



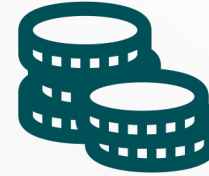
Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

November 2024 • Policy Support Unit



GDP Growth
and Outlook



Inflation and
Monetary Policy



Trade Performance
and Outlook

APEC Regional Trends Analysis



Risks and
Challenges



Ageing Populations
and Debt



Suggested Policy
Options

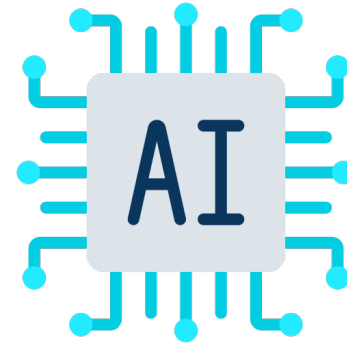
KEY POINTS



APEC's growth is projected at 3.5% in 2024, then moderate to 3.1% in 2025, and further decline to 2.7% in the medium term, amid significant risks from soaring debt, heightened uncertainty, and geopolitical issues.



Rising trade restrictions pose dual threats of constraining trade flows and intensifying policy uncertainty, which could hinder trade, investment, and cross-border economic relations.



Higher metal prices reflect increasing demand from innovative technologies, but energy demand from these technologies is forecasted to more than double in the medium term.



Ageing populations in the APEC region are expected to result in shrinking labour force and rising fiscal pressures, compounding the already elevated government debt.



DOWNSIDE RISKS



Soaring Debt

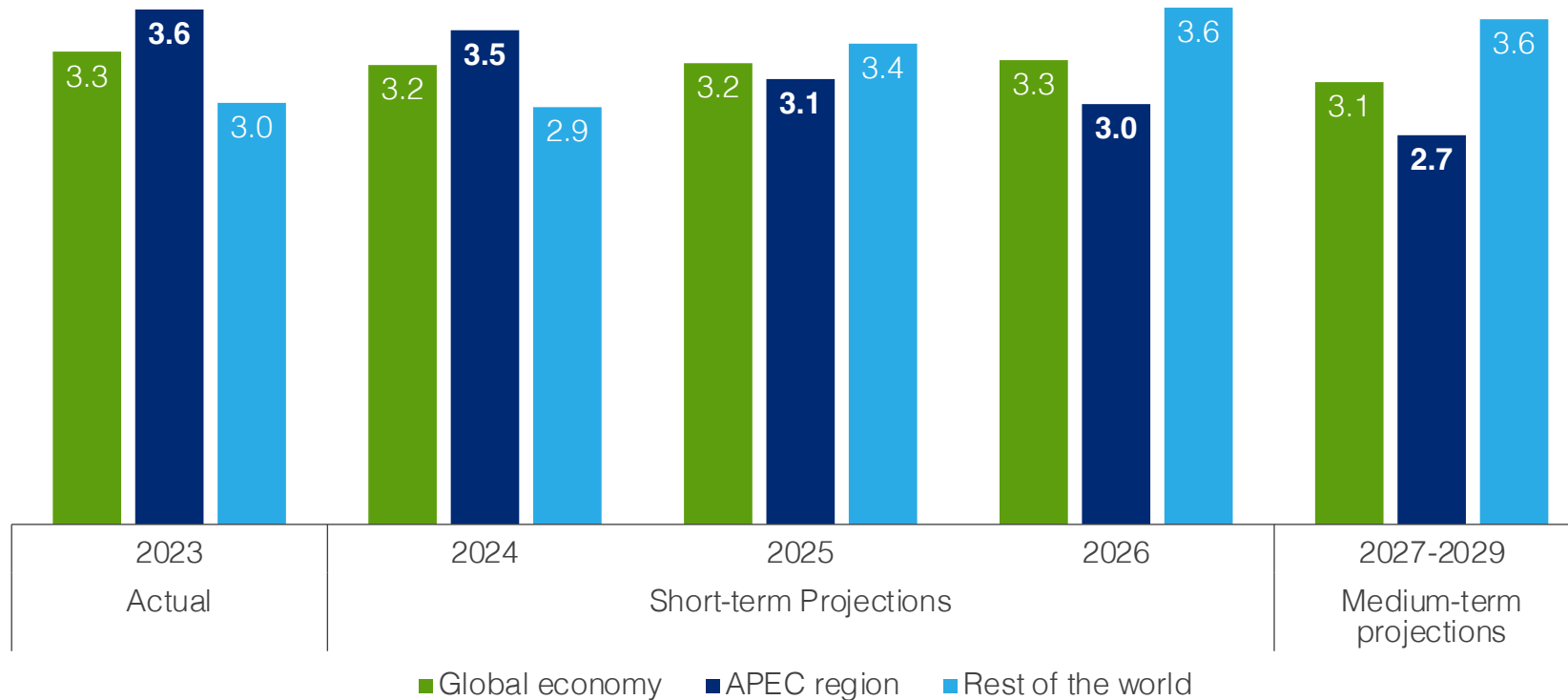


Policy Uncertainties

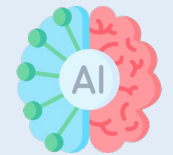


Geopolitical Issues

GDP Growth and Outlook: Global, APEC and ROW (% y-o-y)



UPSIDE OPPORTUNITIES



Innovative Technologies



Lower Inflation and Higher Consumption

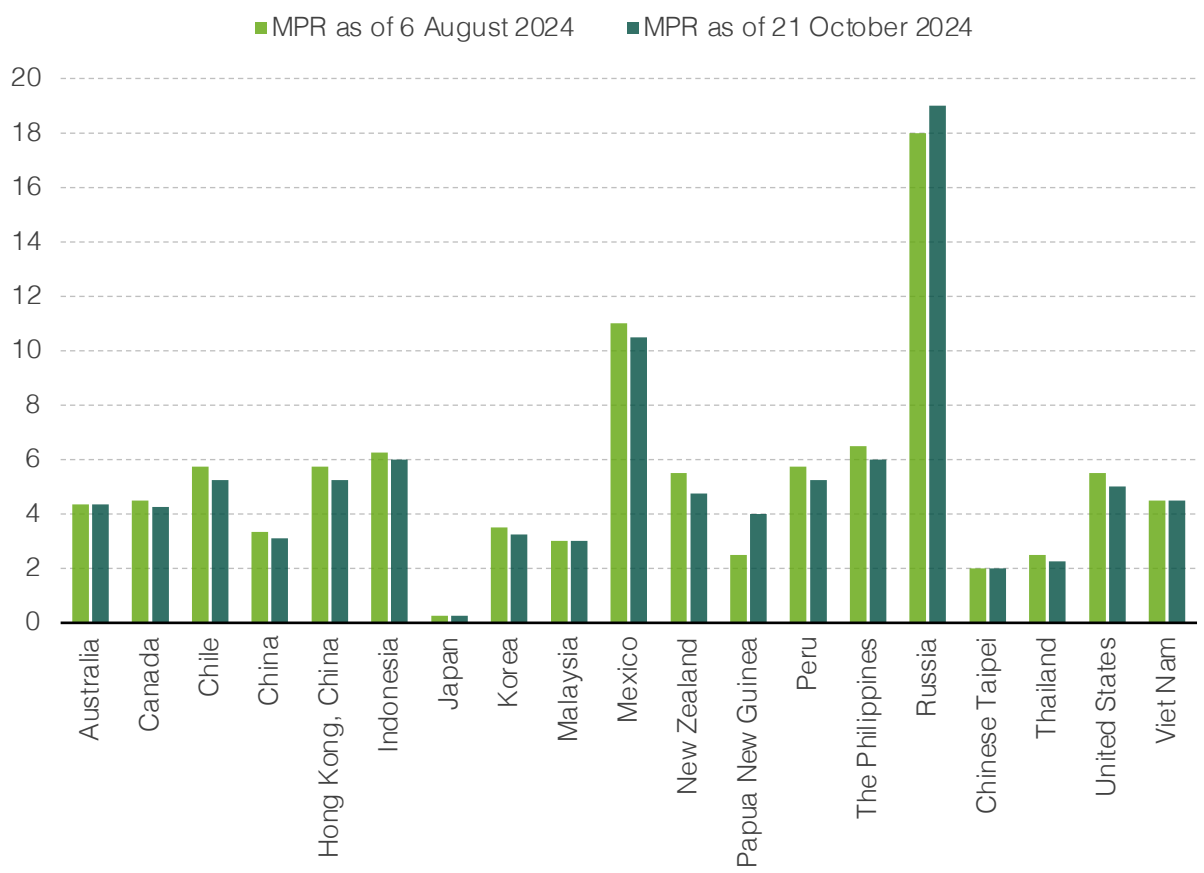


Structural Reforms

APEC is expected to grow at a moderating pace well into the medium term, trailing the rest of the world amid significant macroeconomic headwinds and geopolitical uncertainties.

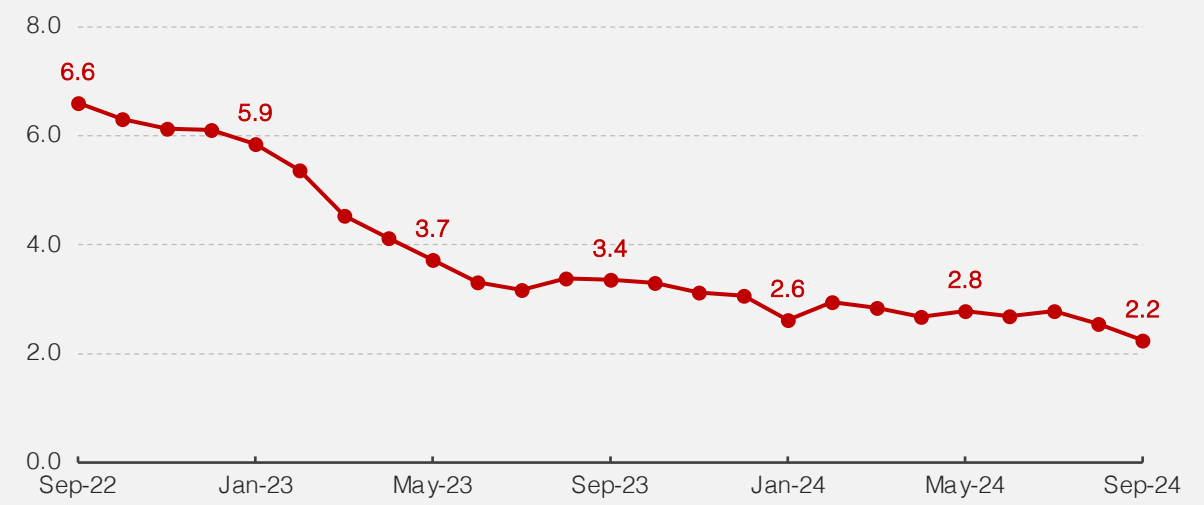


Monetary Policy Rate (%)



Note: The monetary policy framework in Brunei Darussalam is based on a currency board system, with the Brunei dollar anchored to the Singapore dollar at par. For Singapore, monetary policy is conducted through the trade-weighted exchange rate, which is allowed to fluctuate within a policy band.

APEC Average Inflation (% y-o-y)



Foreign Exchange Rate

1.4% appreciation

is the average increase among APEC currencies against the USD from 21 October 2023 to 21 October 2024

9 APEC currencies depreciated against the USD ranging from -9.0% to -0.2%

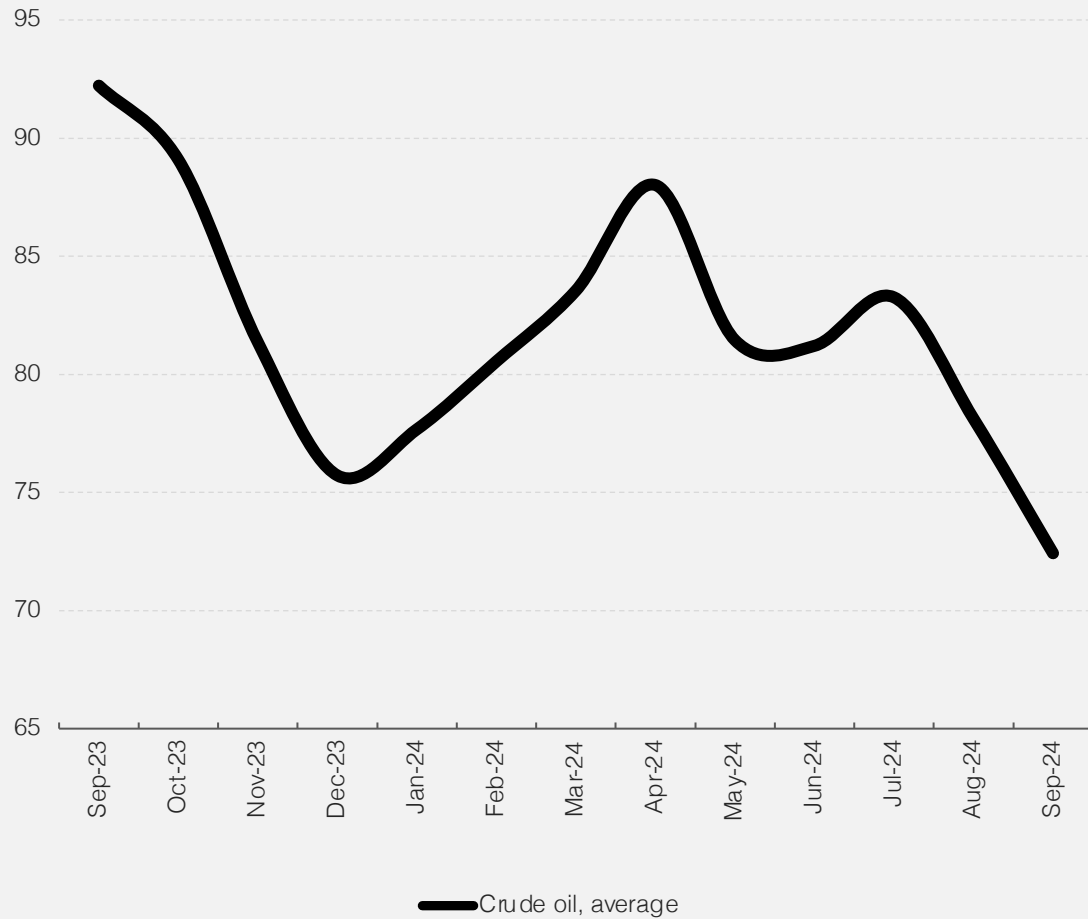


11 APEC currencies appreciated against the USD ranging from 0.7% to 10.8%

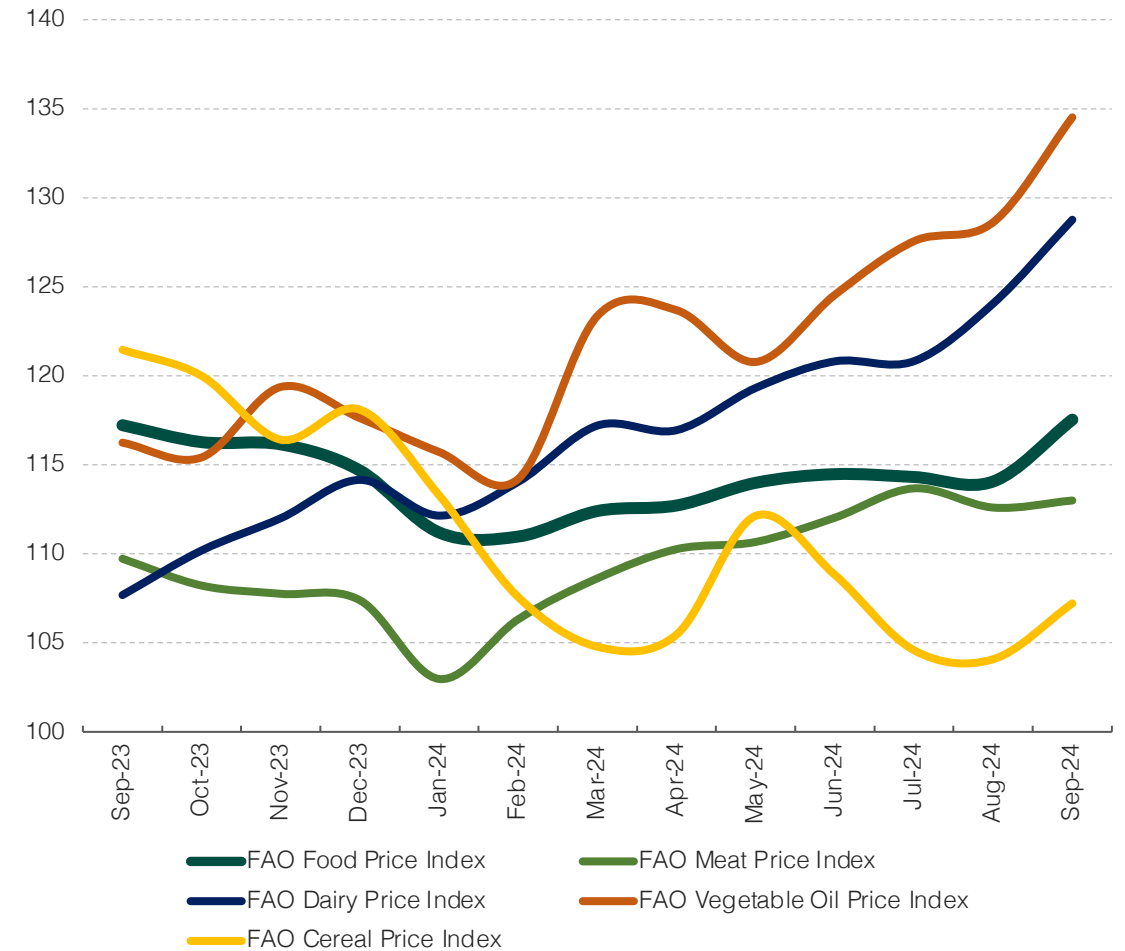
Monetary tightening has reduced inflation, but as policy rates adjust to a lower inflation environment, vigilance is necessary to manage exchange rate volatility and preserve macroeconomic stability.



Crude Oil Price (USD/barrel)



Food Prices (2014-2016 = 100)

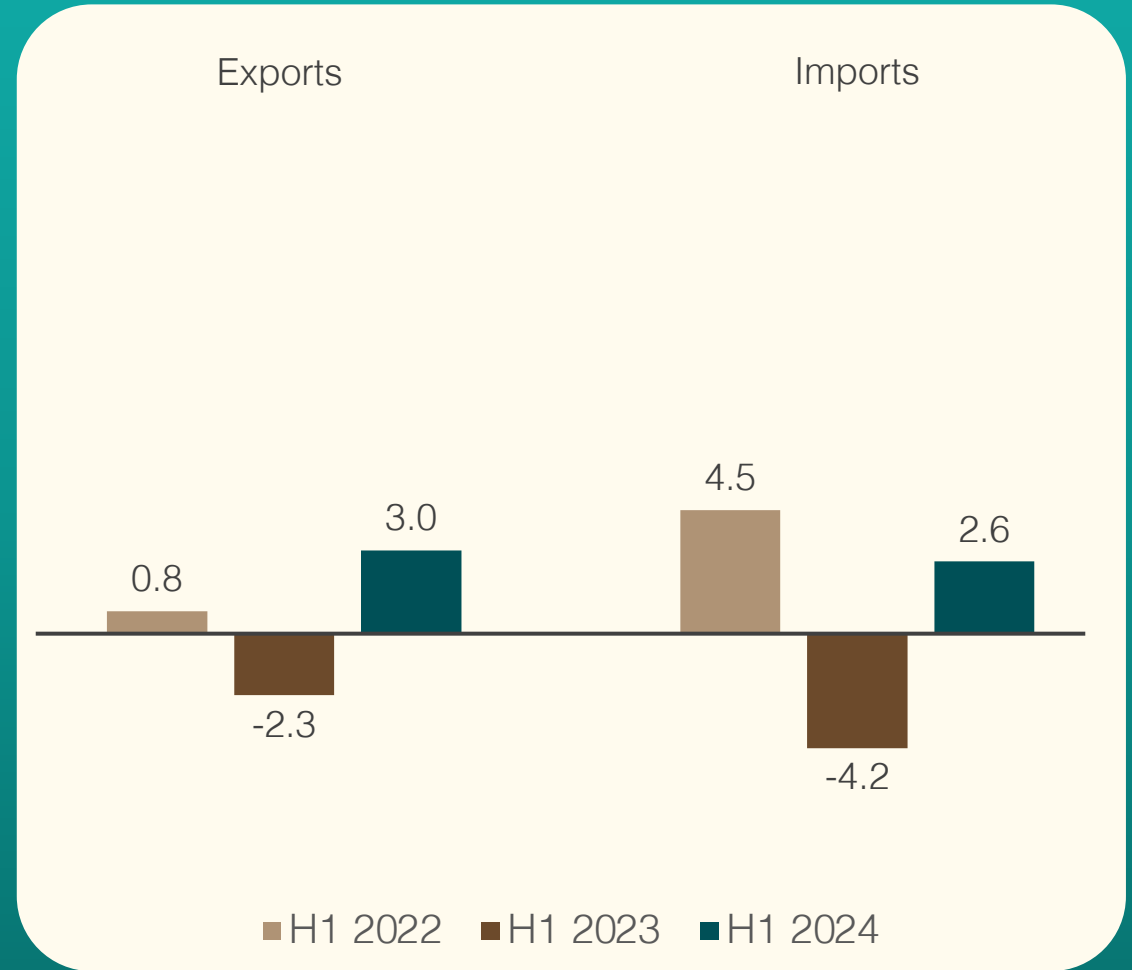
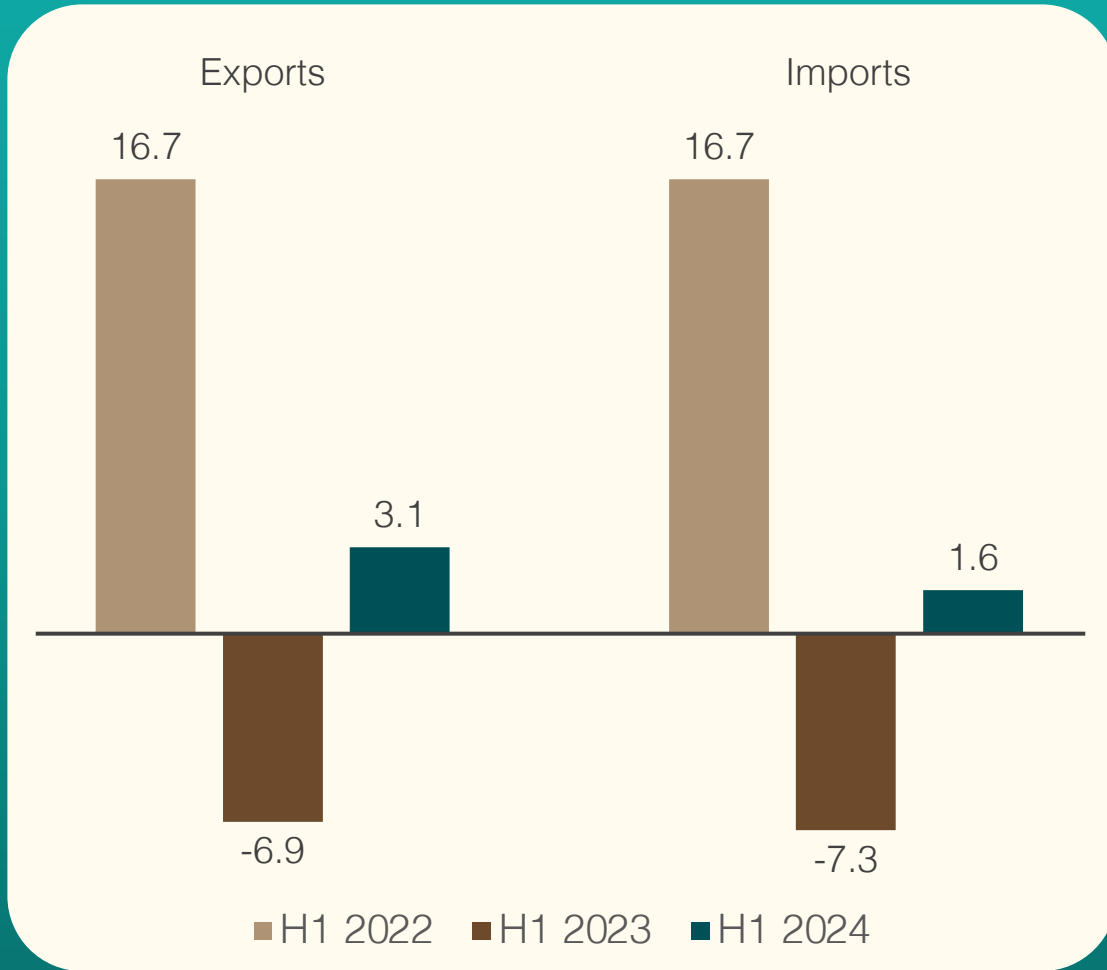


Moderating oil prices have helped ease inflation, but food prices are showing signs of an uptick, mainly due to supply concerns in vegetable oil and dairy.



APEC Growth in Value of Merchandise Trade (% , y-o-y)

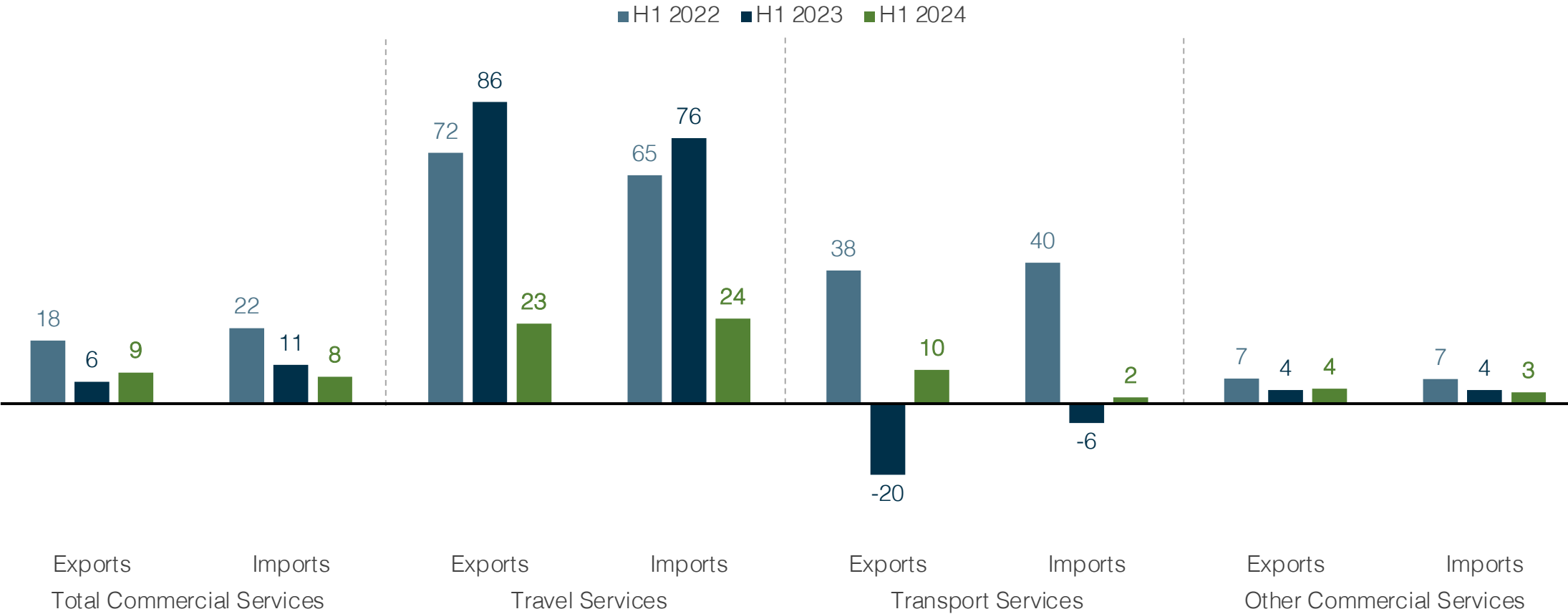
APEC Growth in Volume of Merchandise Trade (% , y-o-y)



Merchandise trade rebounds in the first half of 2024, as lower inflation and interest rates boost consumption and investment.



APEC Growth in Value of Trade in Commercial Services (% , y-o-y)

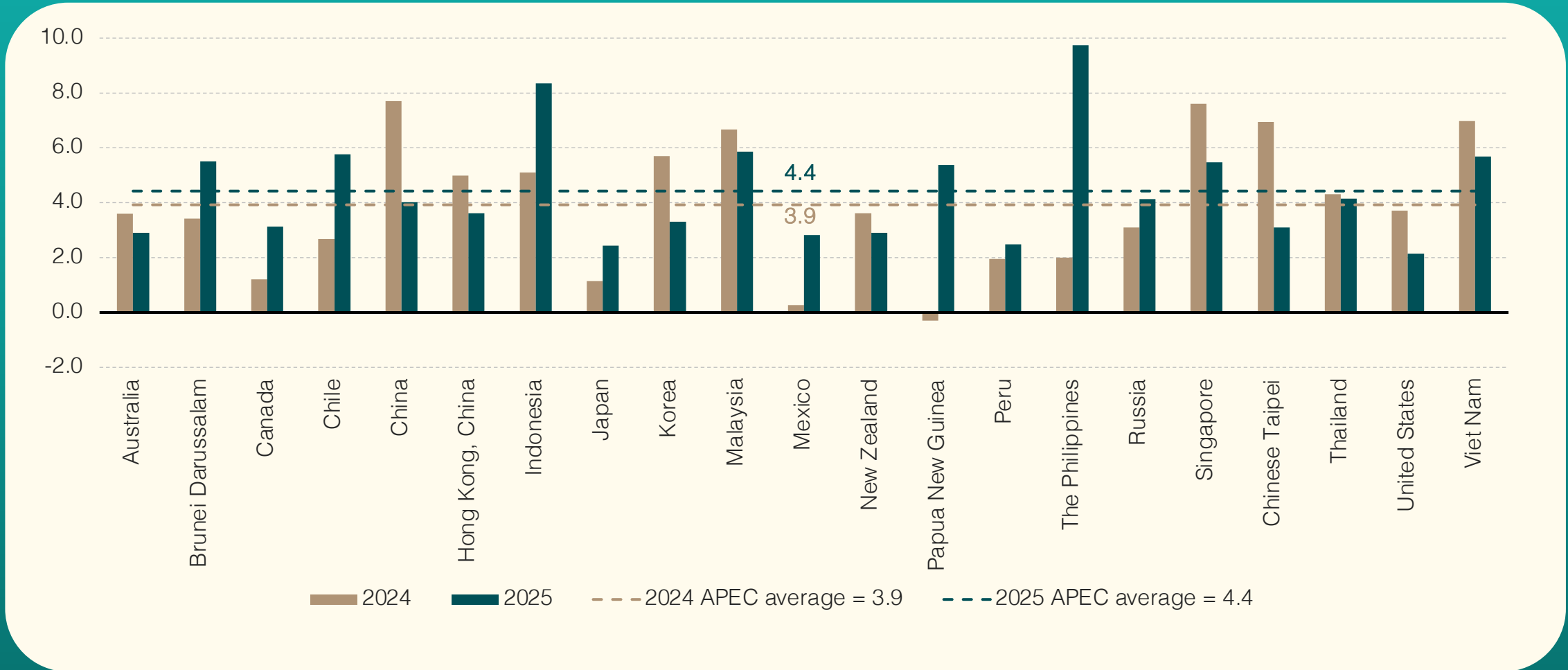


Commercial services in the first half of 2024 reflect continued growth, buoyed by travel and transport services.

Source: WTO Time Series; APEC PSU staff calculations



Trade Outlook in APEC (% , y-o-y): Volume of Goods and Services

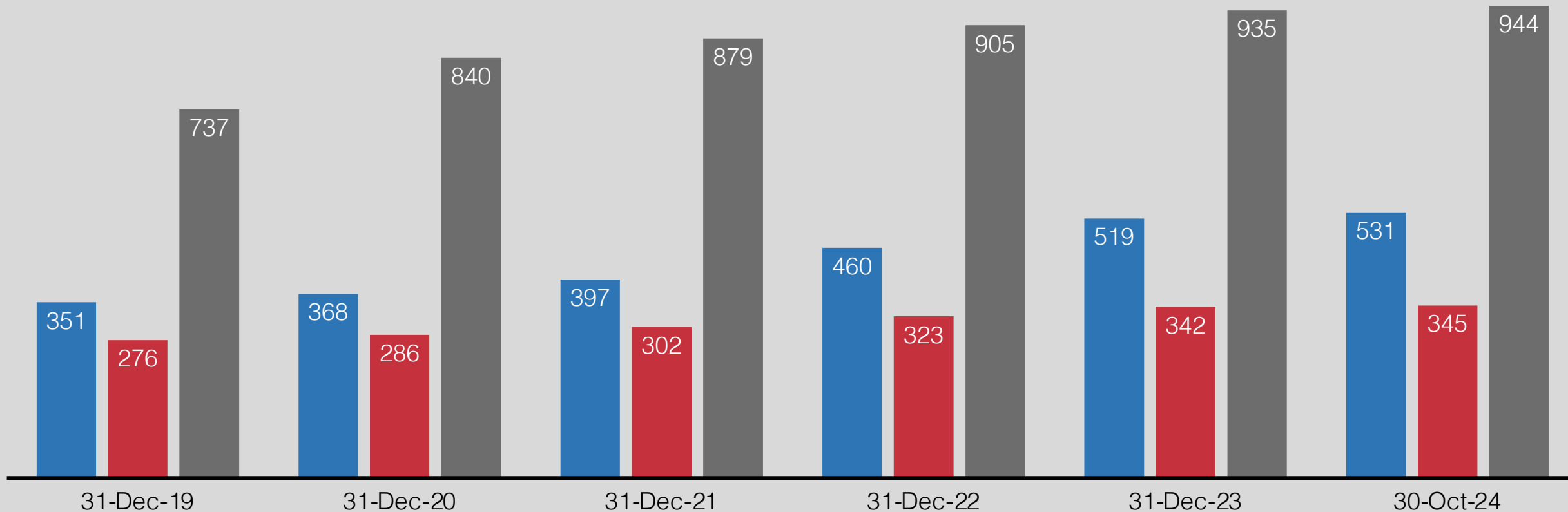


Trade growth forecasts for APEC indicate uneven trajectories, with 2025 looking more promising. Multilateralism is required to enhance cooperation, address shared challenges, and reduce the risk of increased protectionism.



Trade measures in force in APEC (accumulated number)

■ Trade-facilitating measures ■ Trade-restrictive and other measures ■ Trade remedies

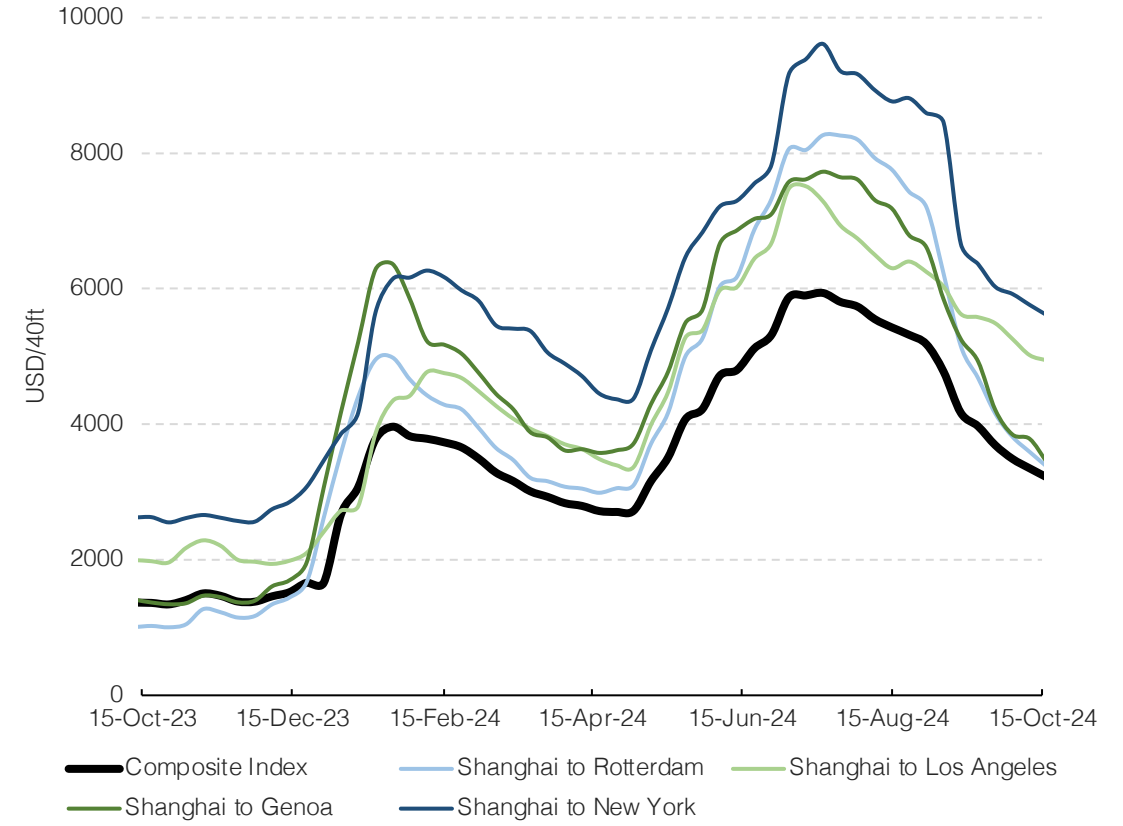
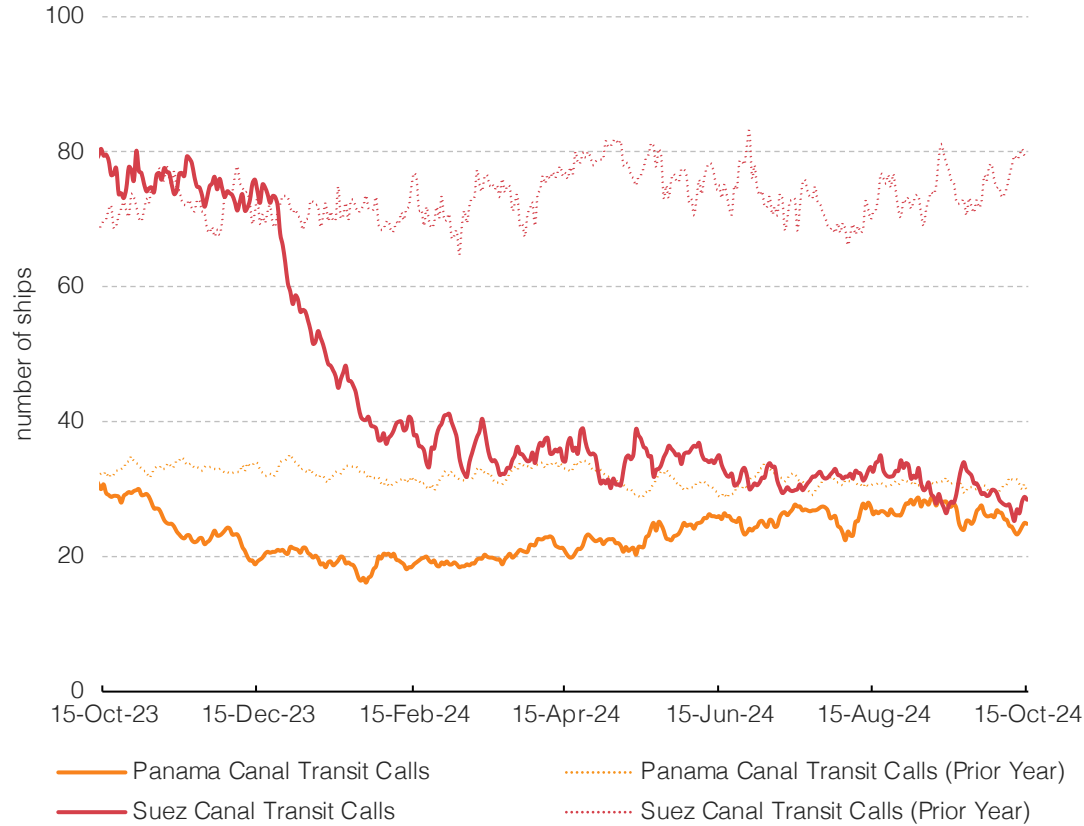


Rising trade restrictions and remedies across APEC present dual threats of constrained trade and heightened policy uncertainty, which could deteriorate economic relations among APEC members.





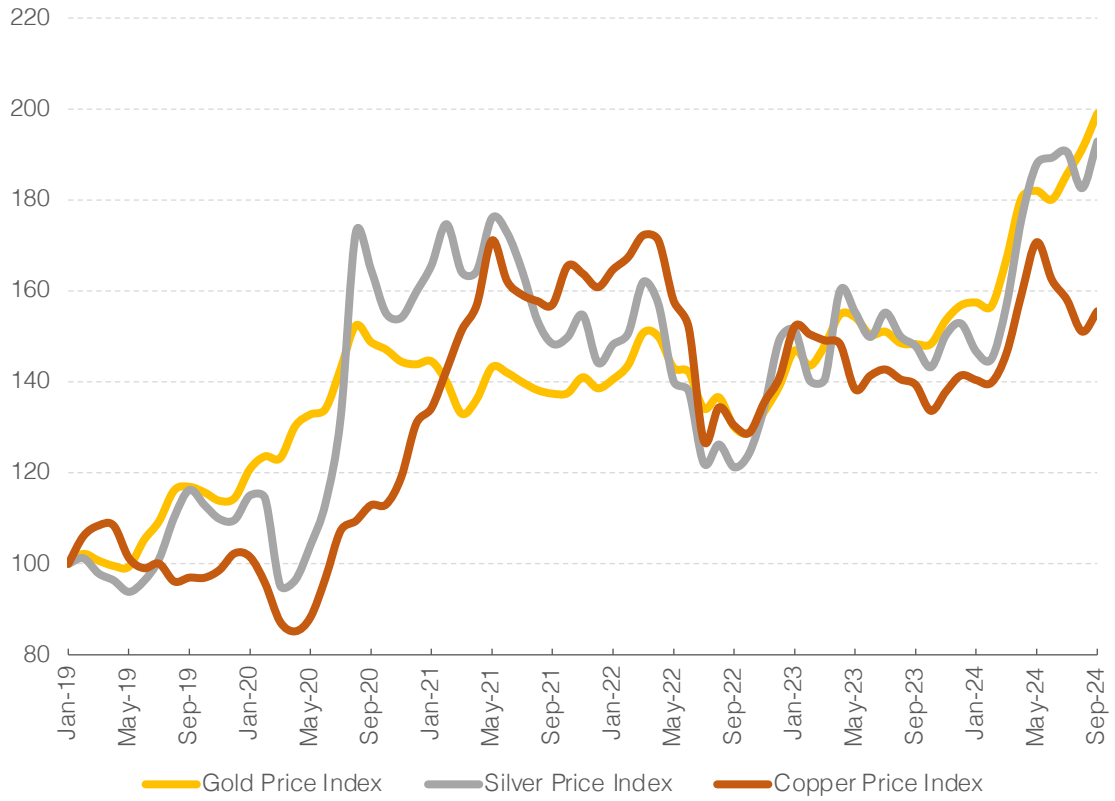
Ship Transit Calls (number of ships) and Freight Costs (USD/40ft)



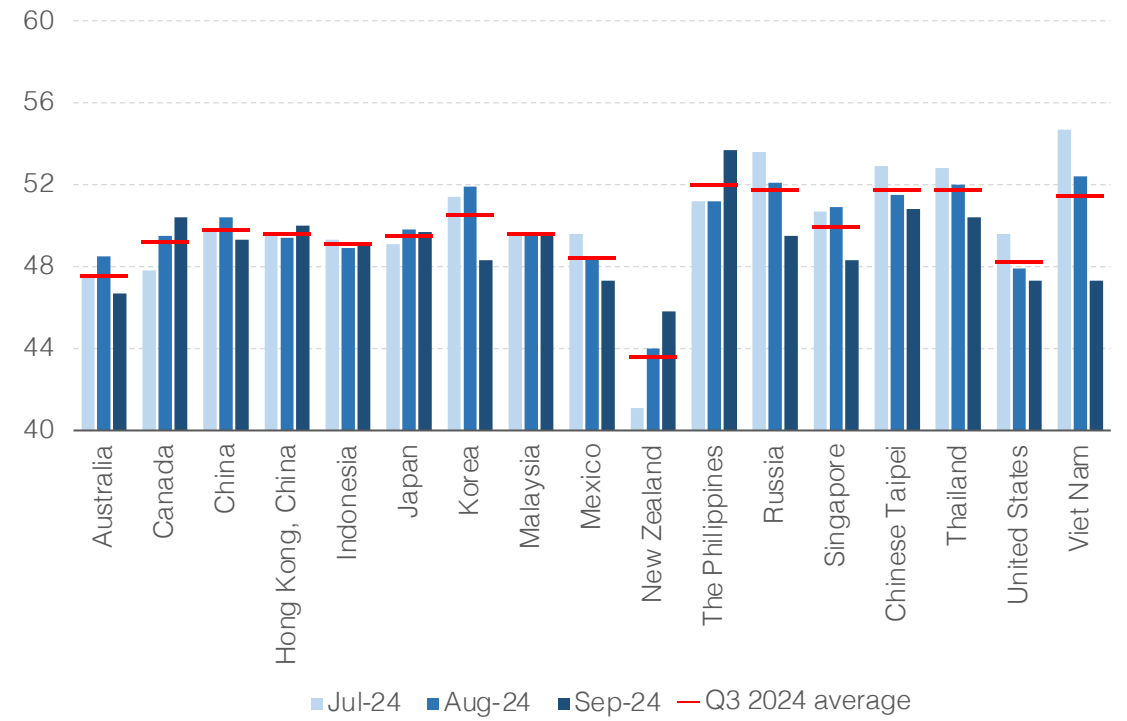
A combination of weakened container demand and a glut of container vessels has lowered freight costs in recent weeks.



Gold, Silver, and Copper Prices (Jan 2019 = 100)



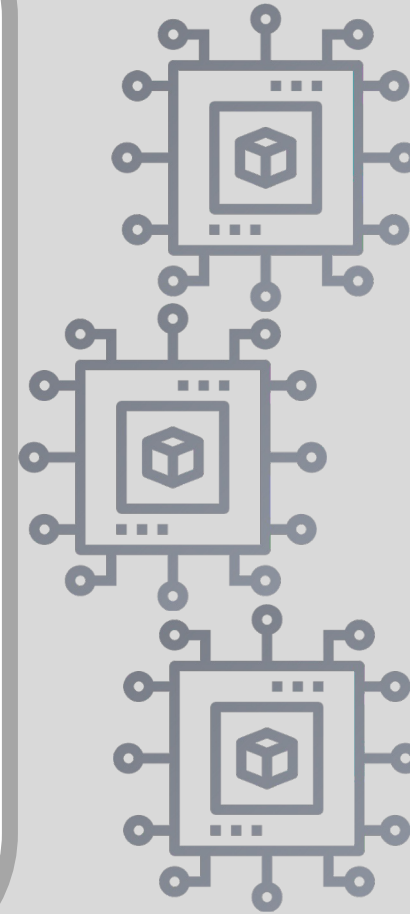
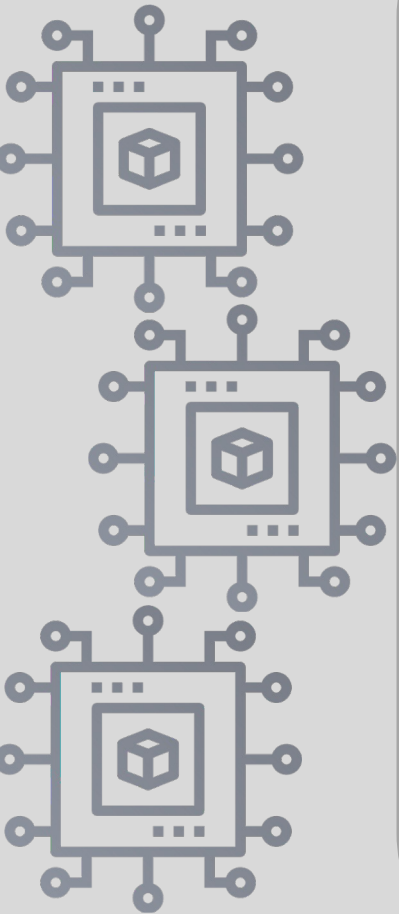
Manufacturing Purchasing Managers' Index



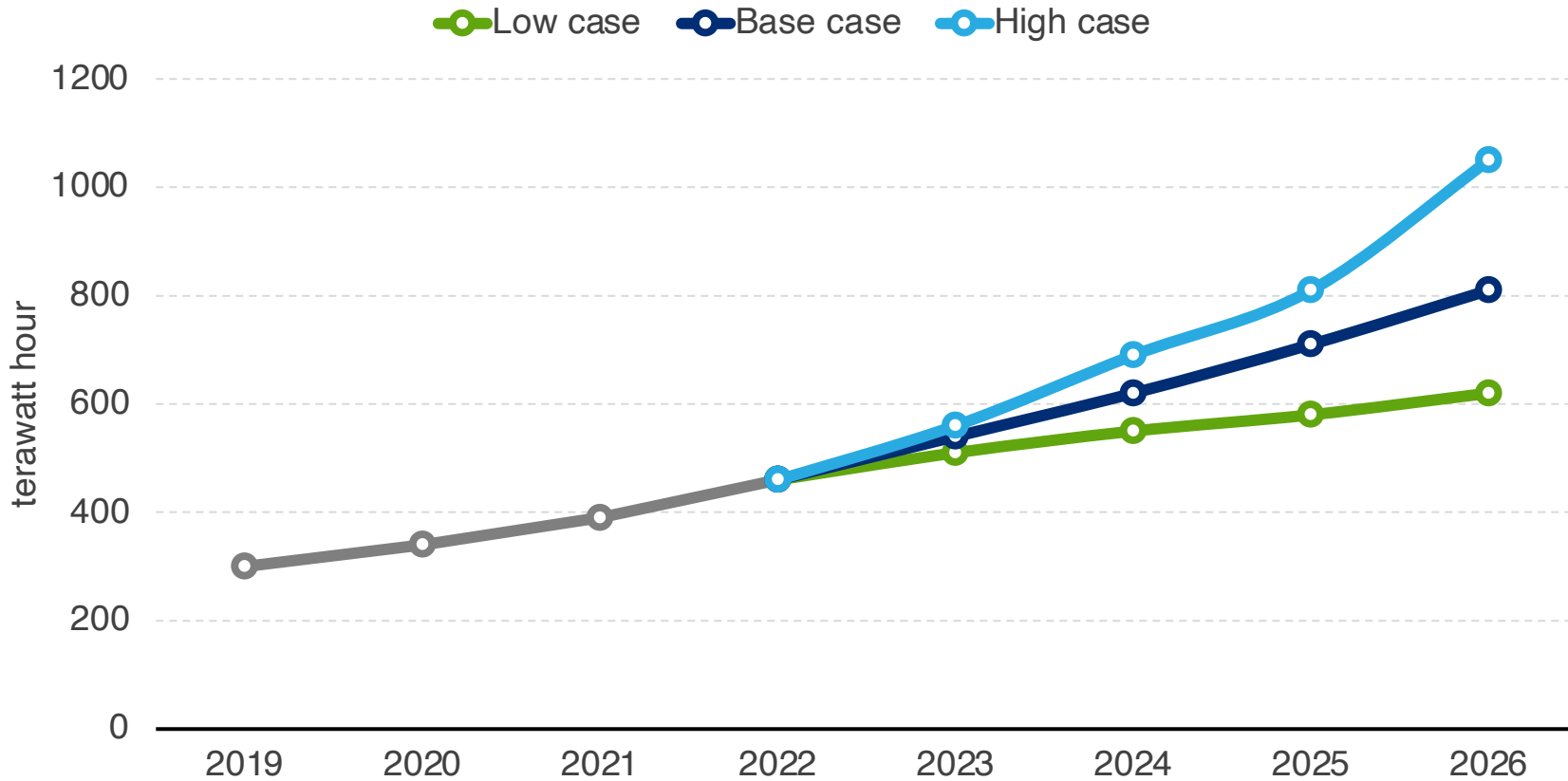
Note: Data for Brunei Darussalam; Chile; Papua New Guinea; and Peru are not available. The data for New Zealand refers to August, July, and June 2024, respectively.

Higher metal prices reflect rising demand from artificial intelligence, low-emission technologies, and investor hedging against uncertainties.

A majority of APEC economies saw a slight decline in manufacturing managers' outlook amid ongoing complex challenges.



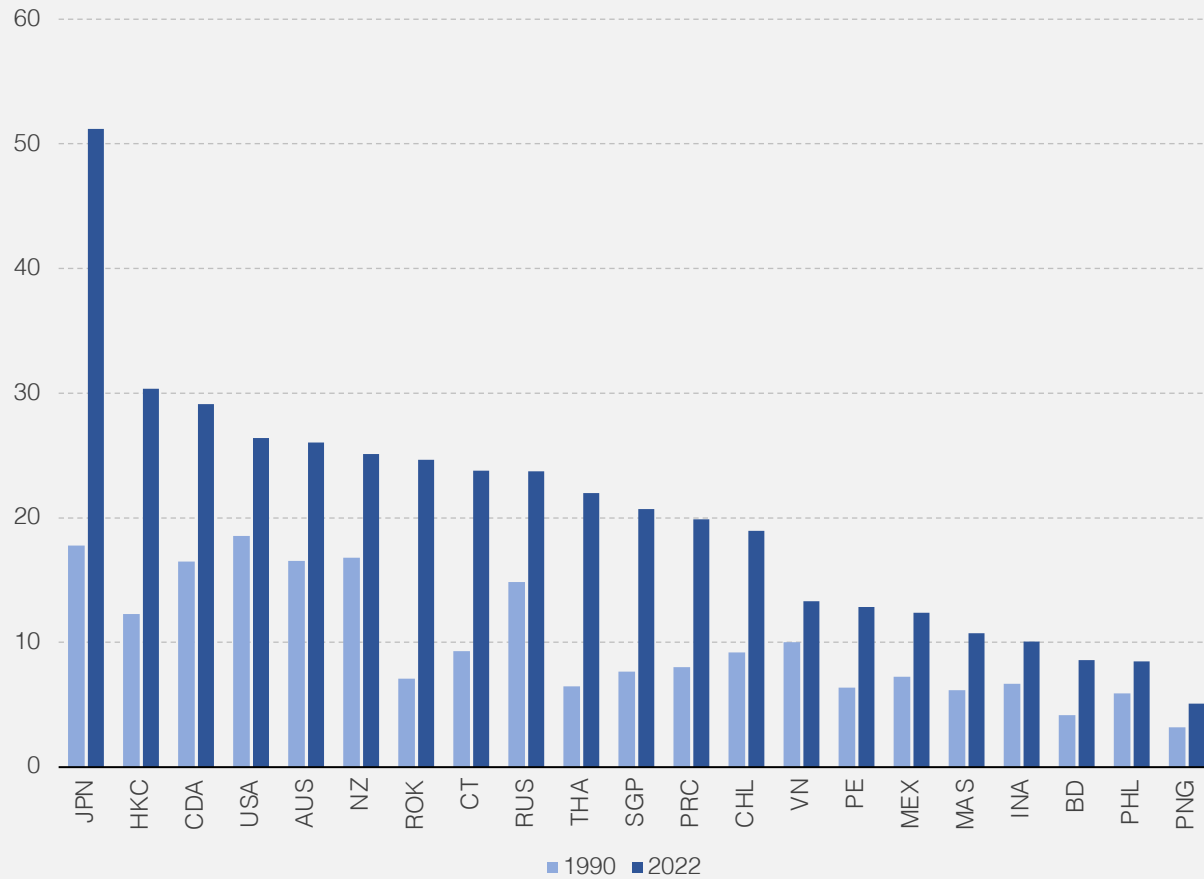
Global electricity demand from data centres, AI, and cryptocurrencies (terawatt hour)



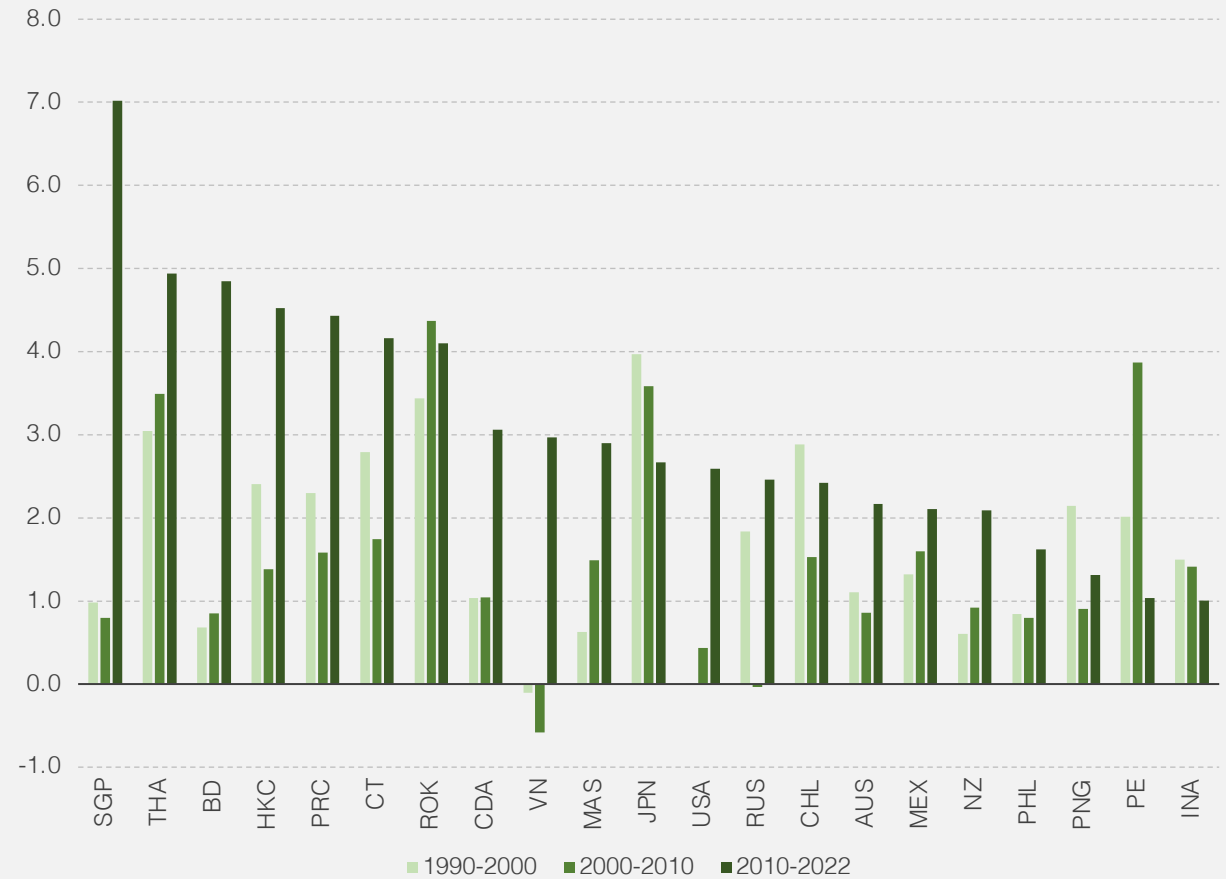
Energy consumption from innovative technologies is expected to increase rapidly in the near future, necessitating a balance between their transformative benefits and sustainability issues, as much of energy is still generated from non-renewable sources.



Number of Elderly per 100 working-age population



Growth Rate of Elderly per 100 working age population

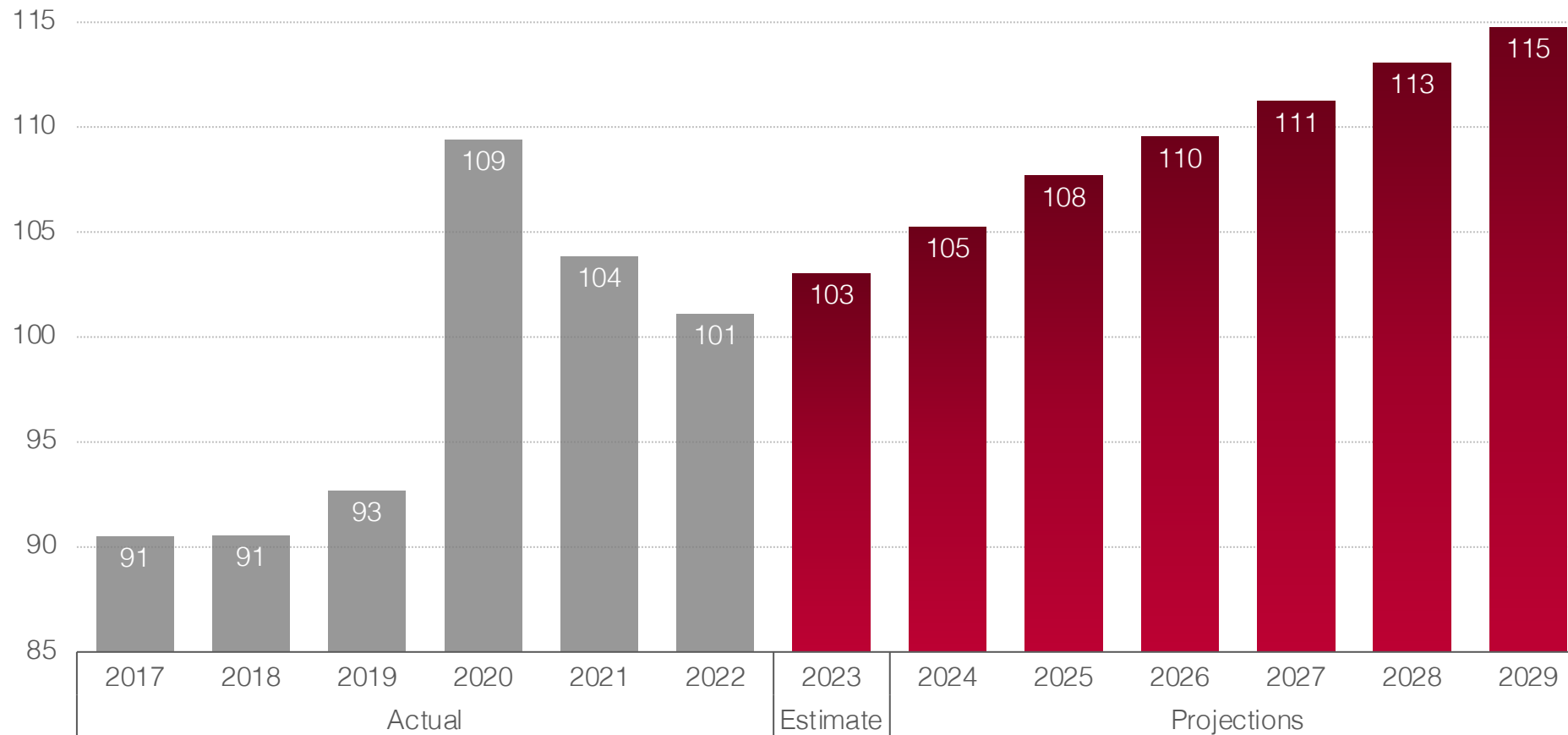


*The elderly population is defined as individuals aged 65 and above. The growth rate reflects the compounded annual growth rate (CAGR). APEC economies are arranged in descending order based on 2022 data.

APEC economies are ageing at varying stages and speeds, needing tailored policy responses to address pressures on labour markets and fiscal conditions.



APEC General Government Gross Debt (% of GDP)



APEC government debt is soaring, expected to exceed pandemic response levels in the medium term, requiring gradual fiscal consolidation to anchor debt sustainability and fortify economic resilience.

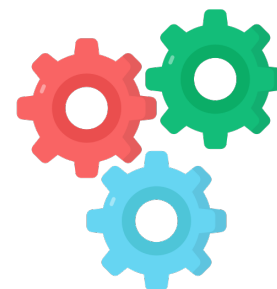


A balanced mix of monetary and fiscal policies, alongside structural reforms to tackle challenges and enhance growth prospects



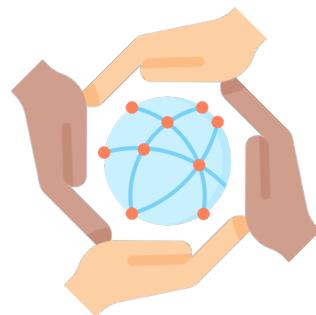
MONETARY AND FISCAL POLICIES

Gradually adjust policy rates to support economic growth while remaining flexible to address inflationary risks. Focus on fiscal consolidation by directing resources toward social programs that uplift lives and sectors that contribute to growth.



STRUCTURAL REFORMS

Implement structural reforms to address demographic shifts, support the green transition, and leverage digitalisation and AI, while also tackling challenges such as skills mismatches as well as sustainability and inclusivity issues.



STRENGTHENED MULTILATERALISM

Foster multilateral cooperation to address shared challenges and implement policies that promote trade and investments toward a balanced growth that benefits all.

Asia-Pacific Economic Cooperation (APEC) was established in 1989. The 21 member economies are Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States; and Viet Nam.

APEC Policy Support Unit (PSU) was set up in 2008 as the policy research and analysis arm for APEC. It supports APEC members and fora in improving the quality of their deliberations and decisions and promoting policies that support the achievement of APEC's goals by providing objective and high quality research, analytical capacity, and policy support capability.

APEC Regional Trends Analysis (ARTA) is a serial publication of the PSU which provides an overview of the region's economy through an analysis of recent macroeconomic, trade and investment trends. It tracks recent trade and investment measures implemented around the region, and discusses risks and opportunities to the region's economic outlook.

This report was prepared by **Rhea C. Hernando** and **Glacer Niño A. Vasquez**, Analyst and Researcher, respectively, at the PSU. The views expressed in the APEC Regional Trends Analysis are those of the authors and do not necessarily represent those of the APEC Member Economies. This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License. To view a copy of this license, visit <https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>.



**Asia-Pacific
Economic Cooperation**

APEC Policy Support Unit • APEC Secretariat
35 Heng Mui Keng Terrace, Singapore 119616
Telephone Number: (65) 6891 9600 • Facsimile Number: (65) 6891 9419
Website: www.apec.org/About-Us/Policy-Support-Unit
Email: psugroup@apec.org

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