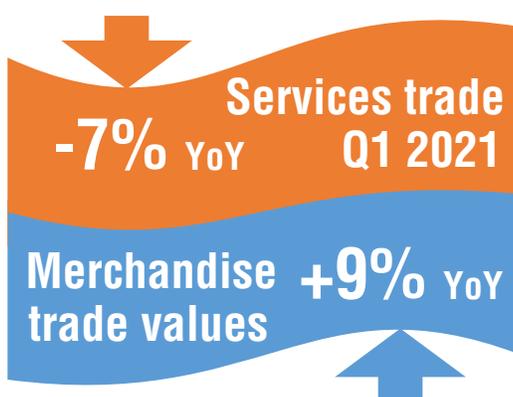


UNCTAD/GDS/DSI/MISC/2021/3

GLOBAL MERCHANDISE AND SERVICES TRADE NOWCAST APRIL 2021

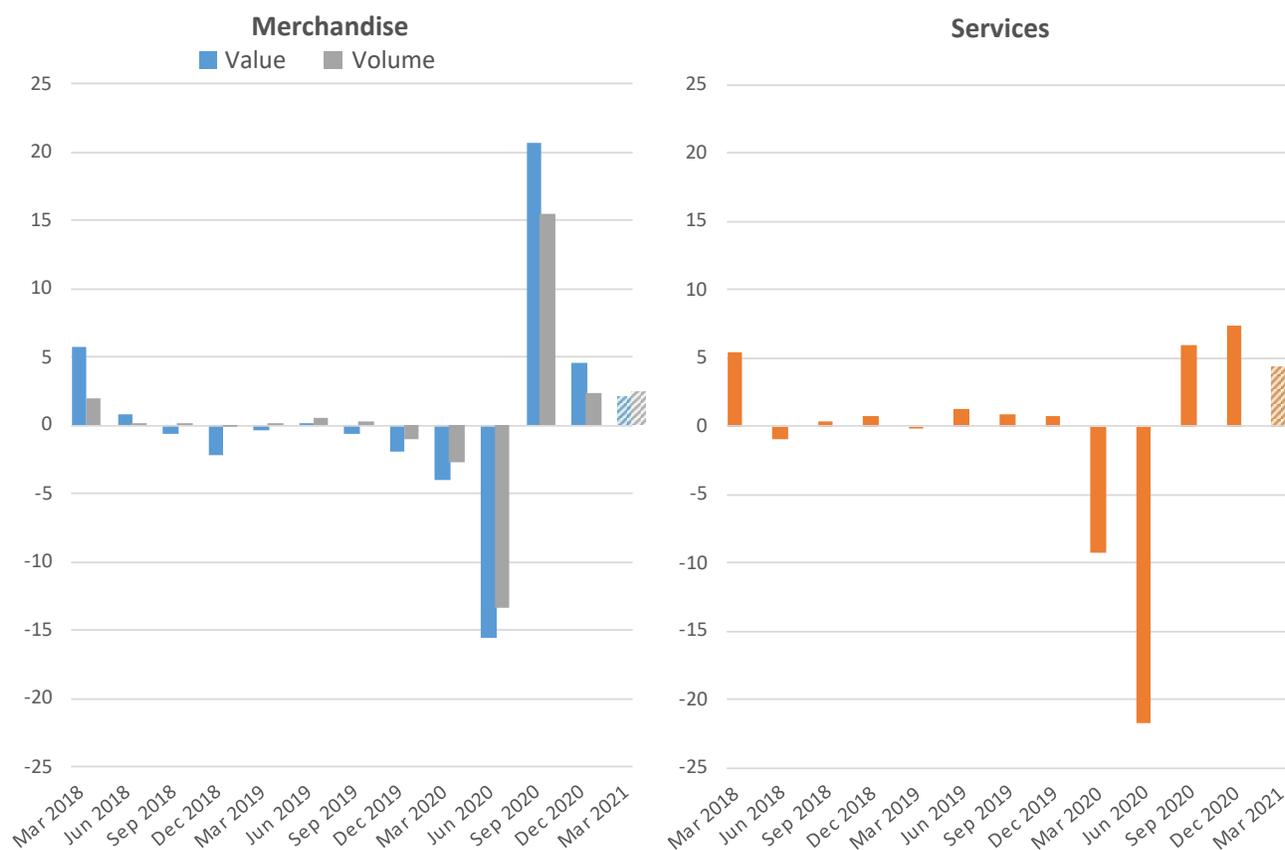
After steep declines in global merchandise trade **values** and **volumes** and in global services trade in the first half of 2020, all three series experienced bounce backs in the third quarter of 2020. Due to the nature of the COVID-19 pandemic, services trade has been consistently hit harder than merchandise trade. The data indicate a reversal of this trend in the fourth quarter of 2020 and the first quarter of 2021, with services growth finally beginning to outpace growth in merchandise trade. All three series are nowcast to continue growing in the first quarter of 2021, at 2.1 per cent, 2.5 per cent, and 4.4 per cent quarter-over-quarter for merchandise values, volumes, and services, respectively. However, the deeper contraction experienced in services coupled with a much weaker third quarter recovery means services has much more ground to make up than merchandise trade.

Nowcasts indicate continued recovery for global trade in the first quarter of 2021

Services trade was able to build on the positive momentum of the third quarter, despite autumn and winter COVID-19 waves, which in the northern hemisphere dashed hopes of smooth recovery and economic reopening. Despite this continued growth in the fourth quarter, services in the first quarter of 2021 are nowcast to remain 7 per cent below their levels one year ago, compared with year-over-year growth of 9 and 5 per cent nowcast for merchandise trade values and volumes, respectively. Signs of accelerated recovery in services trade will likely have to wait for reduced COVID-19 caseloads and a fuller economic reopening.

Figure 1 and 2. Global merchandise and services trade
(Growth rate over previous quarter, seasonally adjusted series)

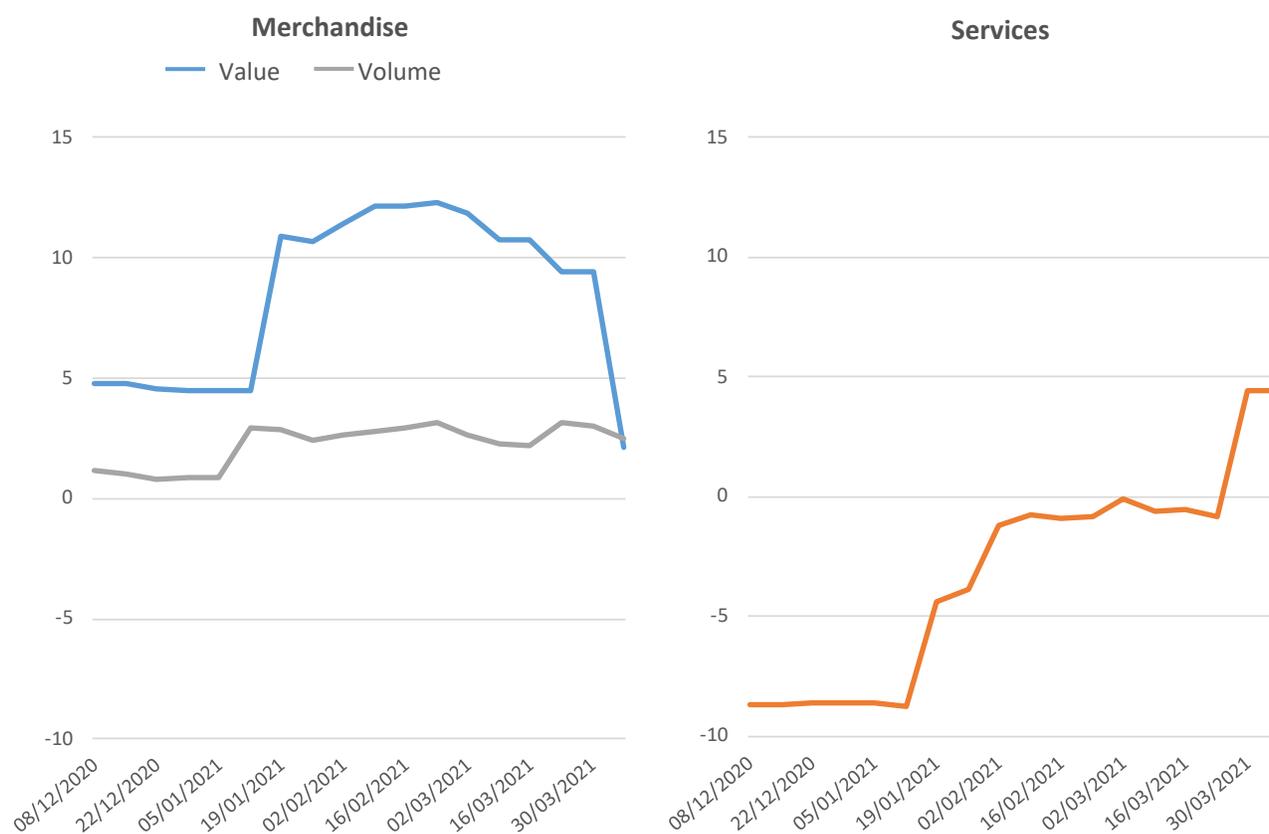


Source: UNCTAD calculations.

The patterned filled bars indicate UNCTAD nowcasts

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. Figures 3 and 4 illustrate the evolutions of the nowcasts over time, as new data become available. Nowcasts for the first quarter of 2021 started off lower for all series in December, before being revised upwards in mid-January. This is likely related to the fact that the autumn and winter COVID-19 waves arrived relatively early in many countries, with cases peaking for example in Europe at the end of October and beginning of November. As a result, much data in December already reflected the worsened COVID-19 situation compared with summer 2020, and as the situation in many countries either stagnated or improved, the prognosis for the first quarter of 2021 improved. While the nowcast for merchandise volumes has remained around the level it reached in January 2021, the release of fourth quarter 2020 actuals significantly changed the first quarter prognosis for merchandise values and services, albeit in opposite directions. Lower than expected fourth quarter figures for merchandise values dropped first quarter nowcasts to much more modest levels, while the outlook for services, which were nowcast to stagnate or even slightly contract in the first quarter, significantly brightened upon the release of fourth quarter figures.

Figure 3 and 4. Evolution of global merchandise and services trade nowcasts, first quarter of 2021
(Growth rate over previous quarter, seasonally adjusted series)



Source: UNCTAD calculations.

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](#).