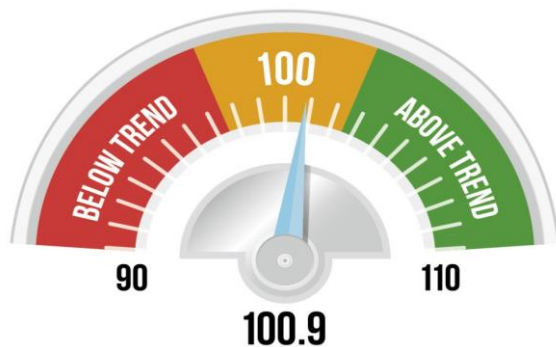


## World Trade Outlook Indicator

Release date: 8 November 2016

**World Trade Outlook Indicator** 100.9

(Index, trend = 100)



### Drivers of trade

	Level of Index	Direction of change
Merchandise trade volume (Q2)	97.0	➔
Export orders	101.8	➔
International air freight (IATA)	103.2	⬆
Container port throughput	99.3	⬆
Automobile production and sales	99.6	➔
Electronic components	100.4	⬆
Agricultural raw materials	103.1	⬆

### Latest data indicate modest pick-up in trade during fourth quarter

The World Trade Outlook Indicator (WTOI) is designed to provide "real time" information on the trajectory of world trade relative to recent trends. With a reading of 100.9 for August, the WTOI has risen slightly above trend since the last release, signalling a modest gain in momentum into November and December. The WTOI remains above the merchandise trade volume index after a weak first half. This suggests that trade data for the third and fourth quarters should begin to show some signs of stabilization and recovery toward trend. This is broadly consistent with the latest WTO forecast of 1.7% trade volume growth for 2016 (27 September), which requires faster trade growth in the second half of the year after a stagnant first half.

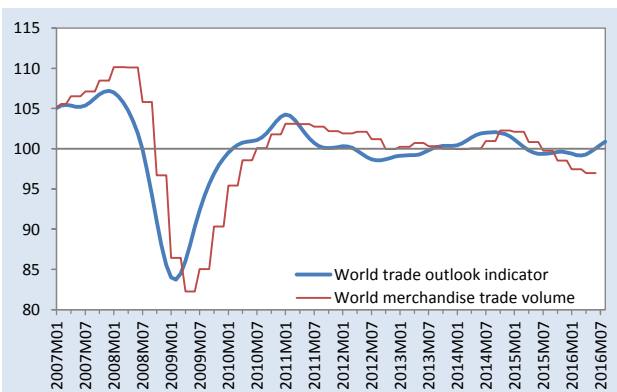
Component indices are more positive than in the last release in July. Export orders remain above trend but have levelled off. International air freight data from IATA are up sharply while container throughput of major ports has seen a more modest improvement. The automobile index has stabilized while electronics and agricultural raw materials are gaining momentum. In retrospect, April 2016 appears to have been a trough in the WTOI index, which suggests that trade growth probably bottomed out in July-August.

*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 reverse. 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
	2016 Jun.	Jul.	Aug.	2016 Aug.
WTOI	0.4	0.4	0.4	1.5
Export orders	0.3	0.1	0.1	4.4
Air freight	0.7	0.8	0.9	3.7
Container shipping	0.4	0.3	0.2	1.5
Automobiles	-0.1	0.0	0.2	-4.8
Electronics	1.1	1.1	0.9	0.4
Raw materials	0.4	0.5	0.3	7.5

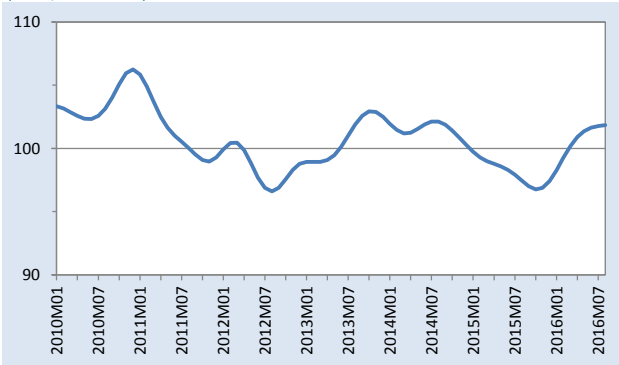
Note: Component indices of the WTOI are derived from various sources and are seasonally adjusted, smoothed, de-trended and amplitude adjusted by the WTO. As a result, values differ from original data series. For more information on interpretation, see methodological note.

## Component indices

### Export orders

101.8

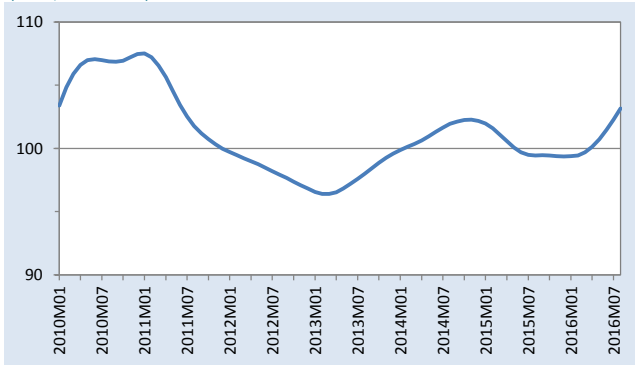
(Index, trend = 100)



### International air freight (IATA)

103.2

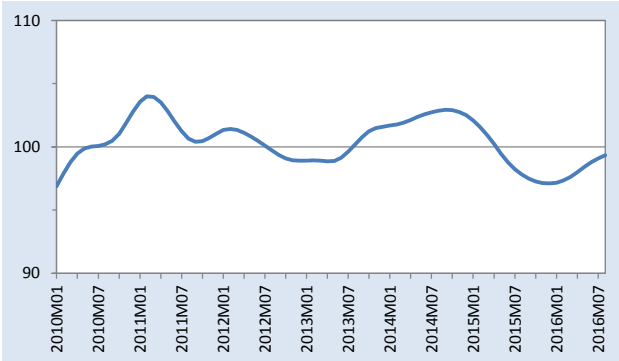
(Index, trend = 100)



### Container port throughput

99.3

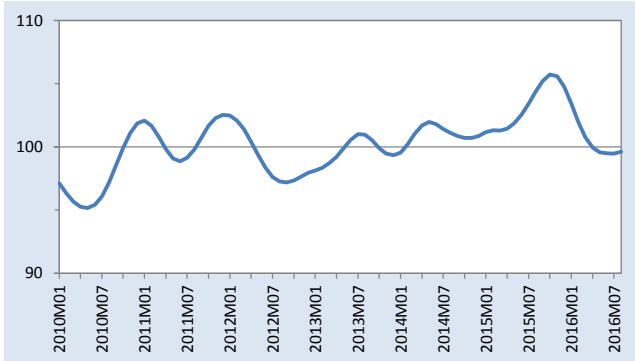
(Index, trend = 100)



### Automobile production and sales

99.6

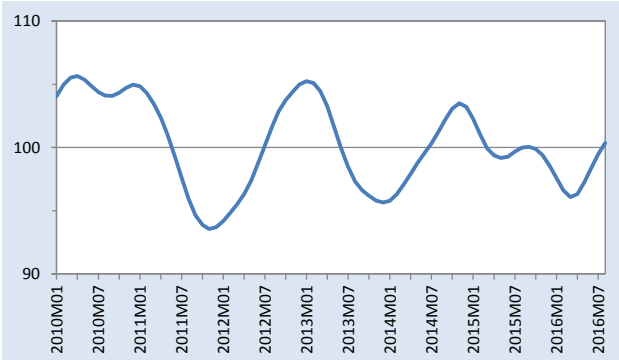
(Index, trend = 100)



### Electronic components

100.4

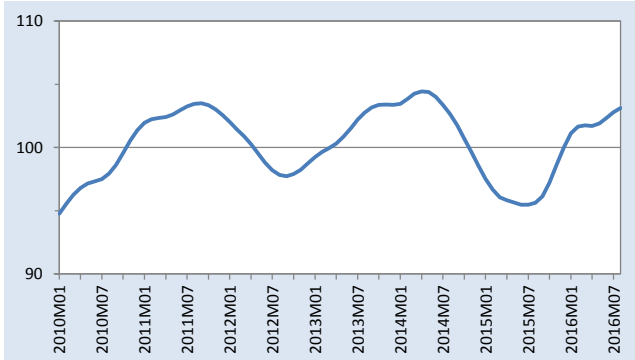
(Index, trend = 100)



### Agricultural raw materials

103.1

(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 for China, Federal Reserve Bank of St. Louis for the United States, Deutsche Bundesbank for Germany.

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

[www.wto.org/WTOI](http://www.wto.org/WTOI)

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](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/pres16\\_e/pr768\\_e.htm](https://www.wto.org/english/news_e/pres16_e/pr768_e.htm)