APEC Regional Trends Analysis

- GDP Growth and Outlook
- Inflation and Monetary Policy
- Trade Performance and Outlook
- Risks and Challenges
- 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
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.

Source: International Monetary Fund (IMF) World Economic Outlook (WEO) April 2024; Economy sources: APEC PSU staff calculations
Barring any shocks, inflation is expected to gradually ease in the near-term.
Monetary Policy Rate (%)

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%

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.

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

Source: Economy sources; Google Finance; APEC PSU staff calculations
Upticks in oil and food prices as supply and geopolitical issues fuel inflationary pressures

Source: World Bank Commodity Markets; Food and Agriculture Organization (FAO) of the United Nations (UN); APEC PSU staff calculations
Climate change and geopolitical tensions disrupt global trade and amplify inflationary risks

Source: UN Global Platform, IMF Portwatch, Drewry World Container Index, Drewry Supply Chain Advisors; APEC PSU staff calculations
Gold price reaches record high as a hedge against uncertainties

Source: Bloomberg, Datastream, ICE Benchmark Administration, World Gold Council, APEC PSU staff calculations
Trade measures in force in APEC (accumulated number)

Increasing barriers and remedies heighten the threat of protectionism

Source: World Trade Organization (WTO) Trade Monitoring Database; APEC PSU staff calculations
Merchandise trade contracts as demand for goods remains subdued
Moderating inflation and resilient supply chains set the stage for trade to pick up in the near-term

Source: WTO Global Trade Outlook and Statistics April 2024; IMF WEO April 2024; APEC PSU staff calculations
Travel and tourism drive growth in commercial services in 2023, despite moderating from the level in 2022.

Source: WHO; Note: APEC PES&D staff estimates.
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

Source: IMF WEO April 2024; APEC PSU staff calculations
Balanced mix of policies is key to navigating global uncertainties

**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

**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.

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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.

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