

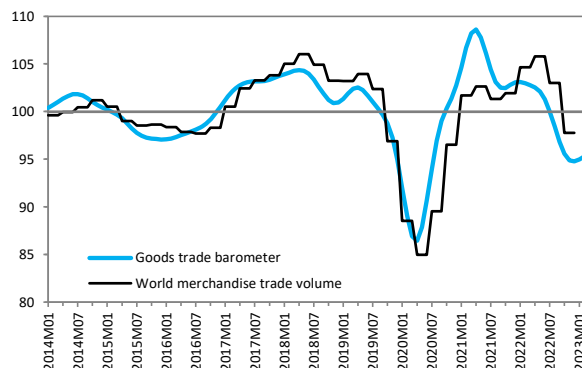
Goods barometer stabilizes, indicating possible turning point for trade

Goods trade barometer

Index value, March 2023 = 95.6

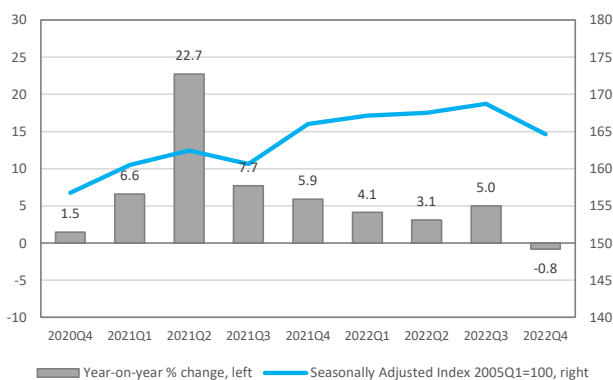


Index history, trend = 100



The Goods Trade Barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends. The current reading of 95.6 for the barometer index (represented by the blue line above) is up compared to the previous four months but below the trade volume index (represented by the black line) and well below the baseline value of 100. This suggests that merchandise trade remained depressed in the first quarter of 2023 but may turn up in the second quarter.

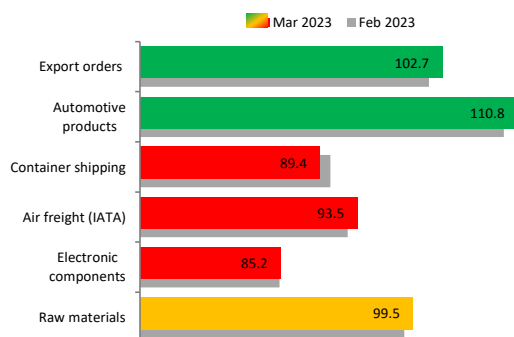
World merchandise trade volume



The volume of world merchandise trade was down 0.8% year-on-year in Q4 of 2022 following a 2.4% quarter-on-quarter decline. The slump was driven by several related factors including the ongoing war in Ukraine, stubbornly high inflation in advanced economies, and tighter monetary policy globally. The relaxation of pandemic controls in China appears to have boosted port traffic in the country, but this was outweighed by falling throughput in European ports. Preliminary data suggest that trade remained depressed in Q1 of 2023 but increased export orders point to a turnaround in Q2. These results are consistent with the WTO's most recent trade forecast, which called for 1.7% merchandise trade growth in 2023.

Drivers of goods trade

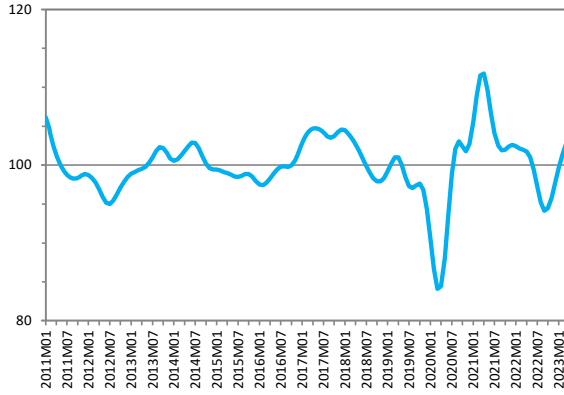
Component index values, trend = 100



The barometer's component indices are mixed, with the automotive products index (110.8) rising firmly above trend on the back of strong sales in the United States and Europe. The highly predictive export orders index (102.7) has also rebounded after a dip following the outbreak of war in Ukraine. Meanwhile, indices representing container shipping (89.4), air freight (93.5) and electronic components trade (85.2) continue to signal weakness, while the index of raw materials trade (99.0) was exactly on trend. The mixture of signals from the component indices suggests that the road to trade recovery may be bumpy.

Export orders
(Index, trend = 100)

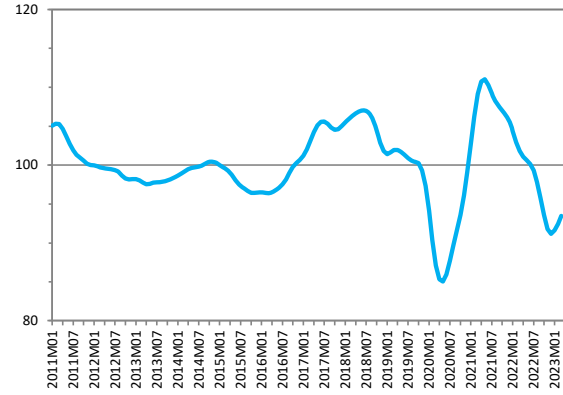
102.7



Source: IHS Markit.

International air freight (IATA)
(Index, trend = 100)

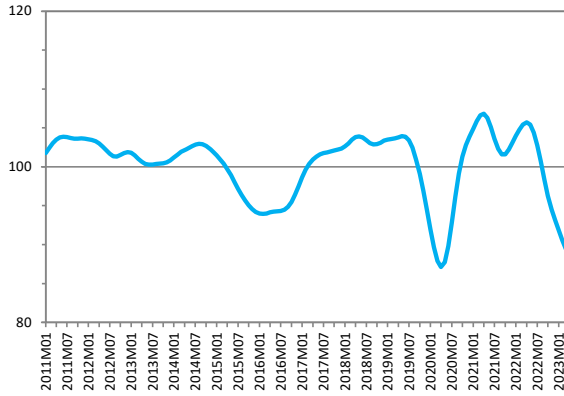
93.5



Source: IATA.

Container port throughput
(Index, trend = 100)

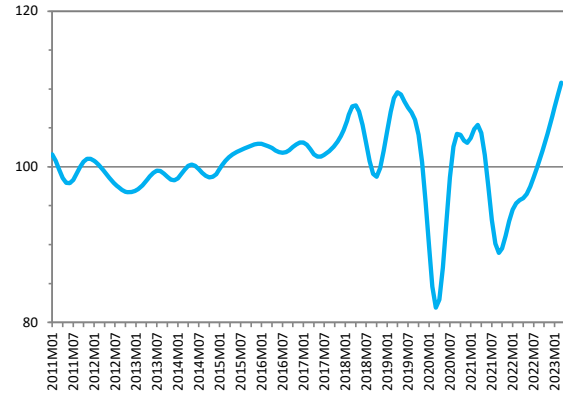
89.4



Source: ISL.

Automobile production and sales
(Index, trend = 100)

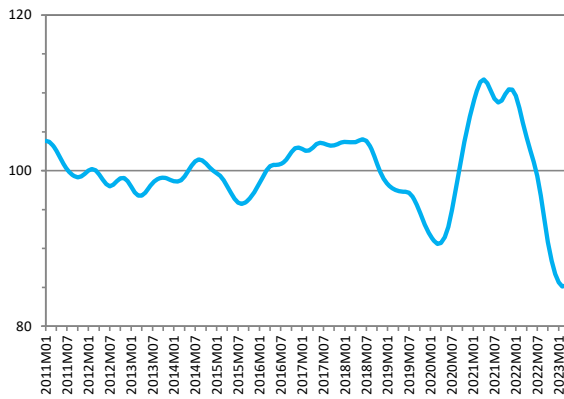
110.8



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

Electronic components
(Index, trend = 100)

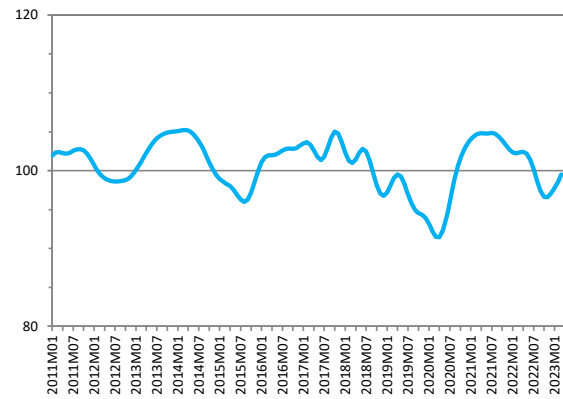
85.2



Source: TDM.

Agricultural raw materials
(Index, trend = 100)

99.5



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/news23_e/tfore_05apr23_e.htm