ↓ |
| Agricultural raw materials | 100.8 | ↑ |

WTOI points to sustained trade growth in first quarter of 2018

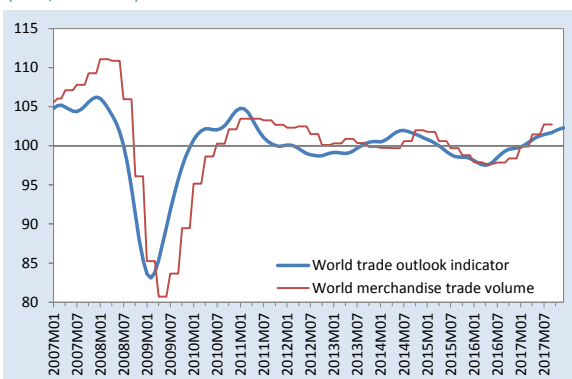
The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. The latest value of 102.3 is little changed from the previous reading of 102.2 in November last year, indicating continued solid trade volume growth in the first quarter of 2018 following robust expansion in 2017. The WTOI line in the chart below (blue) is slightly below the merchandise trade line (red), which suggests that quarterly merchandise trade volume growth may moderate going forward while still remaining above trend.

Component indices for container port throughput and air freight are firmly above trend, indicating strong current trade growth. Meanwhile, the forward-looking export orders index has reached its highest level since 2011, pointing to sustained recovery in trade flows in the first half of 2018. On the other hand, weaker results for automotive products, electronics and agricultural raw materials could indicate weakening consumer confidence. These results are somewhat stronger than the WTO's most recent trade forecast issued on 21 September 2017, which predicted merchandise trade volume growth of 3.6% for 2017 and 3.2% for 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 |
|--------------------|-----------------------|-----------|-----------|---------------------|
| | 2017 Oct. | 2017 Nov. | 2017 Dec. | 2017 Dec. |
| WTOI | 0.2 | 0.2 | 0.2 | 2.6 |
| Export orders | 0.3 | 0.3 | 0.3 | 2.5 |
| Air freight | -0.4 | -0.4 | -0.4 | 3.4 |
| Container shipping | 0.7 | 0.7 | 0.7 | 5.0 |
| Automobiles | 0.2 | 0.0 | 0.0 | -2.2 |
| Electronics | -1.6 | -1.5 | -1.6 | -1.7 |
| Raw materials | 1.5 | 1.4 | 1.1 | 1.6 |

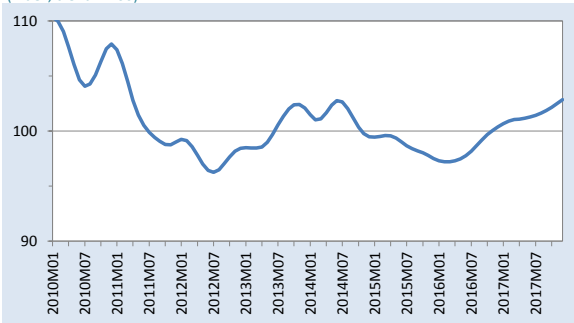
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

Component indices

Export orders

102.8

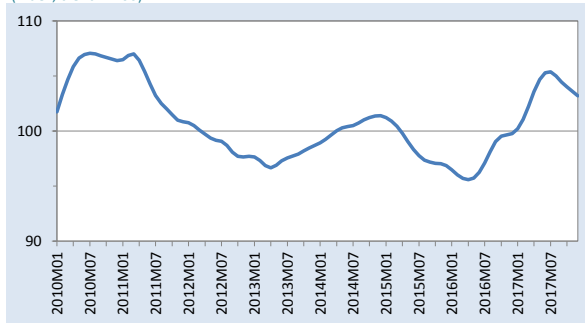
(Index, trend = 100)



International air freight (IATA)

103.2

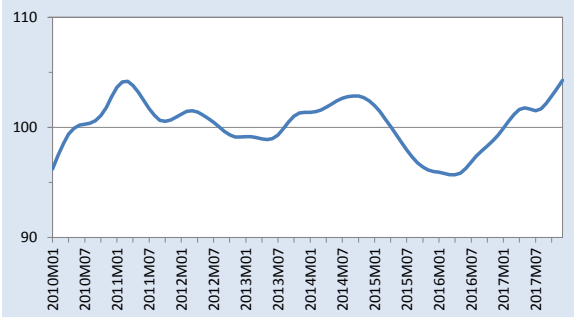
(Index, trend = 100)



Container port throughput

104.3

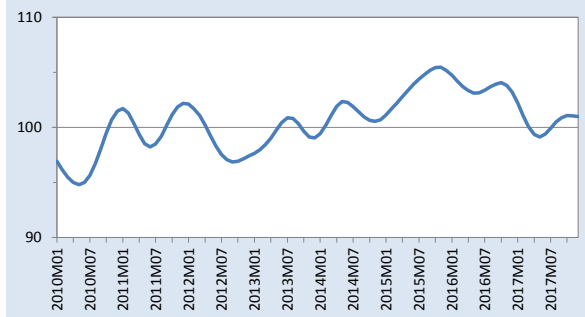
(Index, trend = 100)



Automobile production and sales

101.0

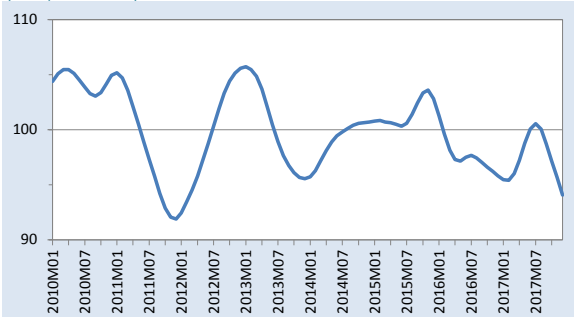
(Index, trend = 100)



Electronic components

94.1

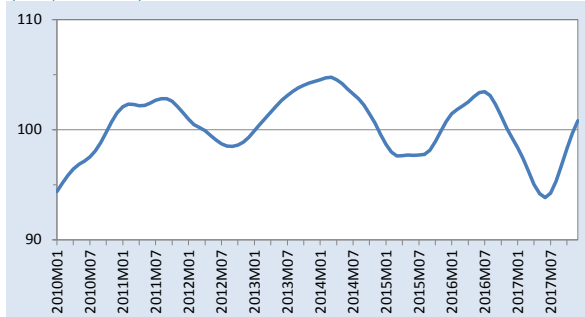
(Index, trend = 100)



Agricultural raw materials

100.8

(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, 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/pres16_e/pr768_e.htm