




UNCTAD/GDS/DSI/MISC/2020/6

GLOBAL MERCHANDISE TRADE NOWCAST

SEPTEMBER 2020

Global merchandise trade **values** and **volumes** fell moderately in the first quarter of 2020 due to the early effects of measures taken to contain the COVID-19 pandemic. As measures became stricter in the second quarter, much sharper contractions were recorded. The second quarter saw quarter-over-quarter declines of 16.2 and 15.0 per cent for merchandise trade values and volumes, respectively. Such a strong decrease for volumes, in particular, was unprecedented, as they historically have recorded more muted movements than values.

Nowcasts signal significant recovery in global trade for third quarter 2020



The outlook for the third quarter, however, looks more optimistic. UNCTAD nowcasts for the third quarter point to increases of 13.7 and 8.0 per cent for values and volumes, respectively, from the historically low second quarter. Merchandise trade looks set to regain only a portion of its decline in the first half of the year, with the nowcasted growth rates translating to 2020 quarter three levels 8.7 per cent below 2019 levels for values, and 9.9 per cent below 2019 levels for volumes. However, the ever-evolving situation with the virus, especially as the autumn and winter months approach, leaves much unknown in terms of the economic impacts of potential future lockdowns or other restrictions.

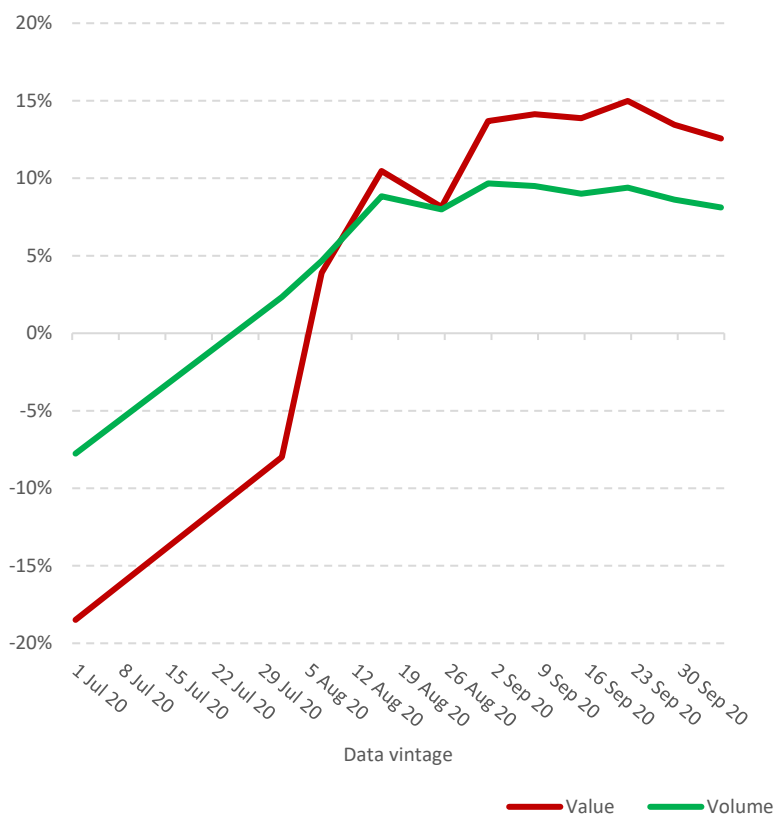
Figure 1. Global merchandise trade

(Growth rate over previous quarter, seasonally adjusted series)



UNCTAD nowcasts incorporate a wide variety of data sources, reflecting the diverse determinants and indicators of trade. They are updated weekly to capture the most recent data available. The nowcasts for the third quarter of 2020 of merchandise trade values and volumes were revised upwards significantly between July and the end of August, reflecting increasingly improving prospects with every release of new statistics. In September, the nowcasts remained relatively constant, reflecting a stabilizing economic situation. Slight revisions downwards were registered towards the end of September and in October from mid-September highs, but overall, the nowcasts remain relatively stable. The virus and any associated containment measures will play a large role in whether or not the economic recovery continues or stalls heading into the fourth quarter.

Figure 2. Evolution of global merchandise trade nowcast, third quarter of 2020
(Growth rate over previous quarter, seasonally adjusted series)



Source: UNCTAD calculations
Note: weekly data collection began on 1 August 2020.

Definition and methodology

UNCTAD's global merchandise trade nowcasts are real-time estimates of current trends in international trade in goods based on timely information from many data sources. The nowcasts presented correspond to total merchandise trade in value and volumes for the previous and current quarters. The preceding period is included to fill the publication gap: while the preceding quarter has elapsed, official figures will only be available after several months. Timely information is obtained from numerous official statistics and other country- and regional-level indicators of trade, industrial production, domestic trade, freight transportation, trade prices, and business and consumer surveys. UNCTAD updates its nowcast estimates once per week, reflecting new information releases and data revisions. All figures represent quarter-over-quarter growth rates of seasonally adjusted series. For more details on the methodology and underlying indicators, see [this working paper](#) and [this presentation](#).