



Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

May 2024 • Policy Support Unit



GDP Growth
and Outlook



Inflation and
Monetary Policy



Risks and
Challenges

APEC Regional Trends Analysis



Trade Performance
and Outlook



Government
Debt



Suggested Policy
Options

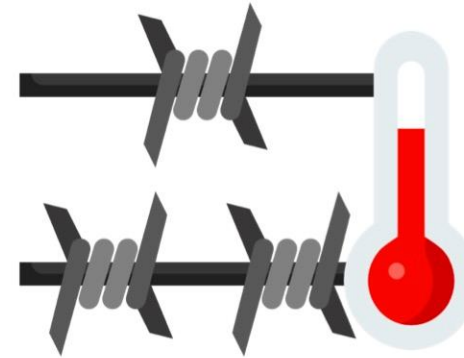
KEY POINTS



APEC GDP expanded by 3.5% in 2023, outpacing global GDP growth at 3.2%



Near-term inflation expected to moderate, but supply-side issues pose a threat



Persistent trade route disruptions and elevated freight expenses remain significant challenges for global trade



Gold demand surged as a hedge against intensifying global uncertainties

DOWNSIDE RISKS



Trade Protectionism



Elevated Debt

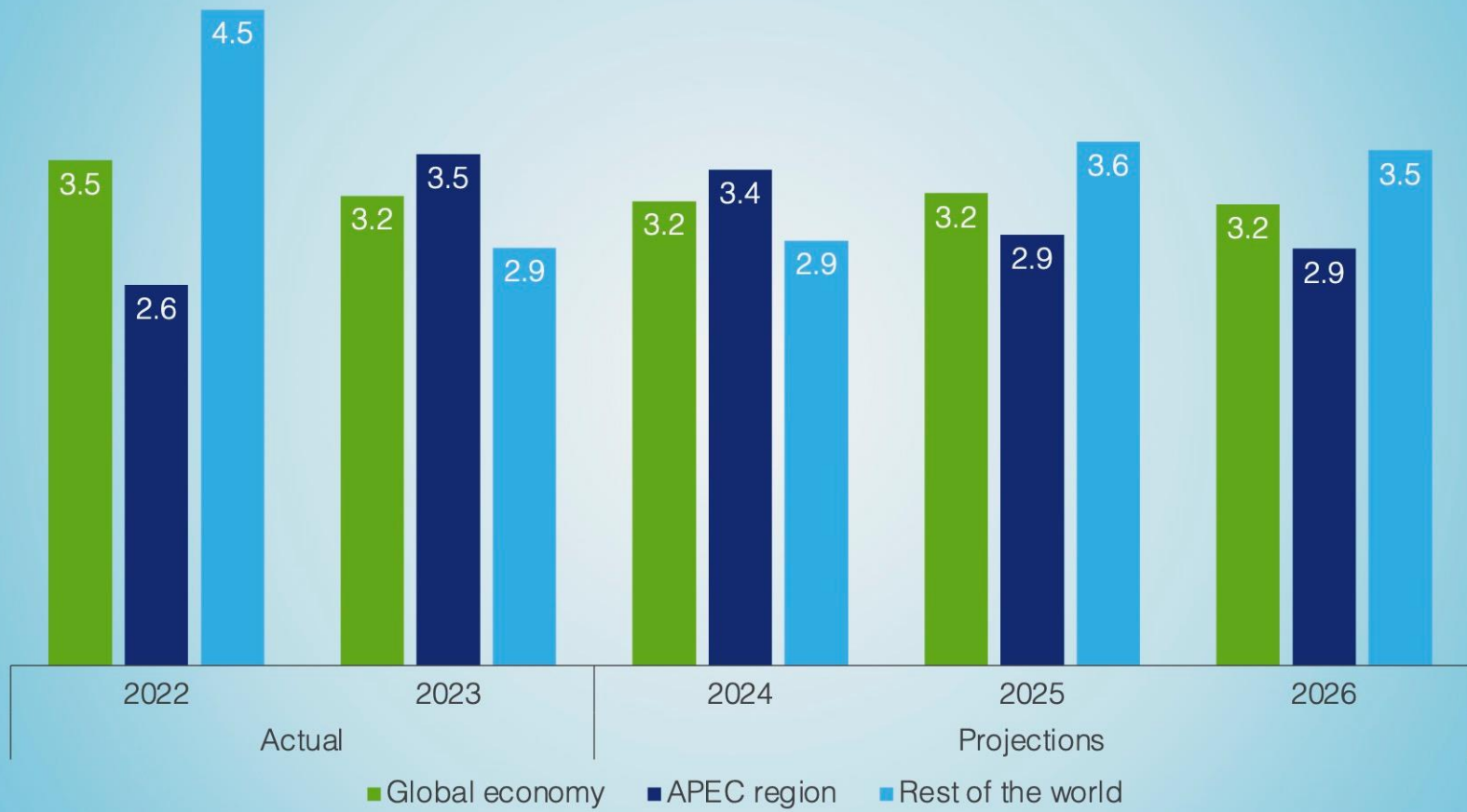


Inflationary Pressures



Geopolitical Issues

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



As geopolitical uncertainties heighten and commodity prices fluctuate, the call for enhanced multilateral cooperation resonates louder than ever

UPSIDE OPPORTUNITIES



Consumption and Investment Recovery



Robust Tourism



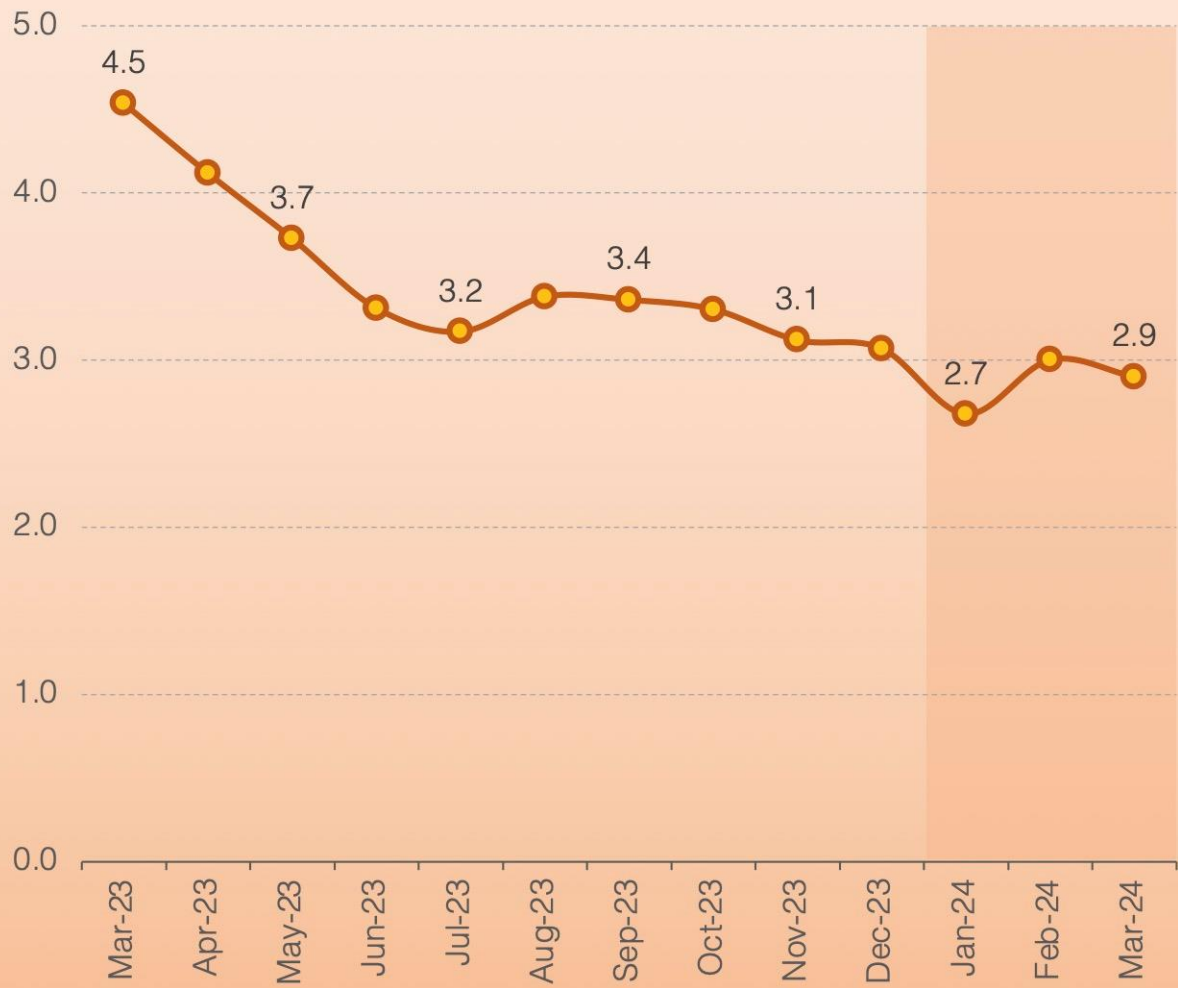
Trade Rebound



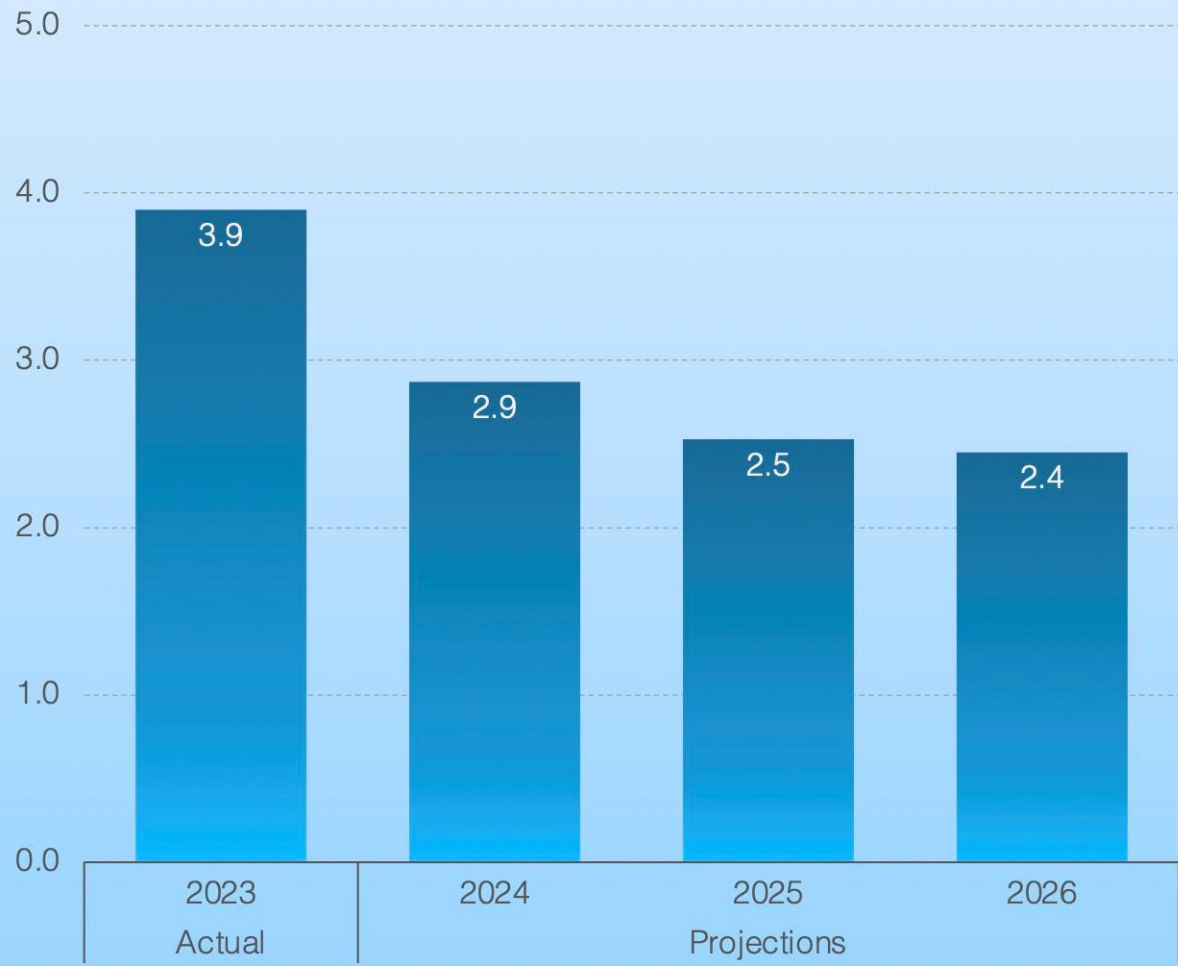
Multilateral Cooperation



APEC Average Inflation (% , y-o-y)

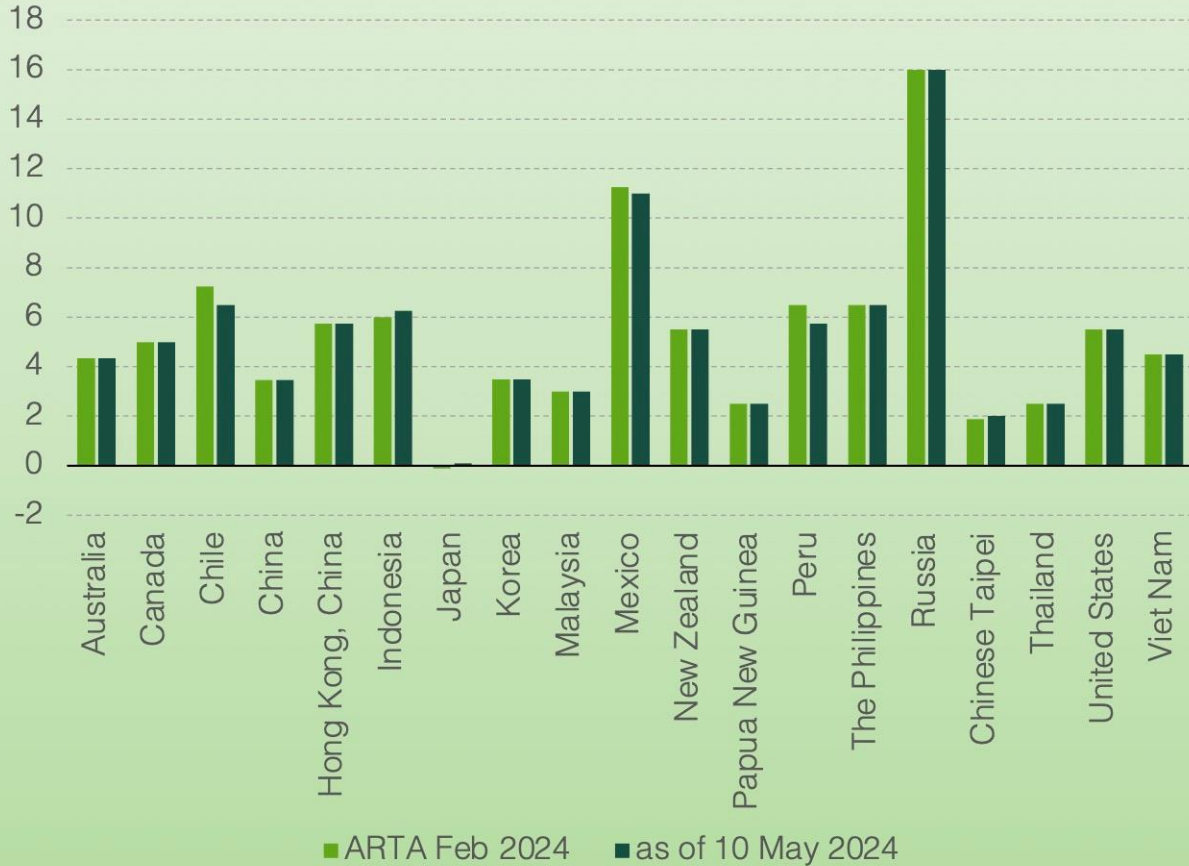


APEC Inflation Outlook (% , y-o-y)



Barring any shocks, inflation is expected to gradually ease in the near-term

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.

Foreign Exchange Rate

5.4% depreciation

is the average decline among APEC currencies against the USD from 20 April 2023 to 20 April 2024

17 APEC currencies depreciated against the USD ranging from -2.1% to -16.7%

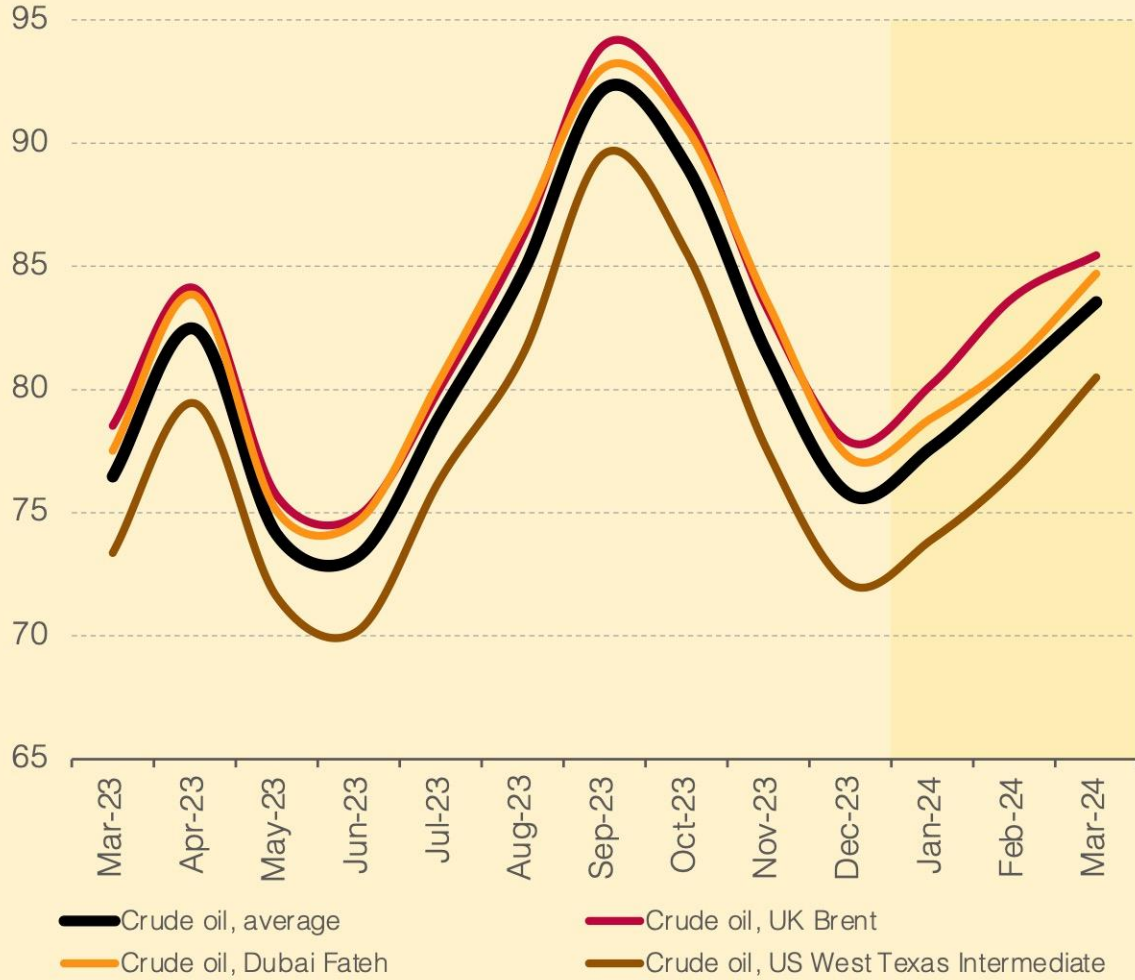


3 APEC currencies appreciated against the USD ranging from 0.2% to 5.3%

Amid currency depreciation trends, key rates across many APEC economies hold steady even as inflation moderates



Oil Prices (USD/barrel)



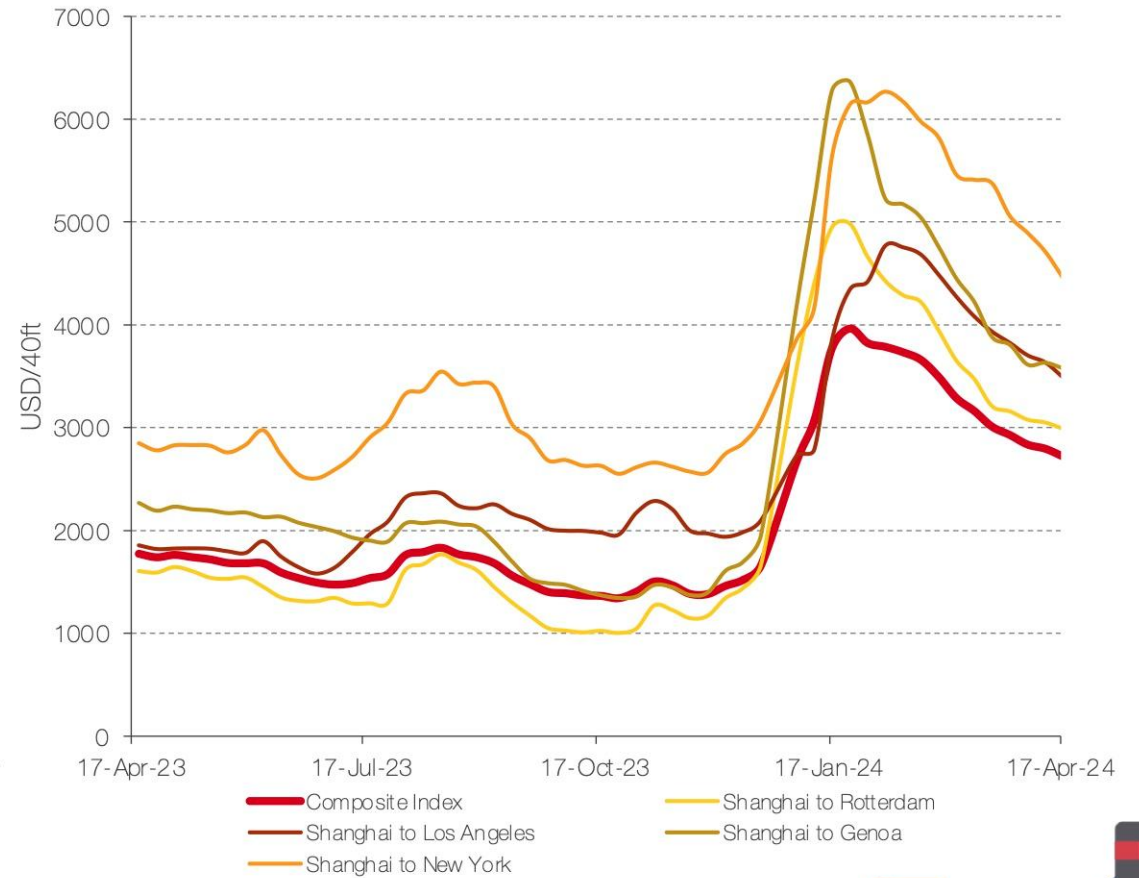
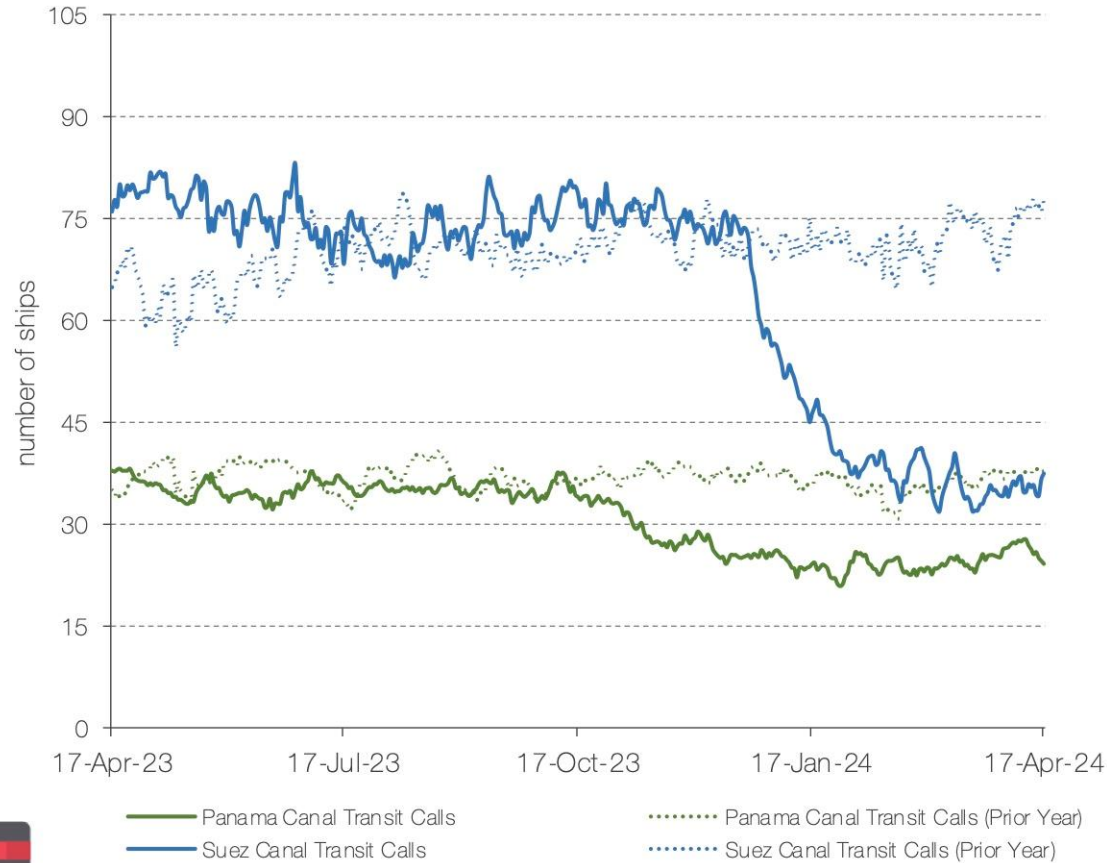
FAO Food Price Indices (2014-2016=100)



Upticks in oil and food prices as supply and geopolitical issues fuel inflationary pressures



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



**Climate change and geopolitical tensions
disrupt global trade and amplify inflationary risks**





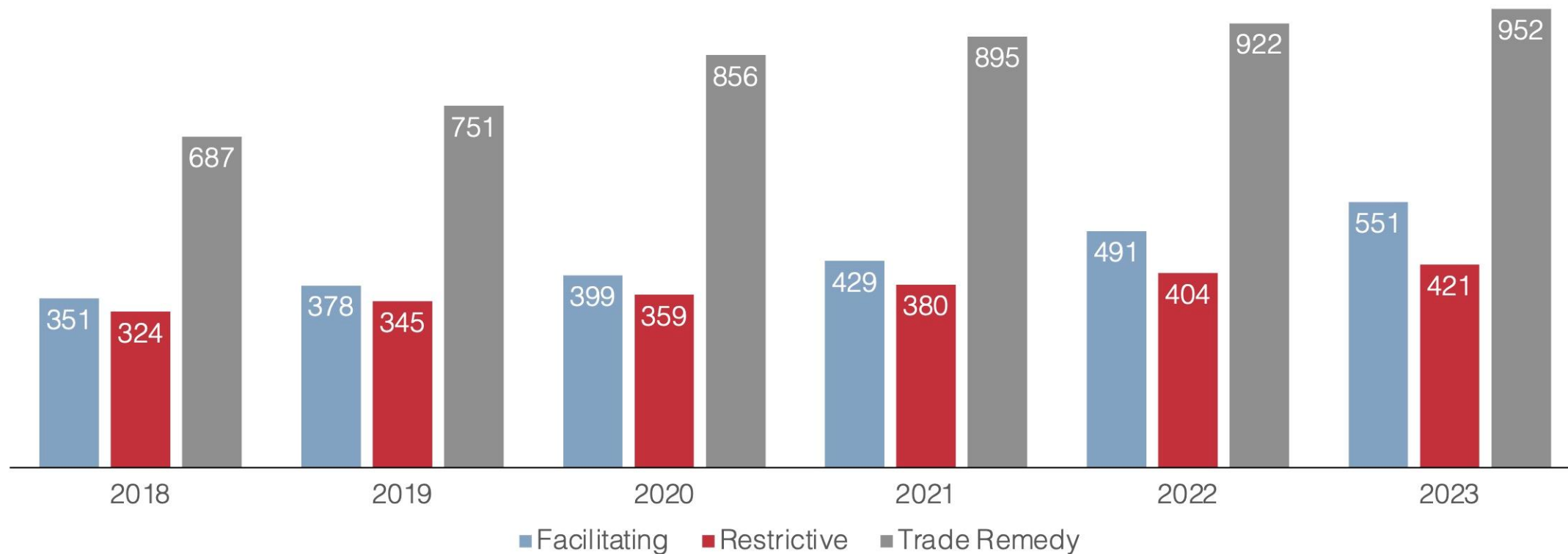
Gold Price (USD/troy ounce)



Gold price reaches record high as a hedge against uncertainties



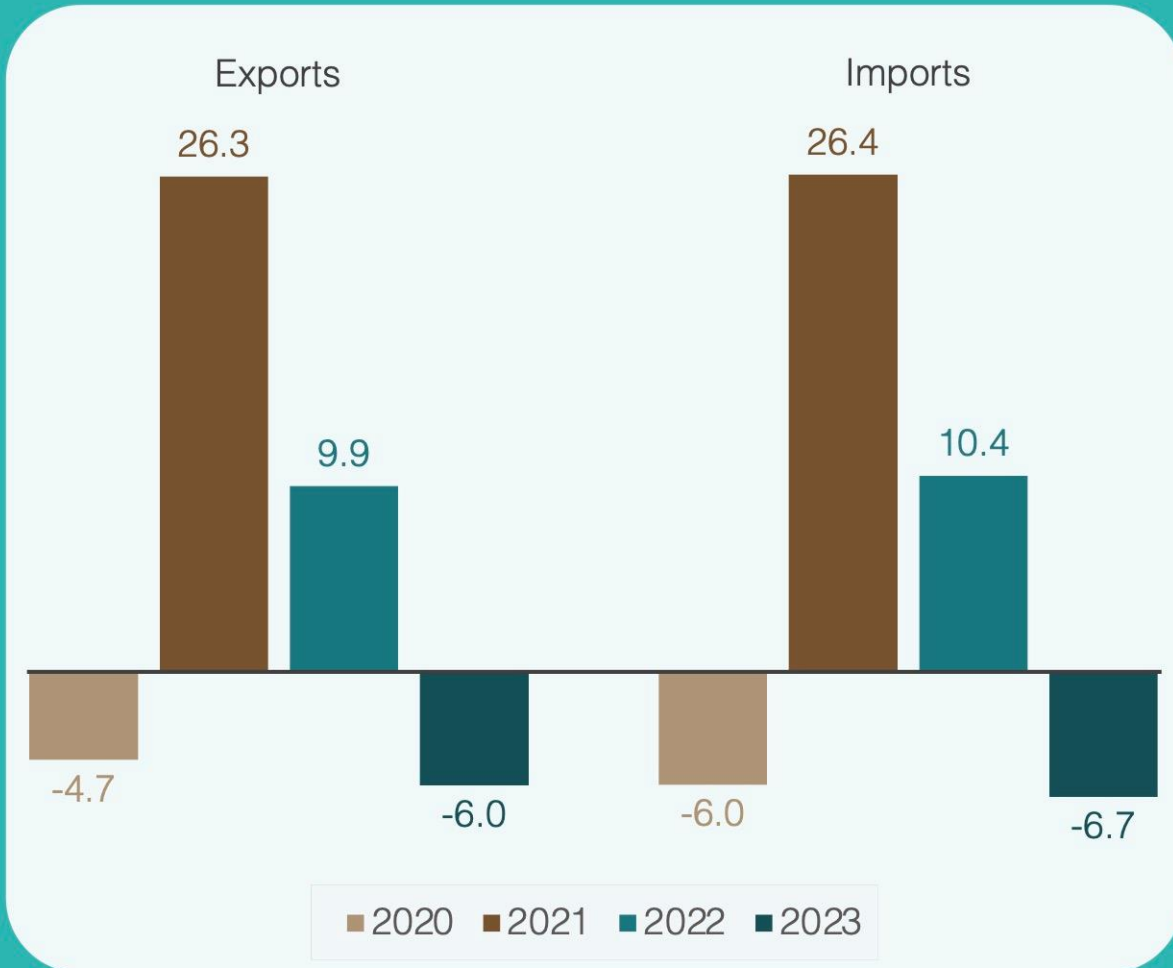
Trade measures in force in APEC (accumulated number)



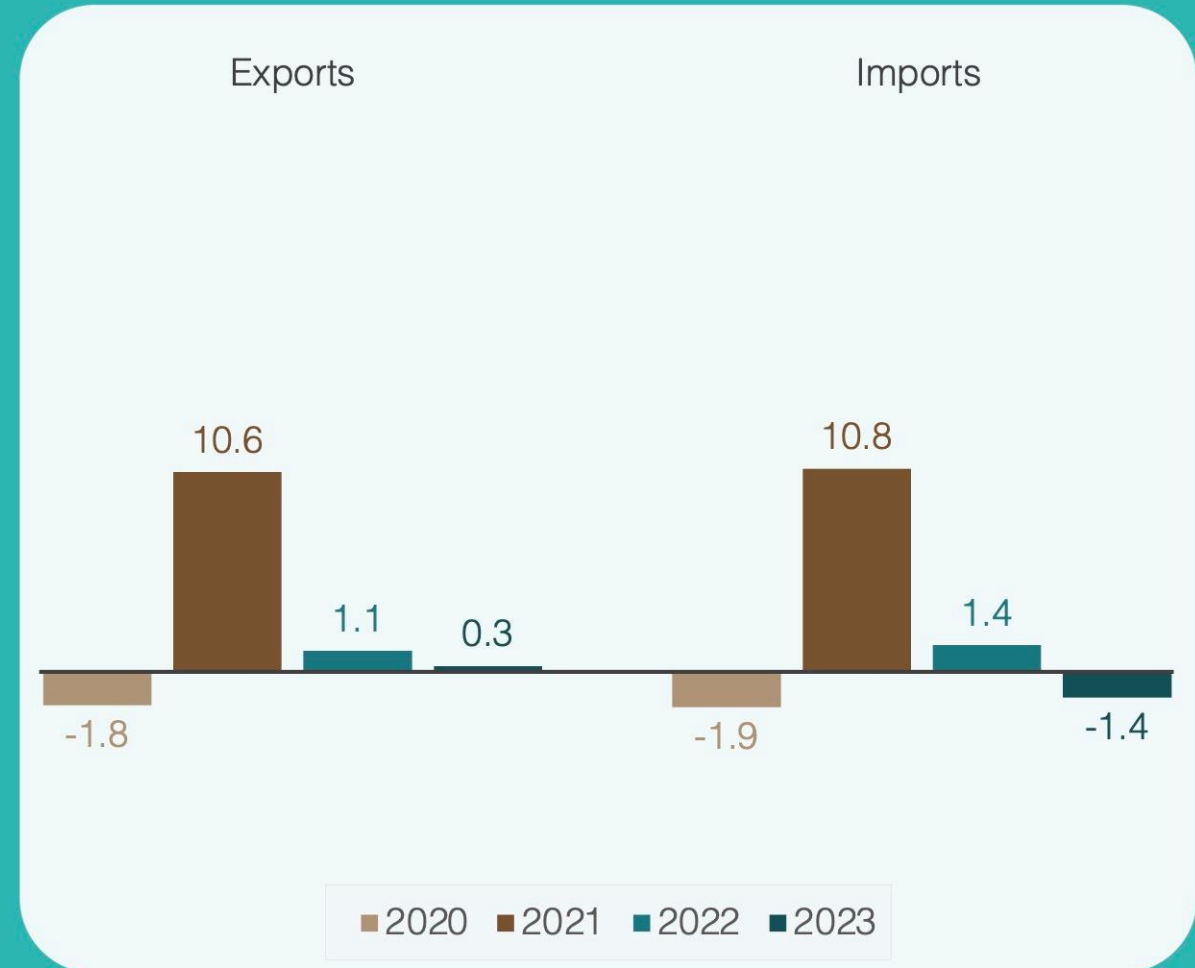
**Increasing barriers and remedies
heighten the threat of protectionism**



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



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

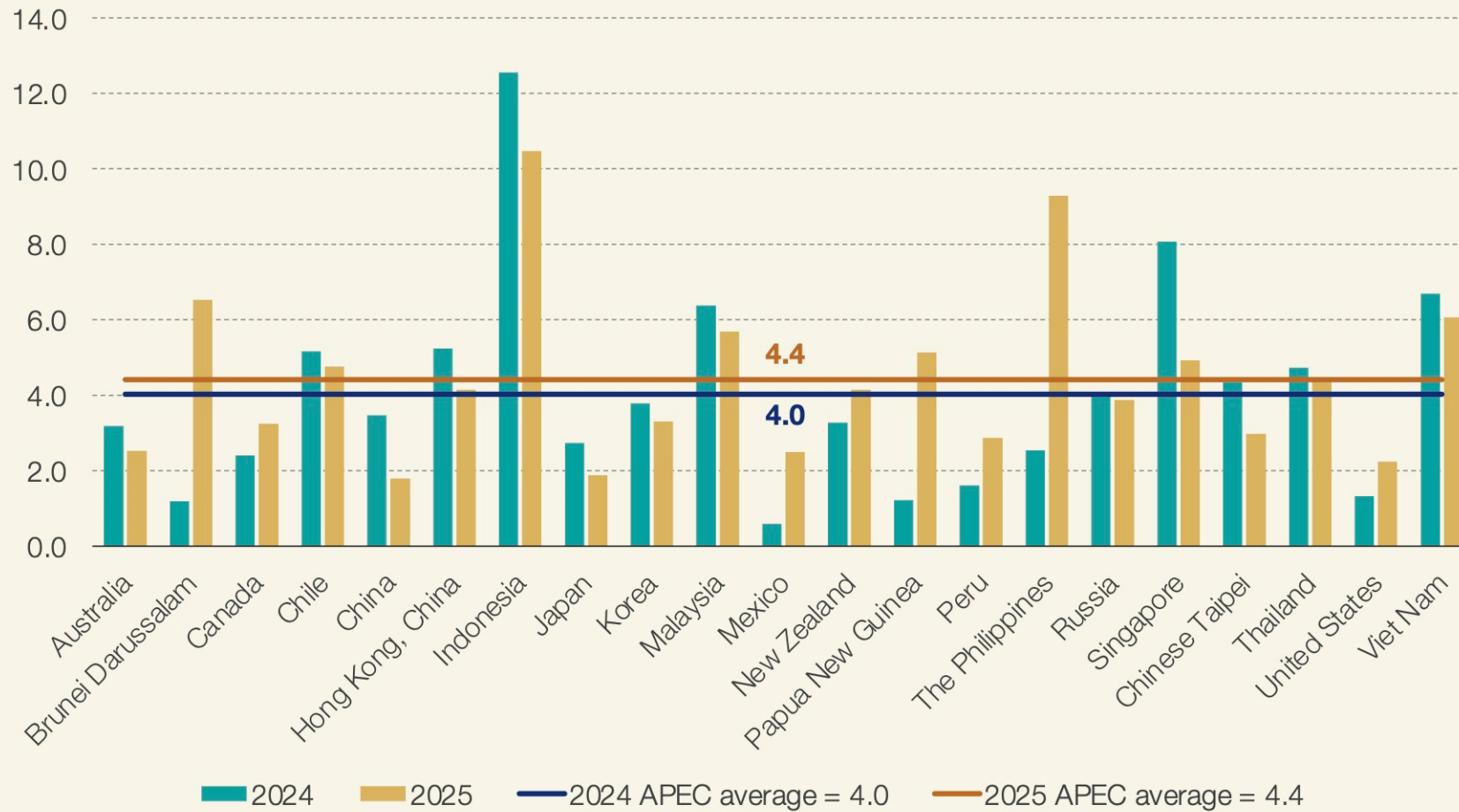


Merchandise trade contracts as demand for goods remains subdued



Trade Outlook in APEC (% y-o-y)

Volume of Goods and Services



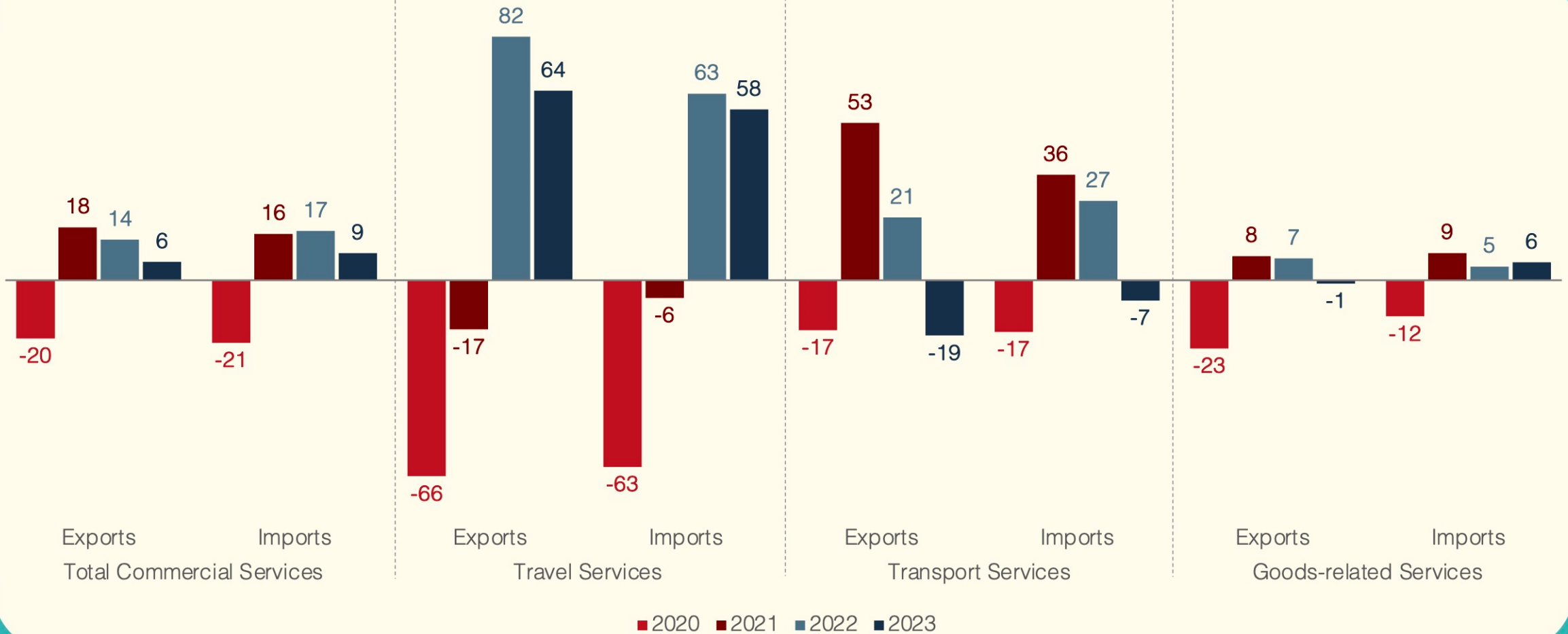
World Trade Outlook (% y-o-y)

| | 2024 | 2025 |
|--|------|------|
| World trade volume (goods and services) IMF WEO April 2024 | 3.0 | 3.3 |
| World merchandise trade volume WTO Trade Outlook April 2024 | 2.6 | 3.3 |

Moderating inflation and resilient supply chains set the stage for trade to pick up in the near-term



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



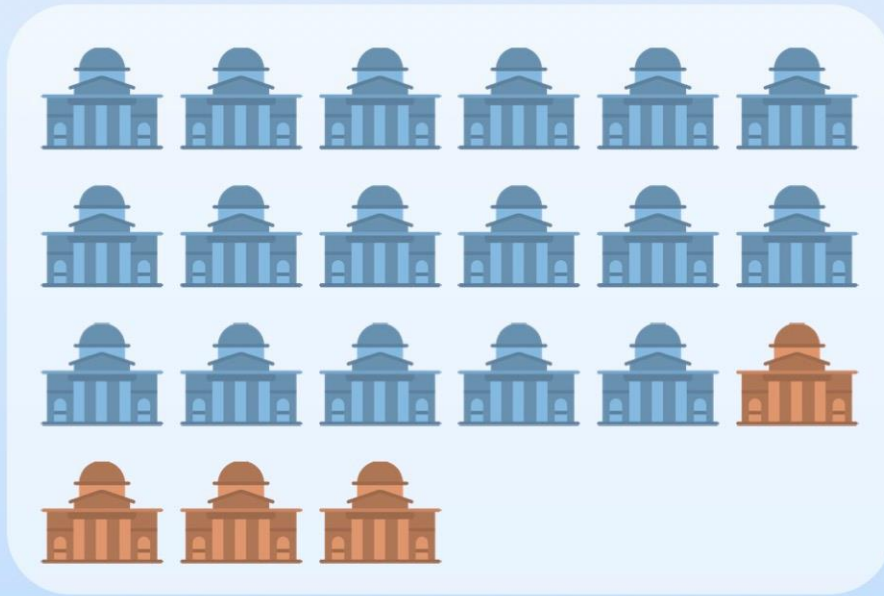
Travel and tourism drive growth in commercial services in 2023, despite moderating from the level in 2022



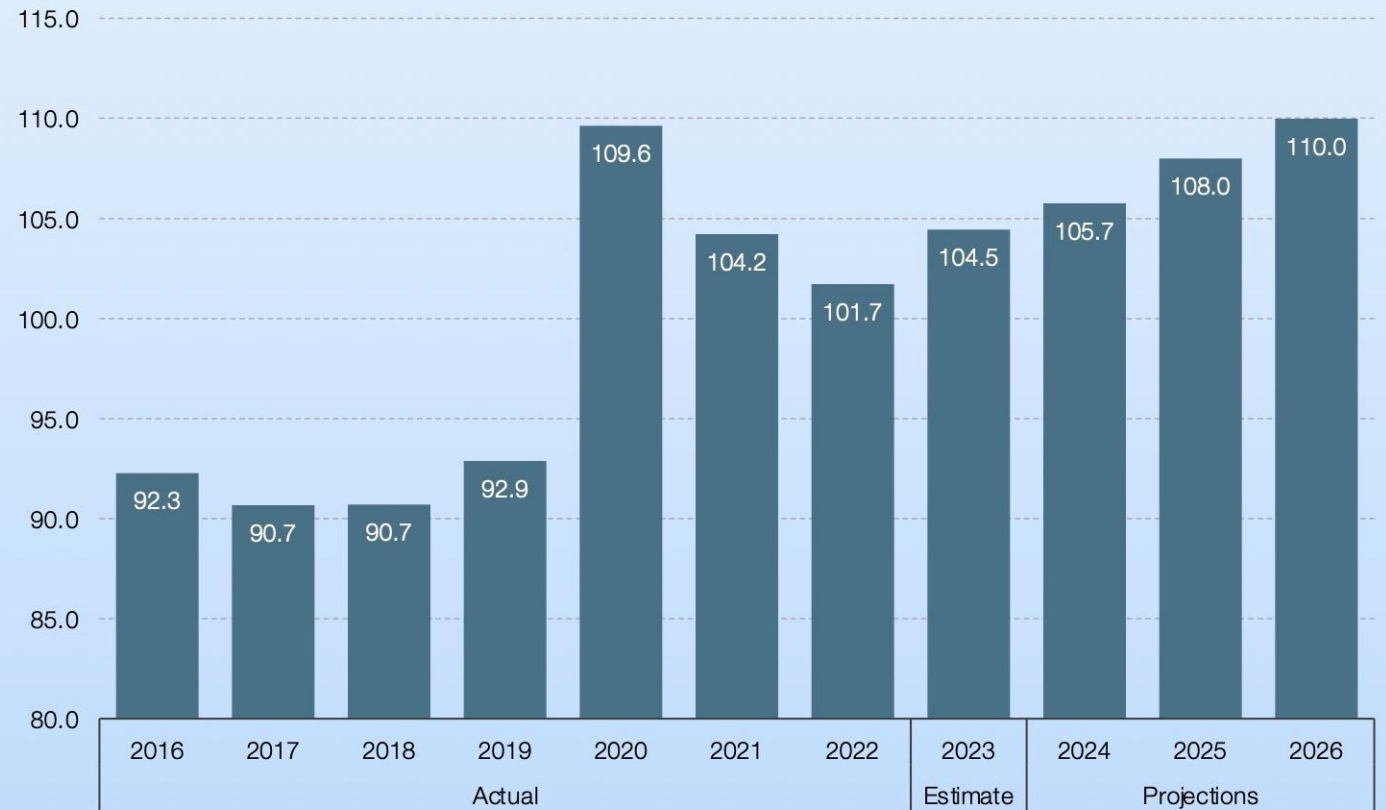
APEC General Government Gross Debt (% of GDP)

Rising debt as the impact of support packages amid pandemic and cost of living crisis lingers

17 APEC economies have general government gross debt below 100% in 2023, ranging from 2.3% to 83.6%



4 APEC economies have general government gross debt above 100% in 2023, ranging from 107.1% to 252.4%



Heavy debt could hinder growth, while stringent fiscal measures may curb economic activity and limit reform spending



VIGILANT MONETARY POLICY

Remain on guard against new price pressures while fostering growth, ready to adjust policy rates accordingly



PRUDENT FISCAL POLICY

Prioritise fiscal consolidation and debt sustainability while rebuilding buffers to safeguard against future shocks and support economic growth

Balanced mix of policies is key to navigating global uncertainties



COMPREHENSIVE AND APPROPRIATE STRUCTURAL REFORMS

Consider key initiatives outlined in the Enhanced APEC Agenda for Structural Reform, APEC Services Competitiveness Roadmap, and APEC Economic Policy Reports to boost productivity and growth prospects



STRENGTHENED MULTILATERAL COOPERATION

Foster collective action to keep trade open, ensure global stability, and effectively address complex challenges

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**

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