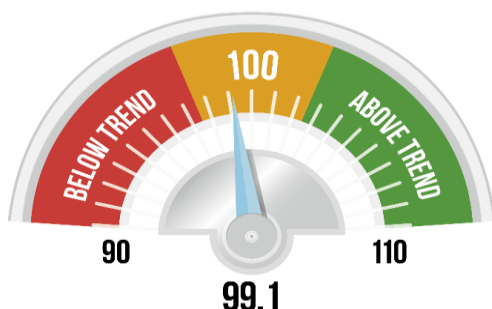


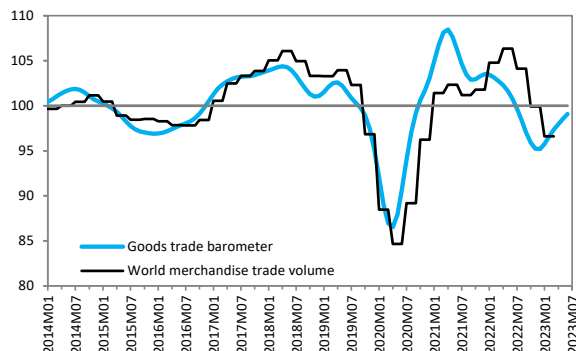
## Goods barometer signals upturn in trade backed by strong auto demand

### Goods trade barometer

Index value, June 2023 = 99.1

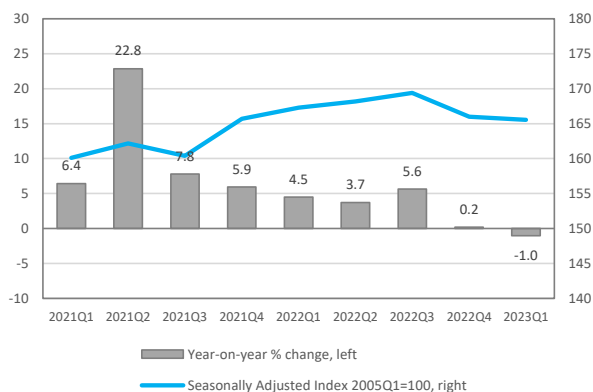


Index history, trend = 100



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 99.1 for the barometer index (represented by the blue line above) is above the trade volume index (represented by the black line) and close to the baseline value of 100 for both indices. This suggests that merchandise trade volume will turn up in Q2 and continue to grow at a moderate pace in Q3 following two quarters of decline.

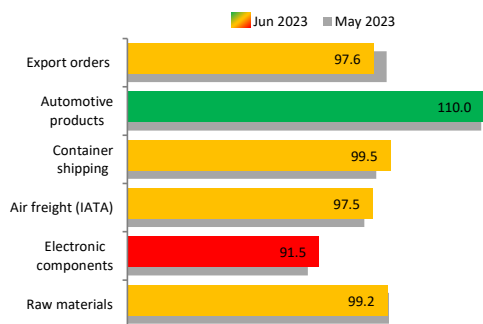
### World merchandise trade volume



The volume of merchandise trade was down 1.0% year-on-year and 0.3% quarter-on-quarter in the first quarter of 2023, extending a downturn that began in the fourth quarter of 2022. Several factors contributed to the slump, including high food and energy prices linked to the war in Ukraine, and tighter monetary policies aimed at fighting inflation in advanced economies. Import demand remains weak globally, weighed down by sluggish economic growth in the European Union and China. These developments are slightly weaker than the WTO's trade forecast from last April, which foresees a 1.7% increase in merchandise trade volume in 2023. However, this target is still attainable if trade picks up in the second half of the year as expected.

### Drivers of goods trade

Component index values, trend = 100

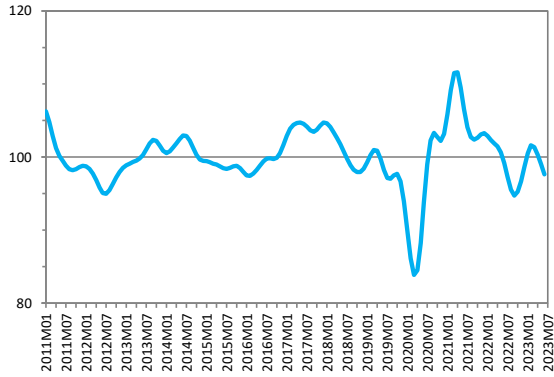


Most of the barometer's component indices were either on trend or slightly below trend in their latest readings. These include the export orders index (97.6), the container shipping index (99.5), the air freight index (97.5), and the raw materials index (99.2). The exceptions were the automotive products index (110.8), which has climbed firmly above trend, the electronic components index (91.5), which has fallen well below trend. Surging exports of automotive products have contributed to stronger-than-expected GDP growth in Japan, while vehicle exports are a rare area of strength for the Chinese economy at the moment.

**Component indices**

**Export orders**  
(Index, trend = 100)

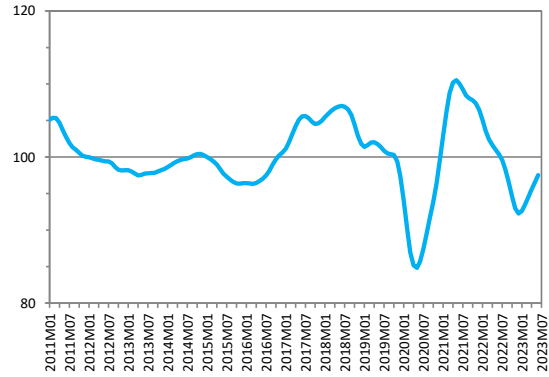
**97.6**



Source: IHS Markit.

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

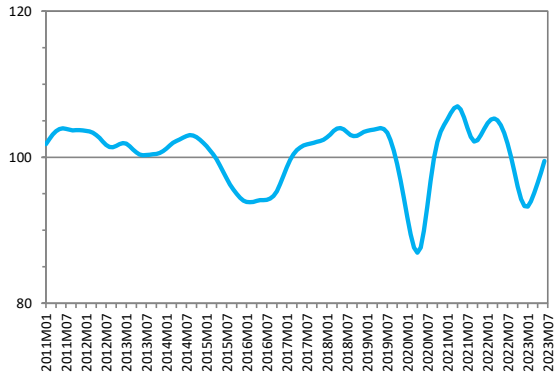
**97.5**



Source: IATA.

**Container port throughput**  
(Index, trend = 100)

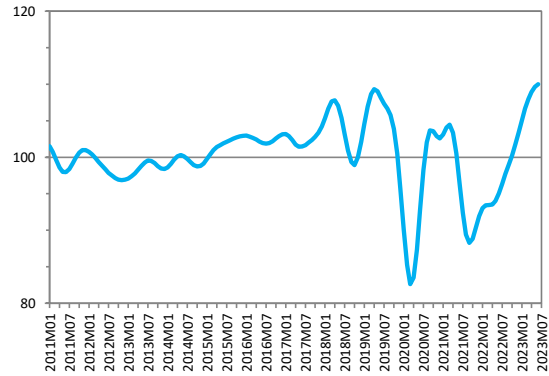
**99.5**



Source: ISL.

**Automobile production and sales**  
(Index, trend = 100)

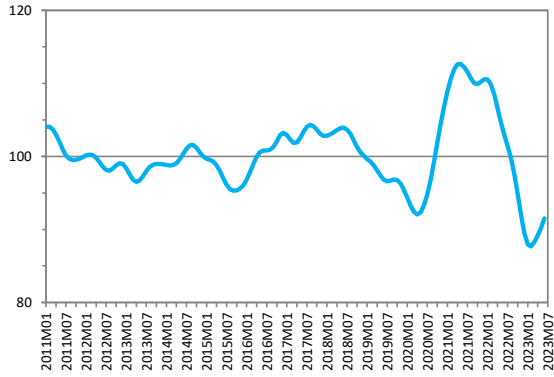
**110.0**



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

**Electronic components**  
(Index, trend = 100)

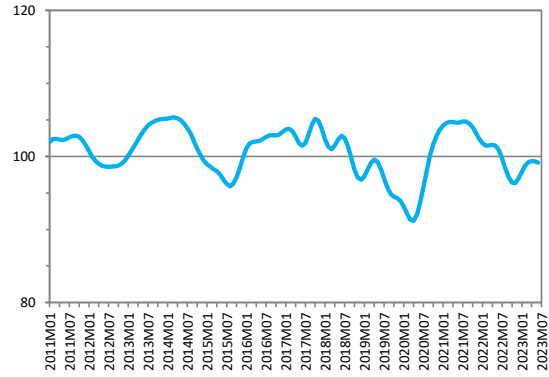
**91.5**



Source: TDM.

**Agricultural raw materials**  
(Index, trend = 100)

**99.2**



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](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](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](https://www.wto.org/english/news_e/pres22_e/pr909_e.htm)