Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

August 2026 • Policy Support Unit

APEC Regional Trends Analysis

GDP Growth and Outlook

Inflation and Monetary Policy

Trade Performance

Food Security

Foreign Direct Investments

Suggested Policy Options

KEY POINTS

APEC continues to grow but faces persistent headwinds from energy shocks, geopolitical tensions and trade policy uncertainty.

Technology-driven trade sustains momentum into early 2026, although uncertainty clouds the outlook.

Growth is increasingly anchored by continued strength in technology investments and digital services.

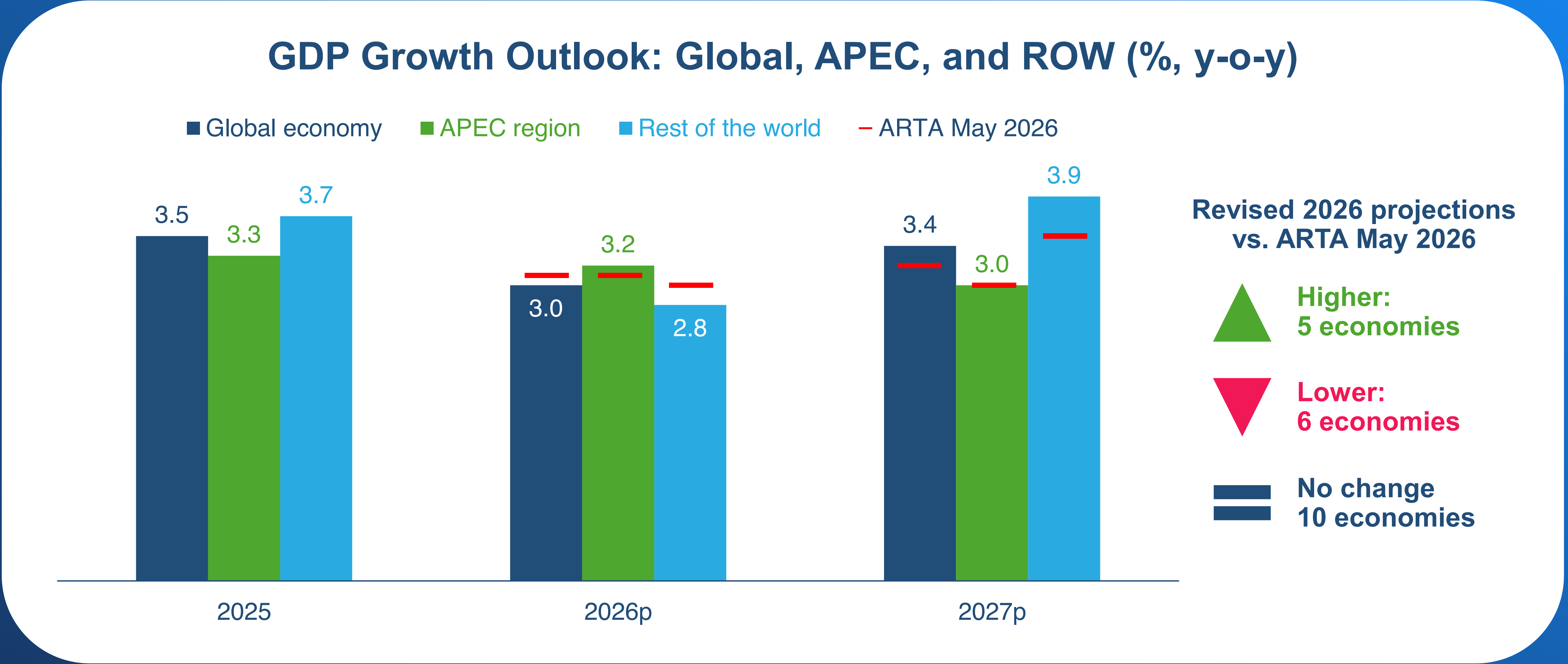
An intensifying El Niño threatens APEC with heat stress and uneven rainfall, potentially dampening agricultural output and driving up food prices.

DOWNSIDE RISKS

- **Energy Price Shocks**
- **Meteorological and Food Security Risks**
- **Geopolitical and Trade Uncertainty**

UPSIDE OPPORTUNITIES

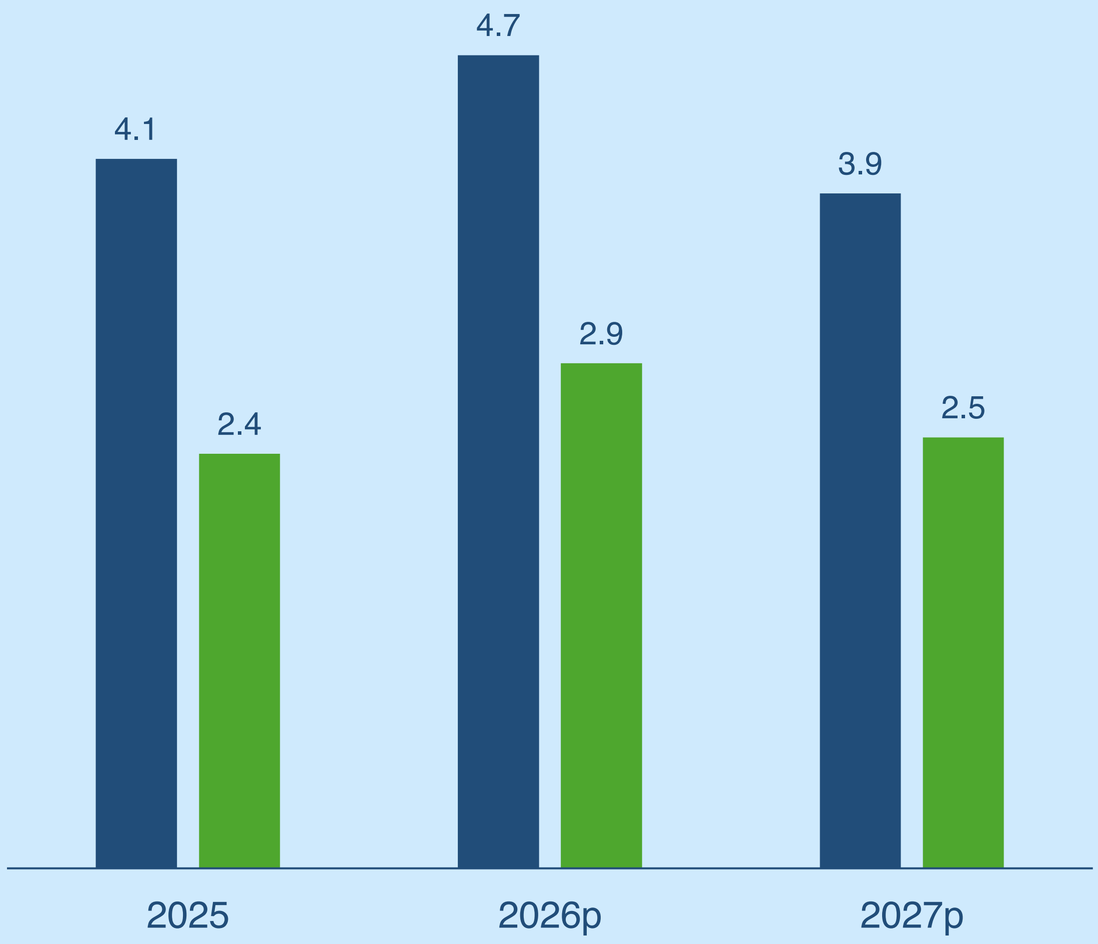
- **Technology-related Demand**
- **Digital Services Expansion**
- **Strong Macroeconomic Fundamentals**



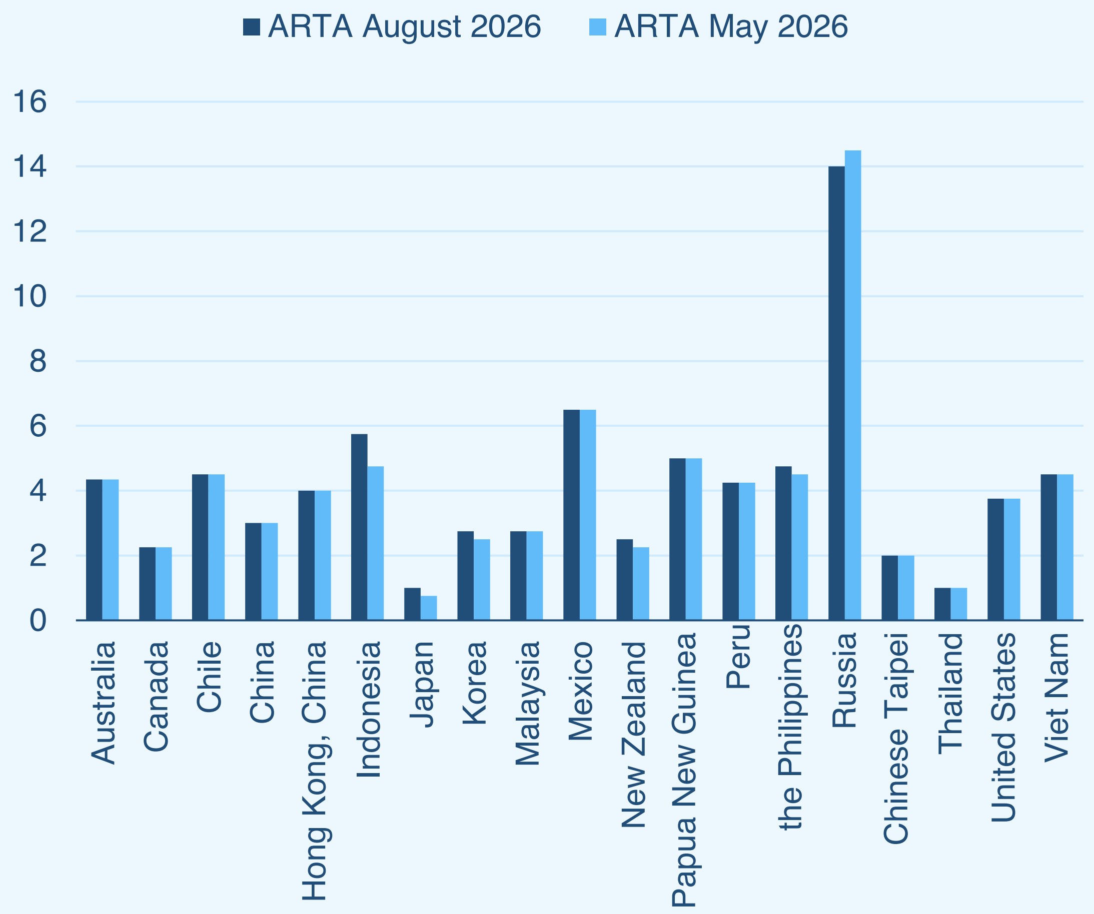
Despite heightened geopolitical tensions, APEC is expected to remain resilient in the near-term, reflecting strong macroeconomic fundamentals and agile policy responses.

Source: International Monetary Fund World Economic Outlook (IMF WEO) Update July 2026; Economy sources; APEC PSU staff calculations.

Average Inflation (%, y-o-y)



Monetary Policy Rate (%)

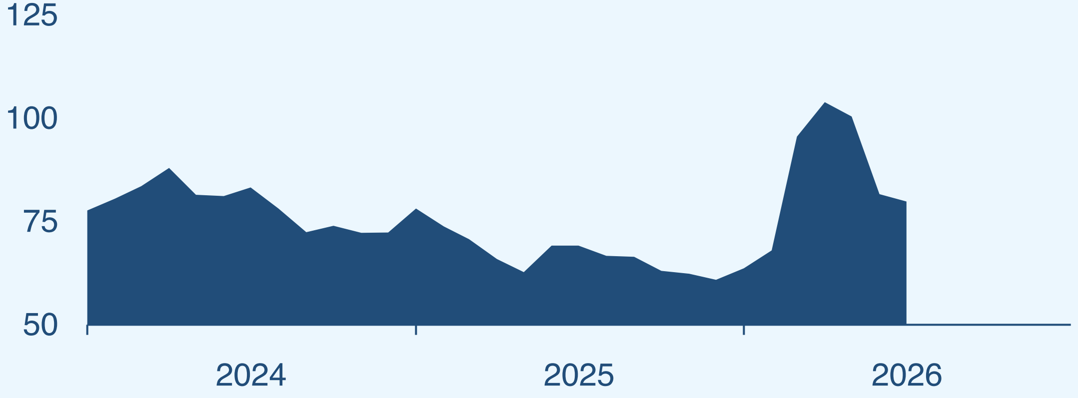


Note: As of 17 August 2026. The monetary policy framework in Brunei Darussalam is based on a currency board system, with the Brunei dollar anchored to the Singapore dollar at par. For Singapore, monetary policy is conducted through the trade-weighted exchange rate, which is allowed to fluctuate within a policy band.

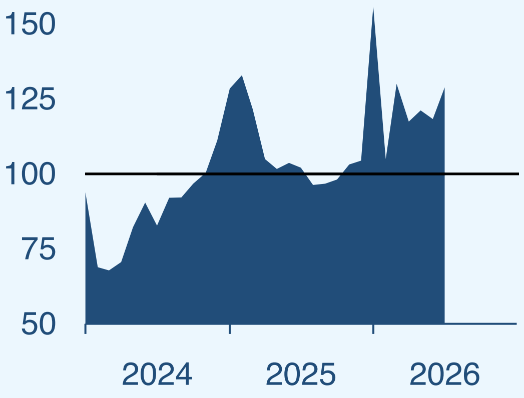
Driven by food and transport costs, inflation in APEC is seen to spike in 2026 along with the world, prompting central banks to maintain a cautious monetary policy stance.

Source: IMF WEO Update July 2026; Economy sources; APEC PSU staff calculations.

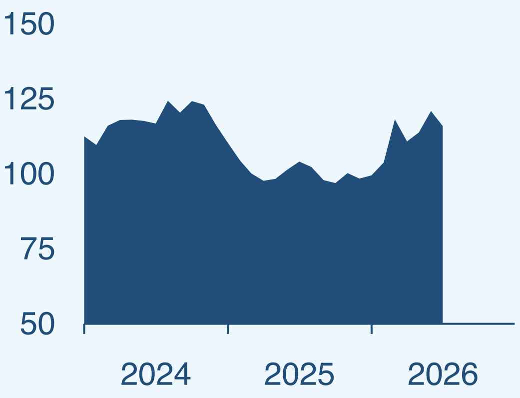
Crude Oil Price* (USD/barrel)



LNG Price* (Index, 2010 = 100)

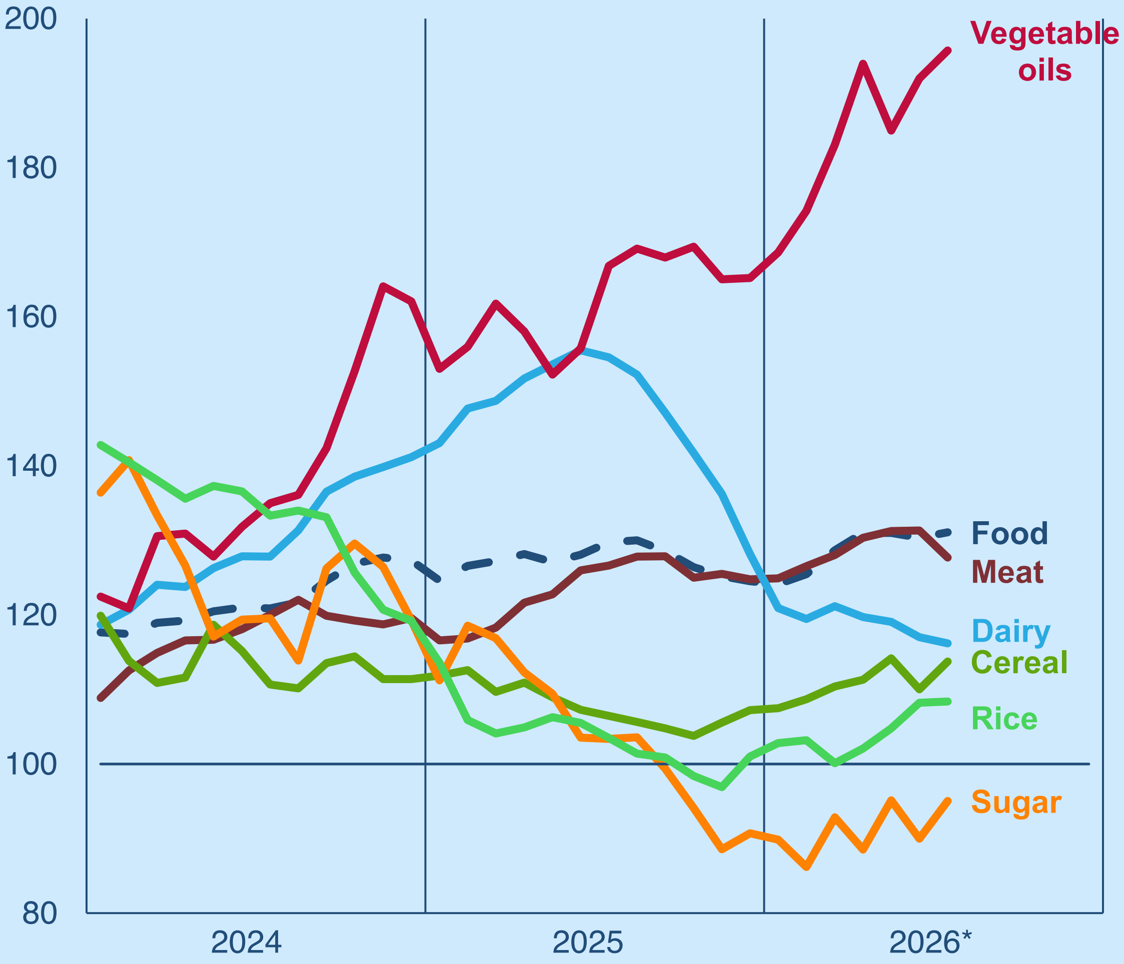


Coal Price* (USD/metric tonne)



Note: * As of 31 July 2026.

Food Prices (Index, 2014-2016=100)

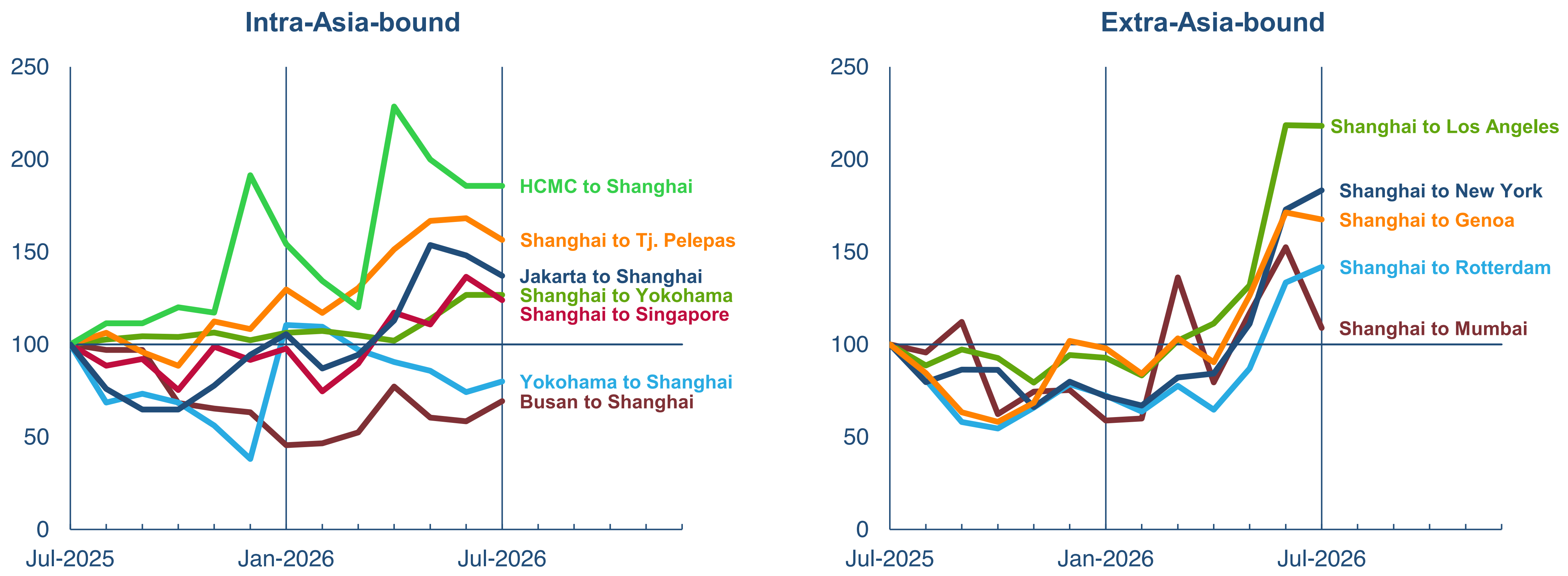


Note: * As of 31 July 2026.

Energy prices remain elevated, while food prices are also starting to rise.

Source: World Bank Commodity Markets Outlook; Investing.com; Food and Agriculture Organization (FAO) of the United Nations; APEC PSU staff calculations.

Freight Costs (Index, July 2025 = 100)

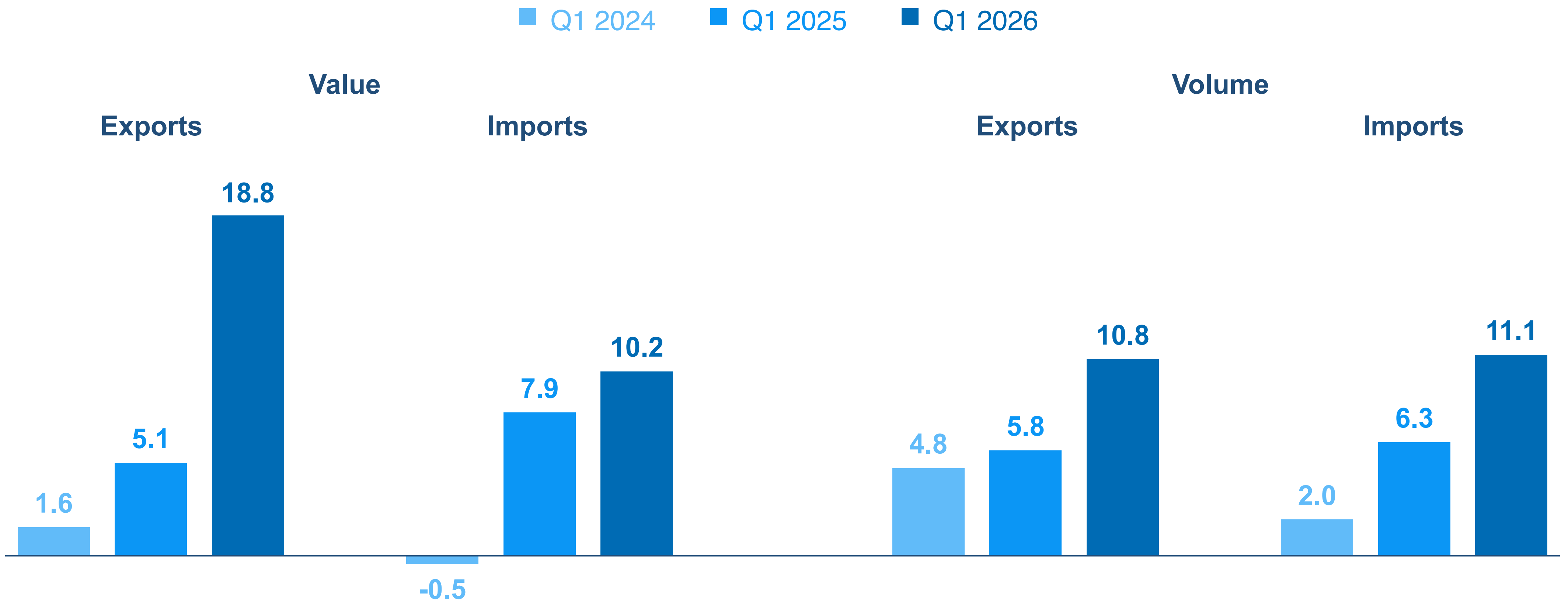


Note: Indices are calculated based on end-of-month data.

Freight costs remain on an upward trend as tight capacity along with higher fuel and insurance costs keep pressure on both intra-Asia and extra-Asia routes.

Source: Drewry Supply Chain Advisors; APEC PSU staff calculations.

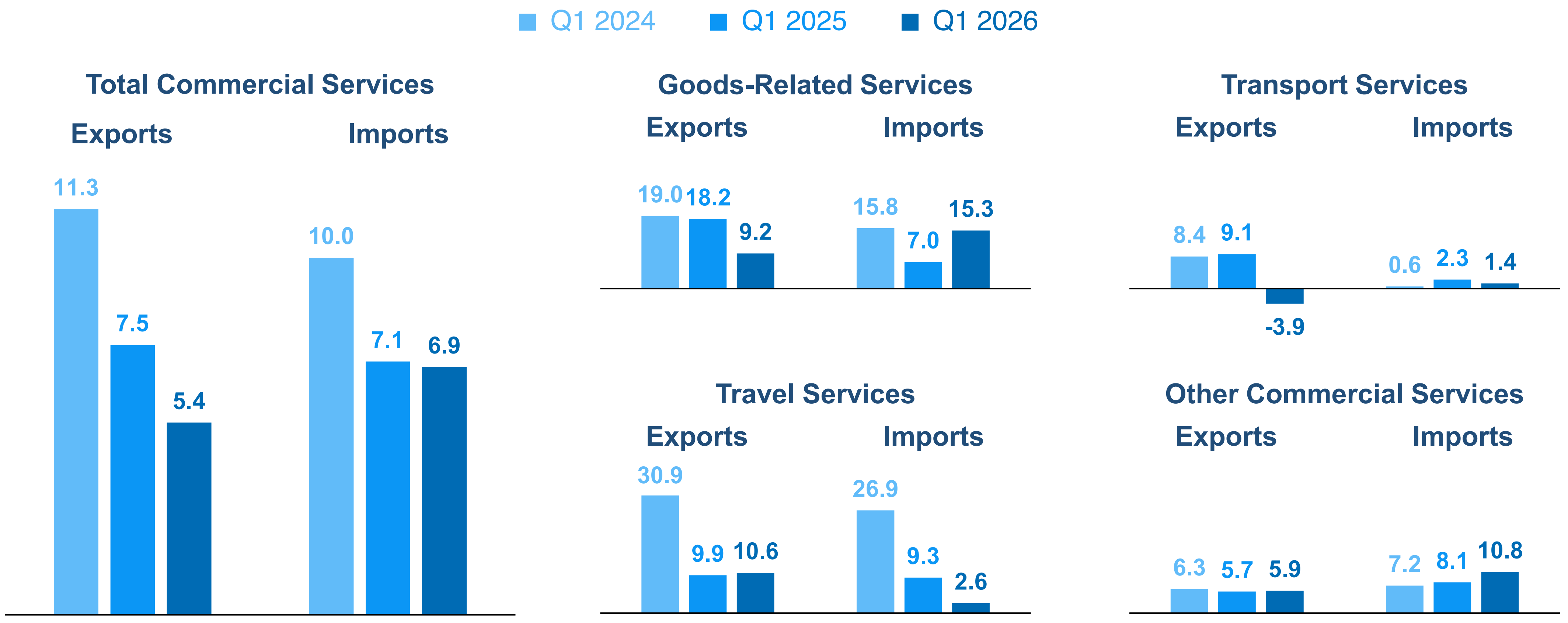
APEC Merchandise Trade Growth (%, y-o-y)



Trade expansion in 2025 extends into early 2026, driven mainly by technology products, but policy uncertainty clouds the trade outlook.

Source: World Trade Organization (WTO); APEC PSU staff calculations.

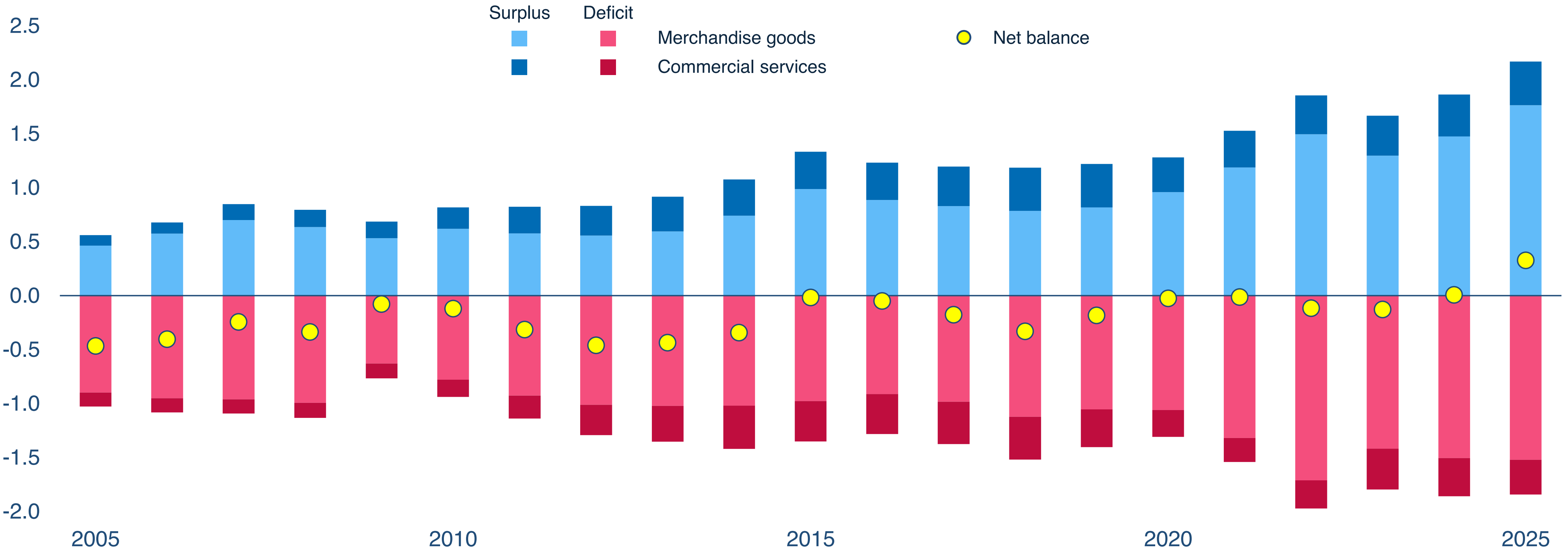
APEC Commercial Services Trade Value Growth (%, y-o-y)



Commercial services trade continues to grow but momentum has slowed as gains in travel, transport, and goods-related services moderate from previous years.

Source: WTO; APEC PSU staff calculations.

APEC Trade Balances (USD trillion)

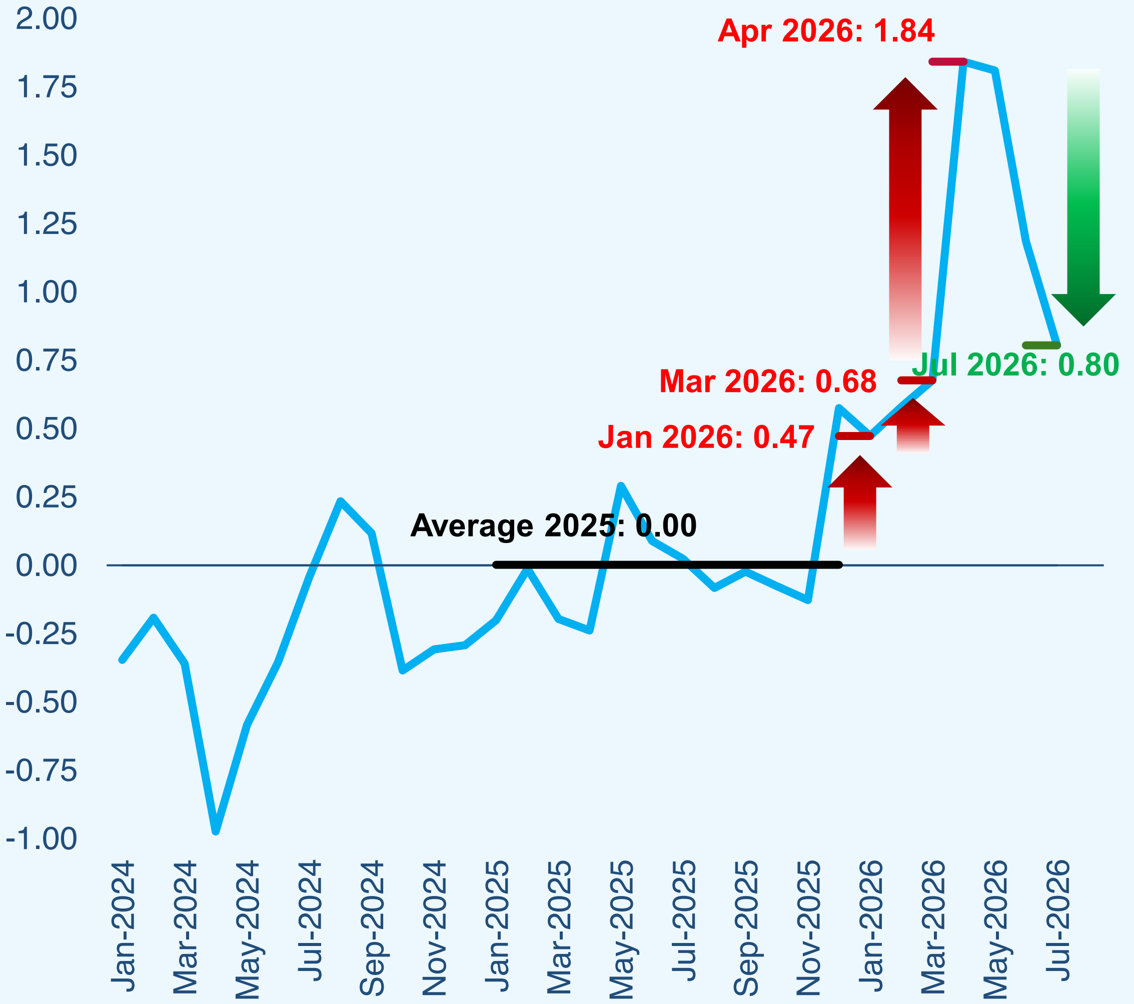


Trade imbalances across APEC reflect structural differences in production, competitiveness and domestic demand, underscoring the need for policies that support balanced and resilient growth.

Source: WTO; APEC PSU staff calculations.

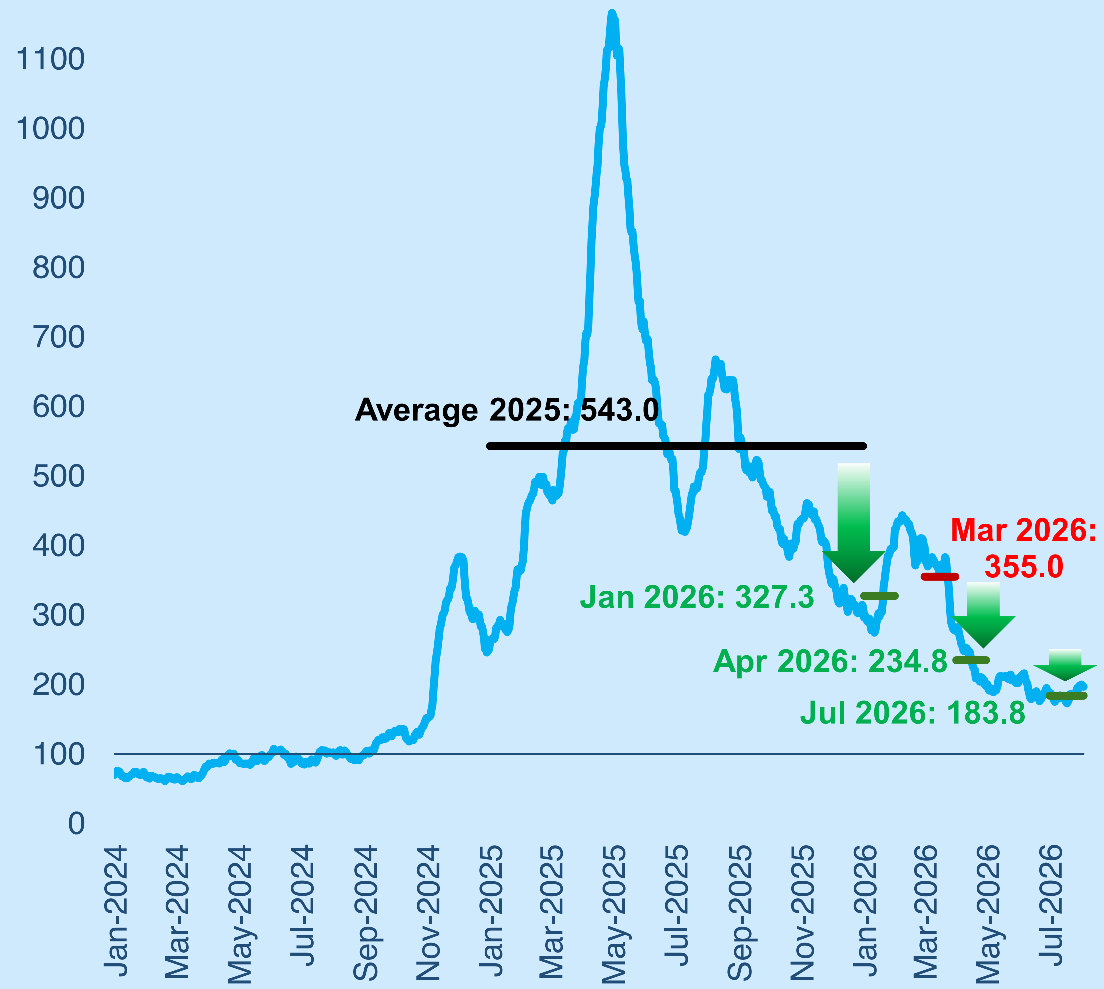
Global Supply Chain Pressure Index

(standard deviation from index historical average)



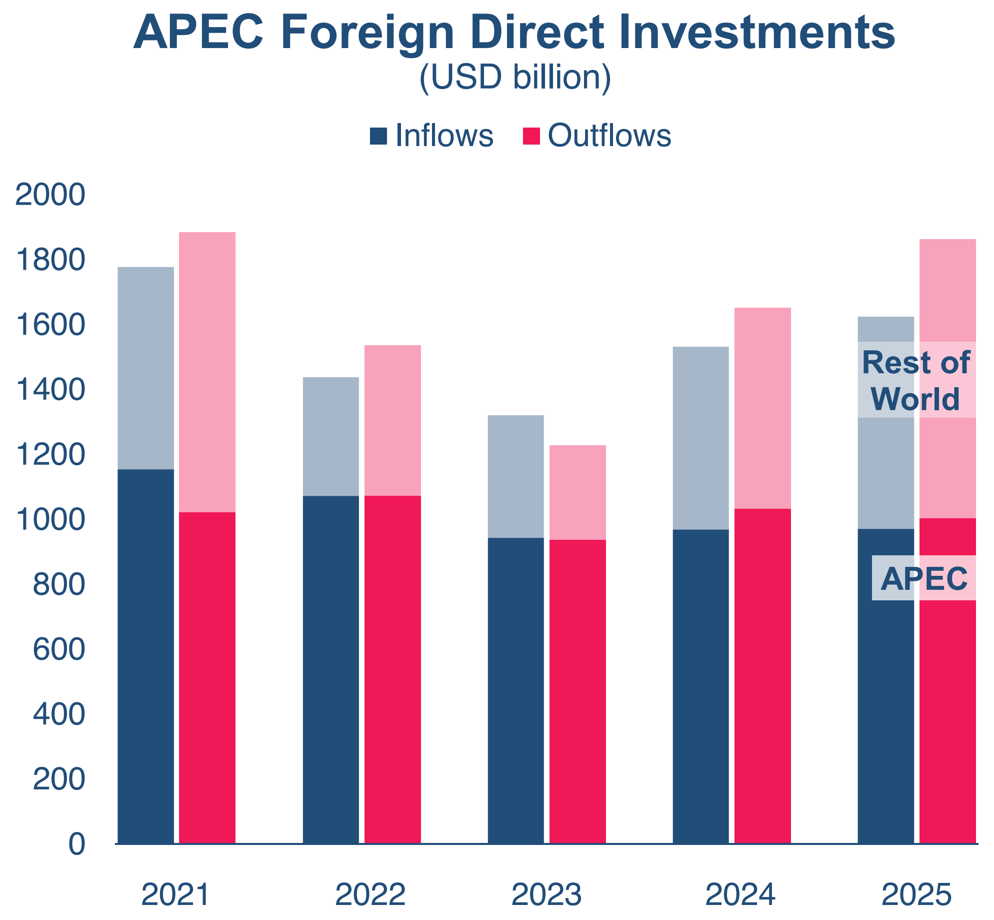
Trade Policy Uncertainty Index

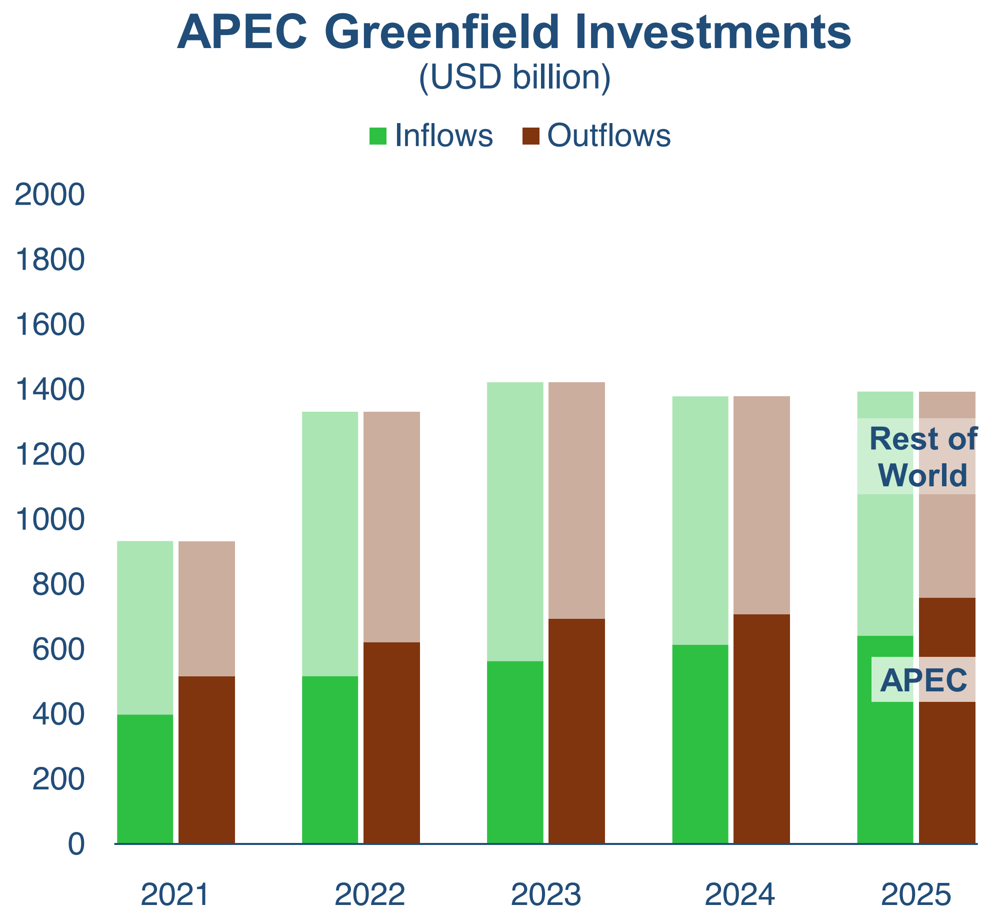
(September 2024 = 100)



Supply chain constraints and trade policy uncertainty have eased recently, but persistent vulnerabilities continue to weigh on the economic outlook.

Source: The Federal Reserve Bank of New York; policyuncertainty.com; APEC PSU staff calculations.

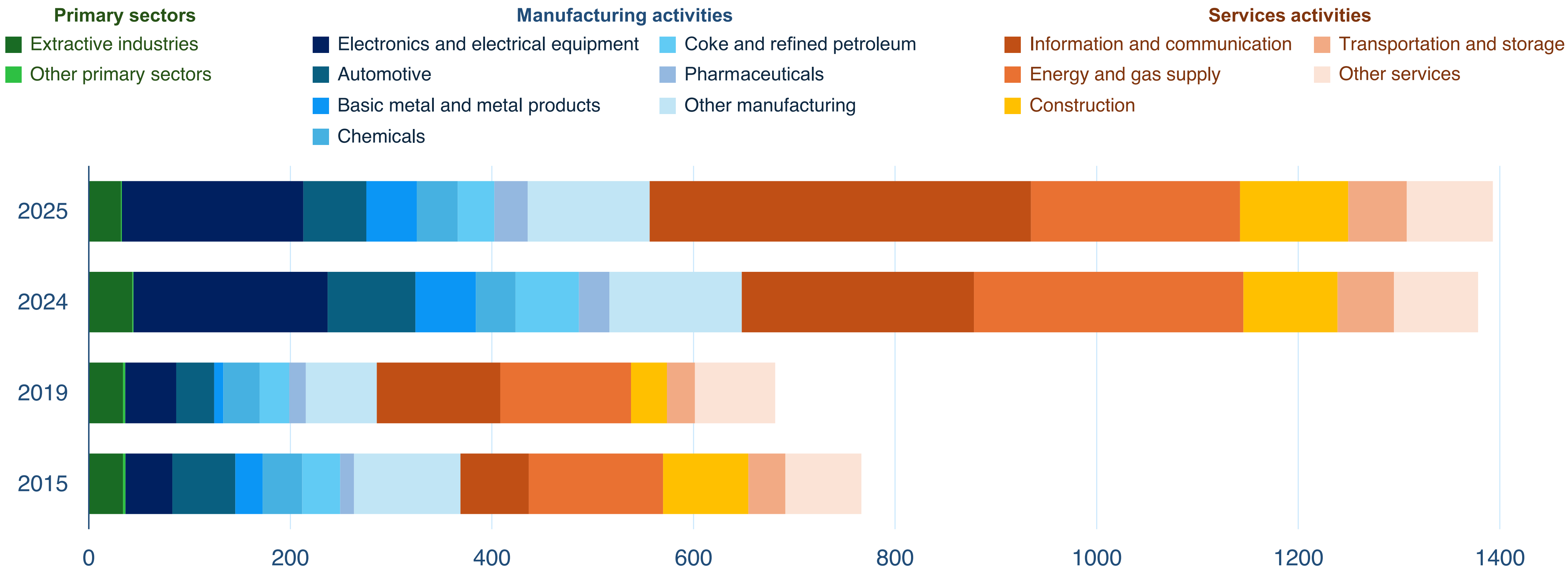




APEC investment landscape shows broadly stable FDI and growing greenfield flows.

Source: UN Trade and Development (UNCTAD) World Investment Report 2026; APEC PSU staff calculations.

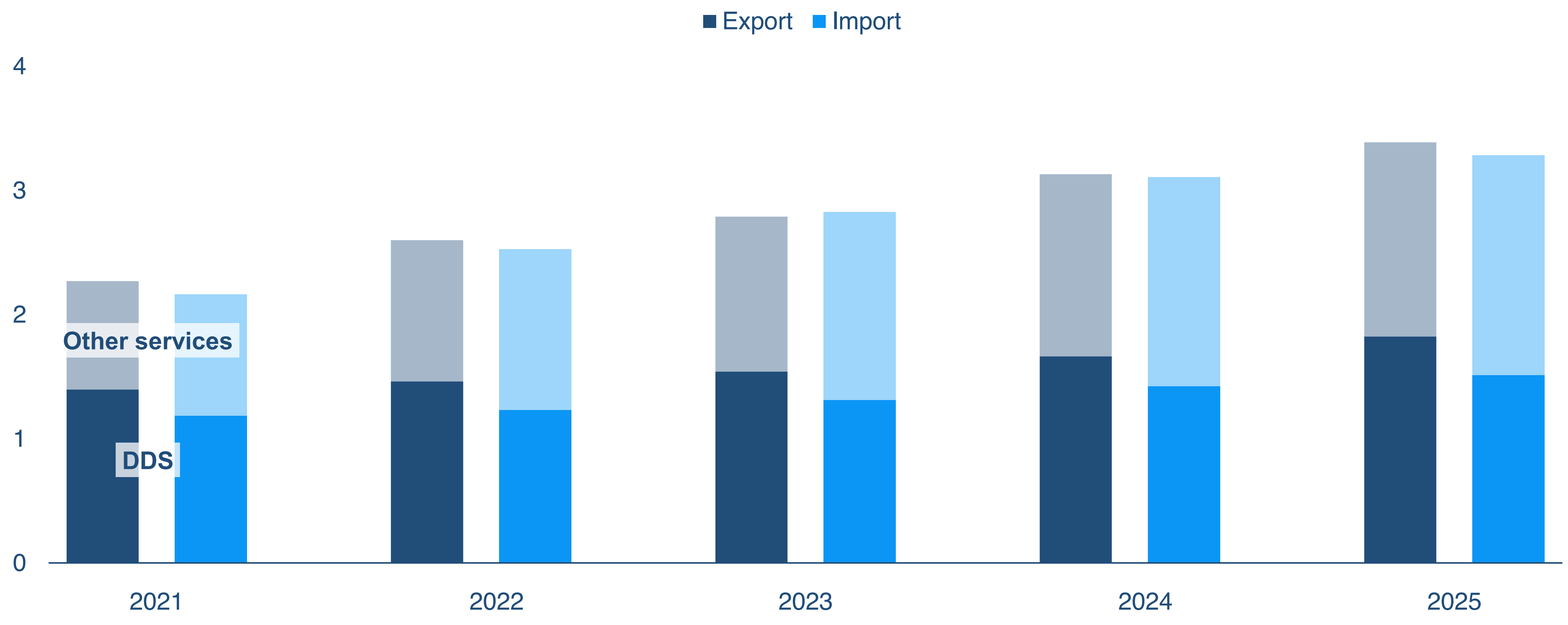
Global Greenfield Investments by Sector (USD billion)



Global greenfield investment is becoming more concentrated in digital services as well as electronics and energy sectors.

Source: UNCTAD World Investment Report 2026; APEC PSU staff calculations.

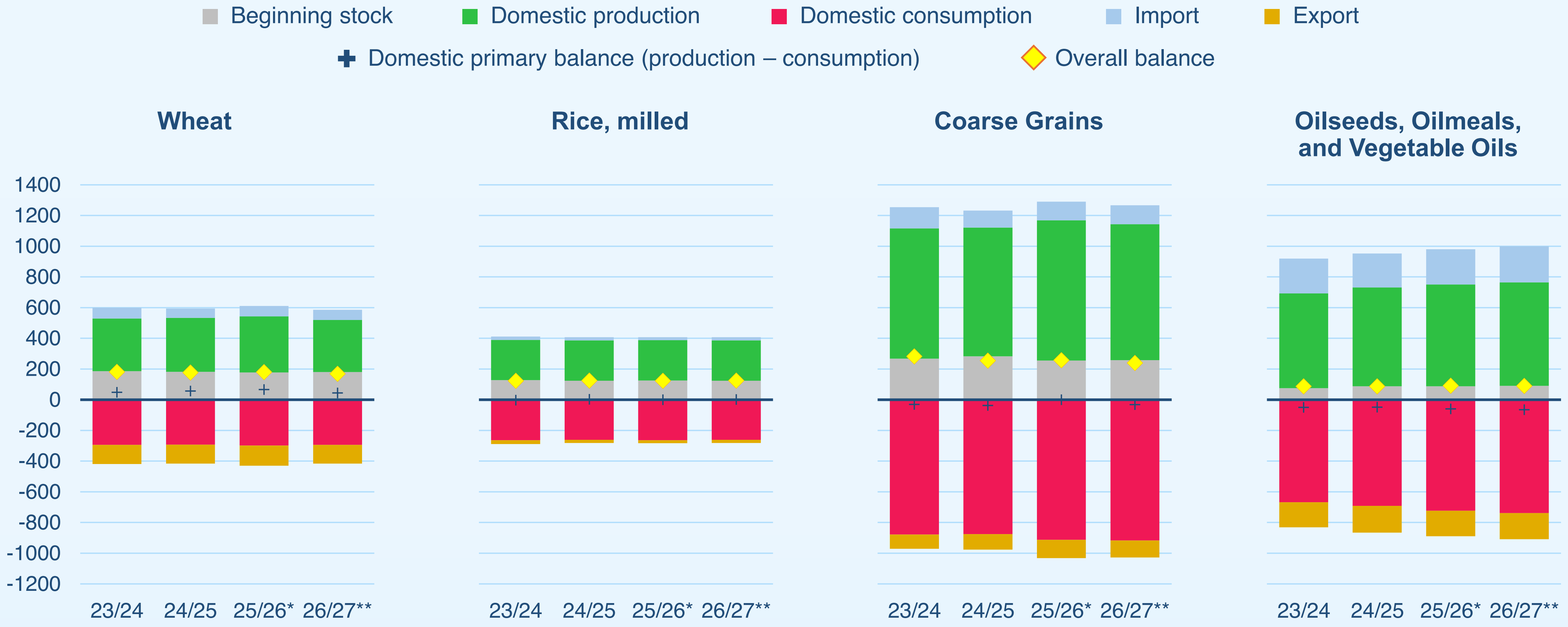
Digitally Delivered Services (DDS) in APEC (USD trillion)



Trade in digitally delivered services across APEC has grown steadily in recent years.

Source: UNCTAD; WTO; APEC PSU staff calculations.

Supply and Use of Agricultural Products in APEC (Million Metric Tonnes)

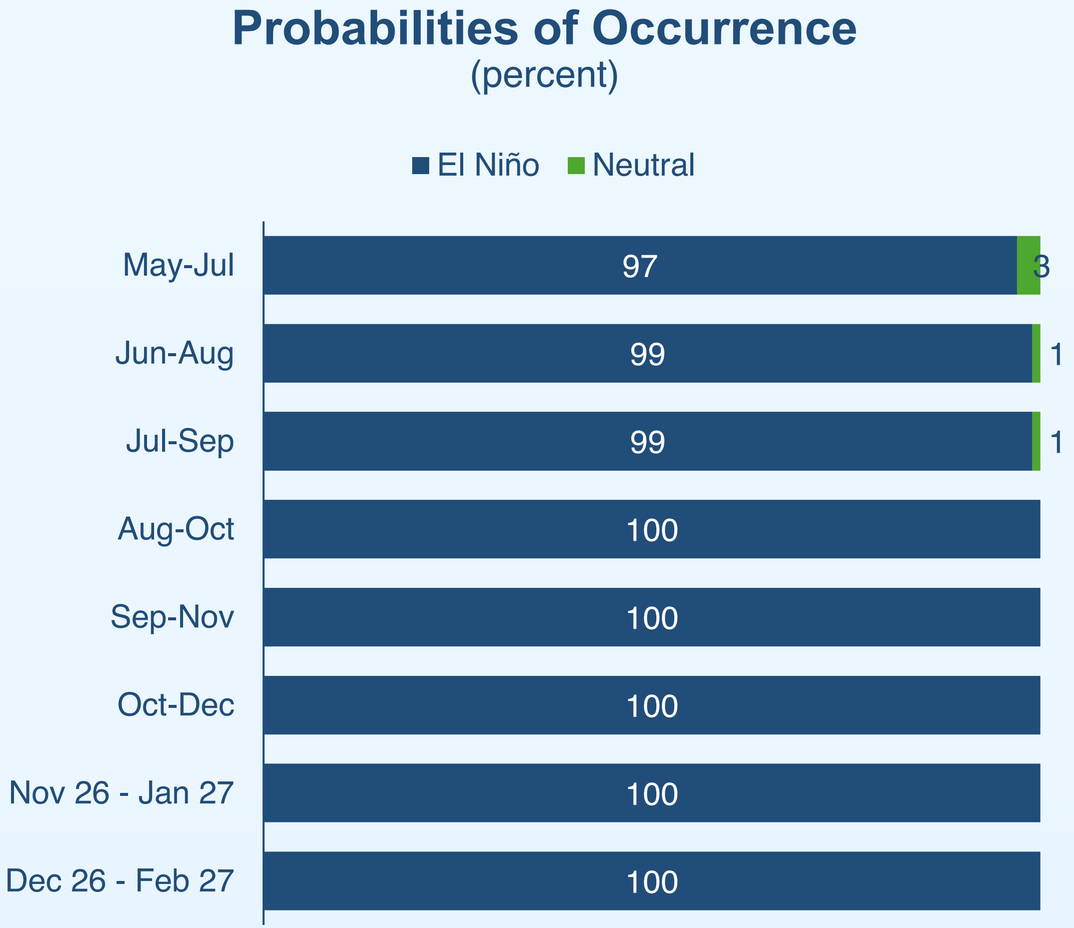


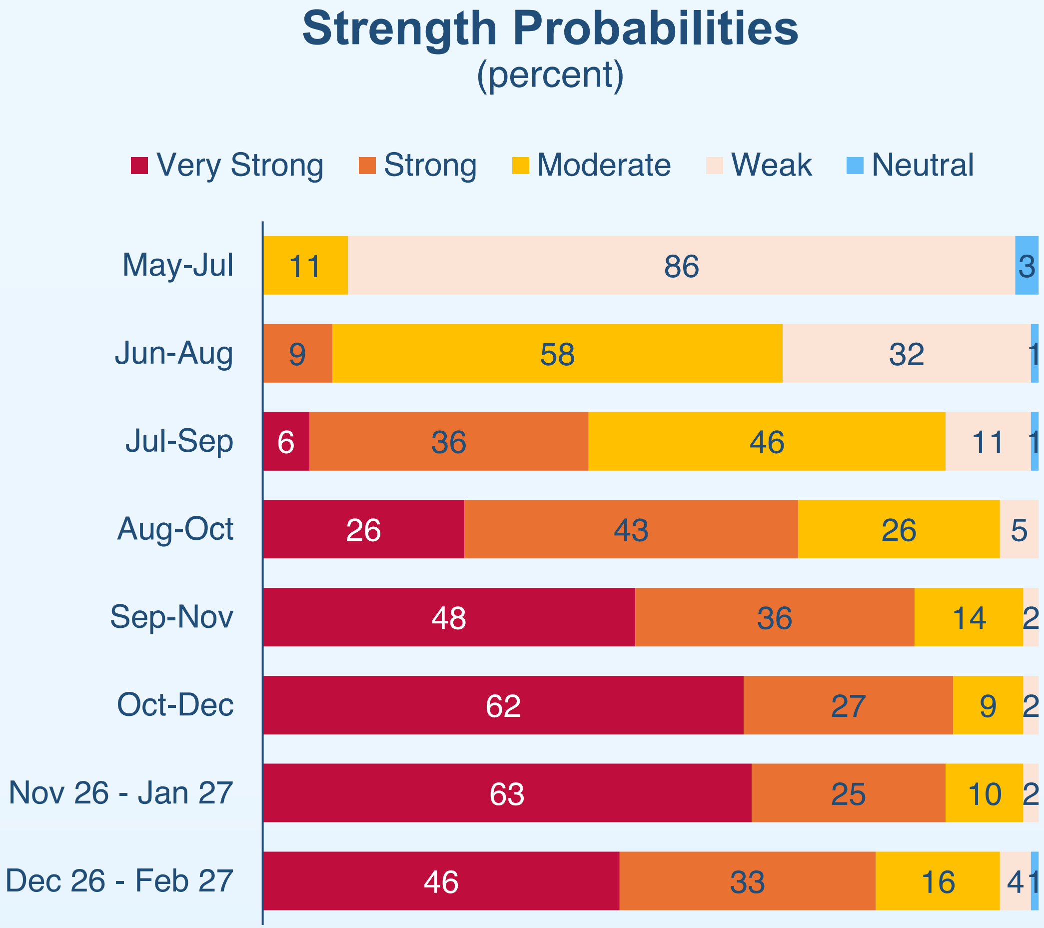
Note: * Estimates; ** End-of-period projections (as of June 2026).

Supplies of key agricultural products in APEC are expected to remain broadly adequate, although tightening balances in some commodities could exert pressure on food security and prices.

Source: U.S. Department of Agriculture Production, Supply and Distribution (USDA PSD); APEC PSU staff calculations.

El Niño Probabilities (3-month period in 2026)





Note: Forecasts as of June 2026.

The APEC region is expected to experience warmer than normal conditions in 2026, with drought, heat stress, and flooding likely to dampen agricultural production.

Source: NOAA Climate Prediction Center / NCEP.

Policy Priorities

Accelerate Digital Transformation

Accelerate the digital transition by expanding infrastructure, strengthening connectivity, and promoting tech adoption.

Deepen Supply Chain Resilience

Deepen trade integration, supply chain resilience and efficiency by promoting open, rules-based trade and leveraging digital platforms to streamline processes.

Strengthen Food Security and Agricultural Adaptation

Ensure food security by investing in resilient agriculture and early warning systems, while reinforcing regional cooperation on disaster and emergency responses.

Mobilize Regional Investment for Growth

Drive long-term growth and productivity by improving the investment climate, developing productive sectors, and bolstering regional policy dialogue to sustain investment flows.

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) is 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 Crisologo Hernando** and **Eldo Malba Simanjuntak**, 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.

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