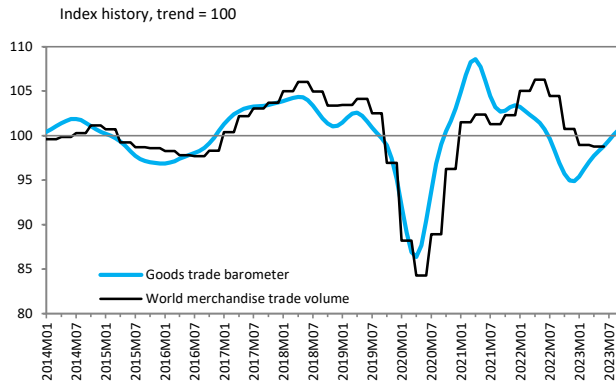


Goods barometer shows trade volumes returning to trend amid high uncertainty

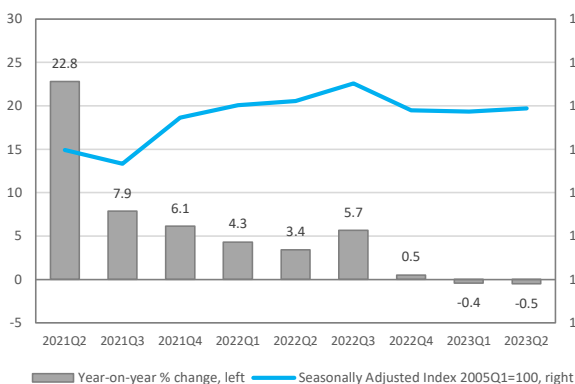
Goods trade barometer

Index value, September 2023 = 100.7



The Goods Trade Barometer is a composite leading indicator for world trade, providing an early indication of the trajectory of merchandise trade relative to recent trends. The current value of 100.7 for the barometer index (represented by the blue line above) is above the latest reading for quarterly trade volume (represented by the black line) and close to the baseline value of 100. This suggests that merchandise trade volume will gradually revert towards its medium-term trend in the second half of 2023, although uncertainty remains high due to mixed economic data and rising geopolitical tensions.

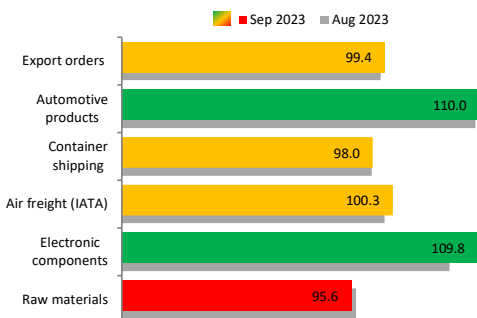
World merchandise trade volume



World merchandise trade volume was flat in the second quarter of 2023, up 0.2% compared to the previous quarter but still down 0.5% year-on-year. Trade statistics for the third quarter should come in slightly stronger thanks to faster GDP growth the United States and China, even as the EU economy continued to stagnate. Year-on-year trade growth is likely to be strong in Q4 in any case due to the slump that began in the same period last year. These developments are consistent with the WTO's forecast of 5 October 2023, which foresaw an 0.8% increase in global trade volume in 2023. While the forecast remains unchanged, risks to the trade outlook have shifted towards the downside in light of recent developments in the Middle East.

Drivers of goods trade

Component index values, trend = 100



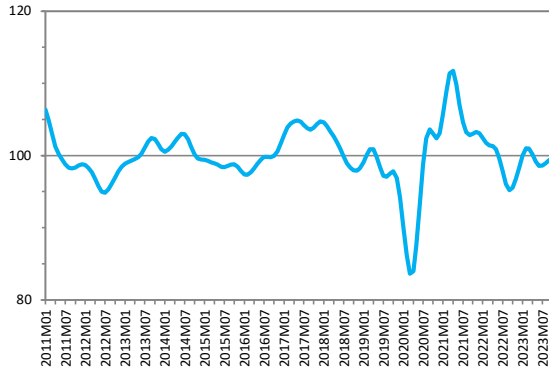
The barometer's component indices are mixed, with some rising firmly above trend and others remaining on or below trend. The biggest gains were seen in the indices for automobile sales and production (110.0) and electronic components trade (109.8). The indices for air freight (100.3), export orders (99.4) and container shipping (98.0) finished on or slightly below trend, while the raw materials index (95.6) sank below trend. The strength of the automotive products and electronic components indices may be explained by surging global demand for electric vehicles, while the weak result for raw materials may be partly due to weakening property markets as interest rates remain elevated.

Component indices

Export orders

(Index, trend = 100)

99.4

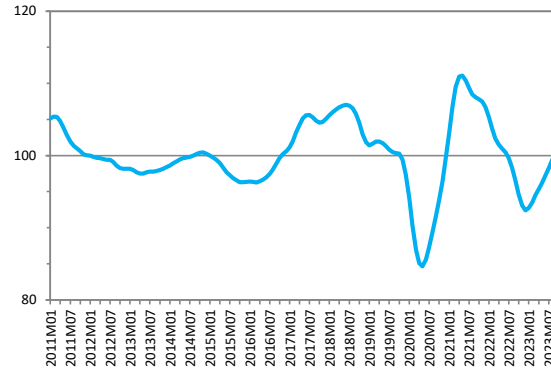


Source: IHS Markit.

International air freight (IATA)

(Index, trend = 100)

100.3

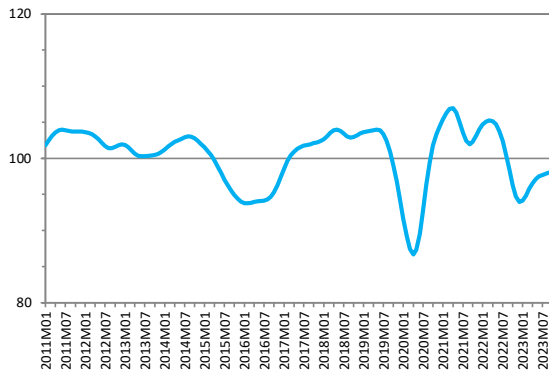


Source: IATA.

Container port throughput

(Index, trend = 100)

98.0

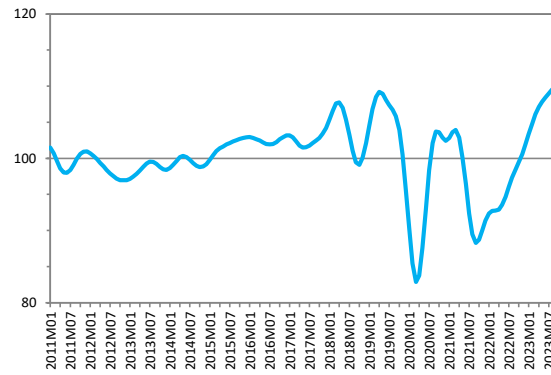


Source: ISL.

Automobile production and sales

(Index, trend = 100)

110.0

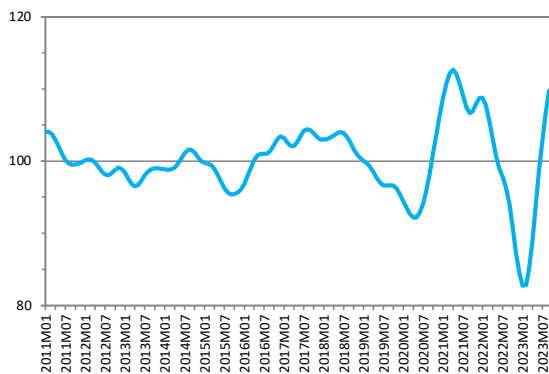


Source: Federal Reserve Bank of St. Louis, ACEA, JAMA, National Bureau of Statistics China.

Electronic components

(Index, trend = 100)

109.8

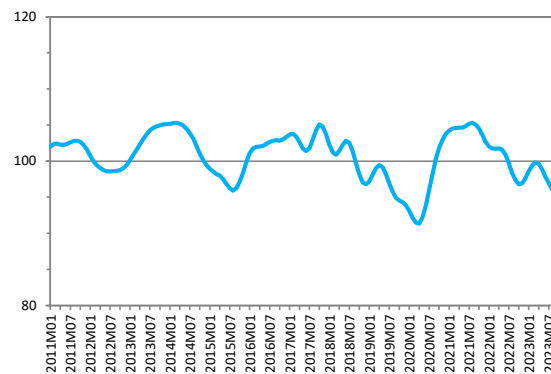


Source: TDM.

Agricultural raw materials

(Index, trend = 100)

95.6



Source: TDM.



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:

<https://www.iata.org/en/publications/economics/>

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/news20_e/methodology_wtoi_19aug20_e.pdf

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

https://www.wto.org/english/res_e/statis_e/latest_trends_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/pres22_e/pr909_e.htm