



Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

August 2024 • Policy Support Unit



GDP Growth
and Outlook



Inflation and
Monetary Policy



Risks and
Challenges

APEC Regional Trends Analysis



Trade
Performance



Foreign Direct
Investments

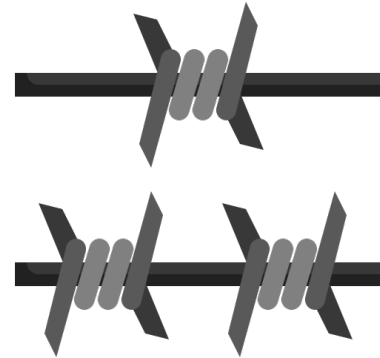


Suggested Policy
Options

KEY POINTS



APEC GDP expands by 3.3% in Q1 2024 from 3.0% in Q1 2023, but intensifying global challenges could limit growth prospects



Escalating tensions continue to disrupt trade; longer routes are increasing freight costs and heightening port delays



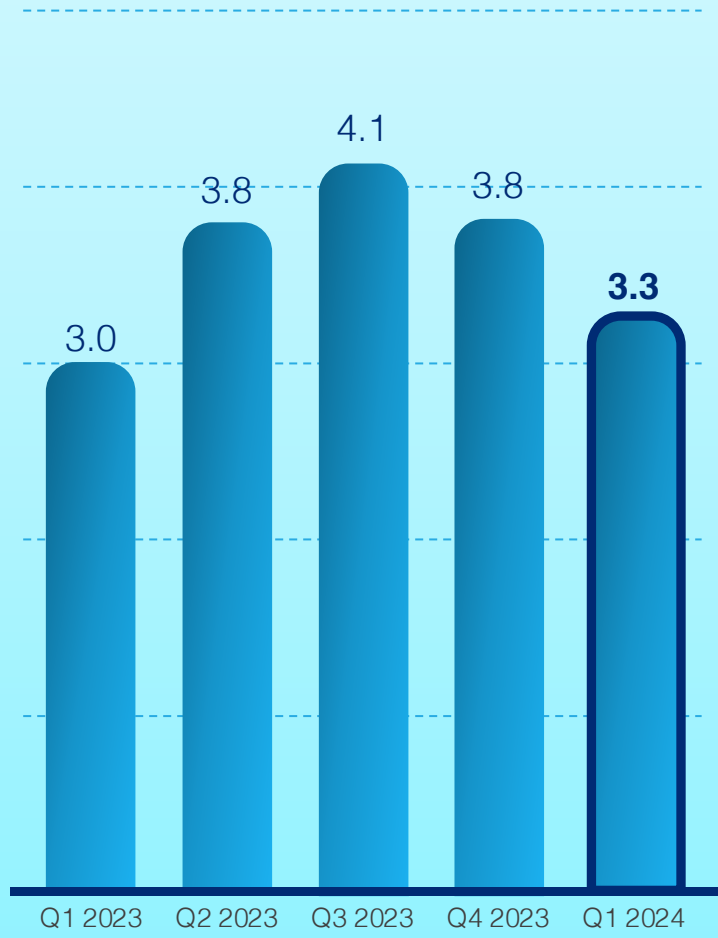
Rising metal prices from increased demand and uncertainty could exert upward pressure on production costs and inflation



Foreign direct investment inflows in APEC have fallen for three consecutive years as geoeconomic fragmentation rises



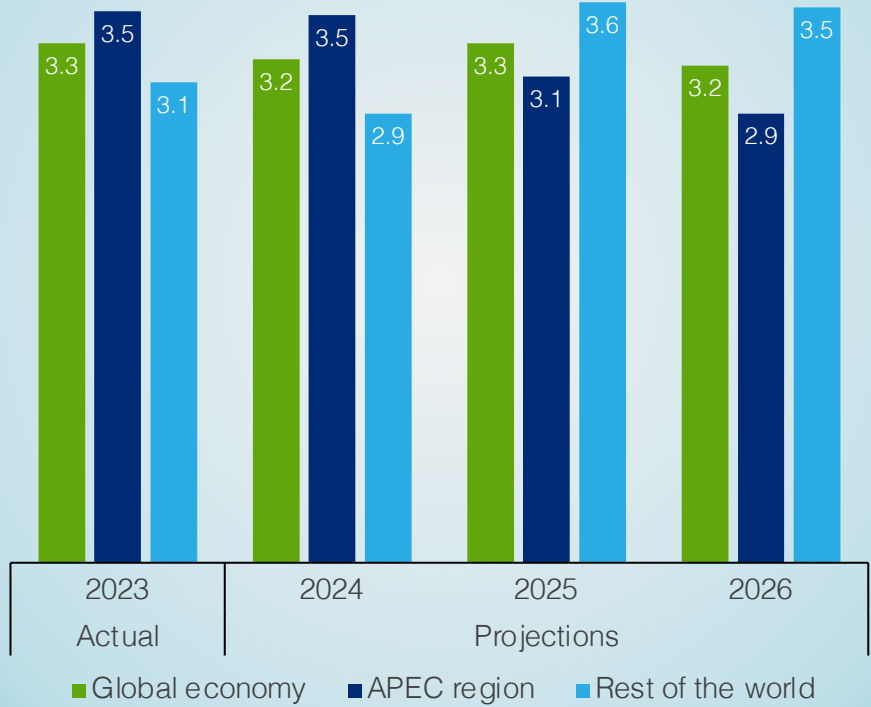
APEC Quarterly GDP Growth (% , y-o-y)



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

DOWNSIDE RISKS

- Trade-disruptive Measures
- Supply Chain Uncertainties
- Geopolitical Issues

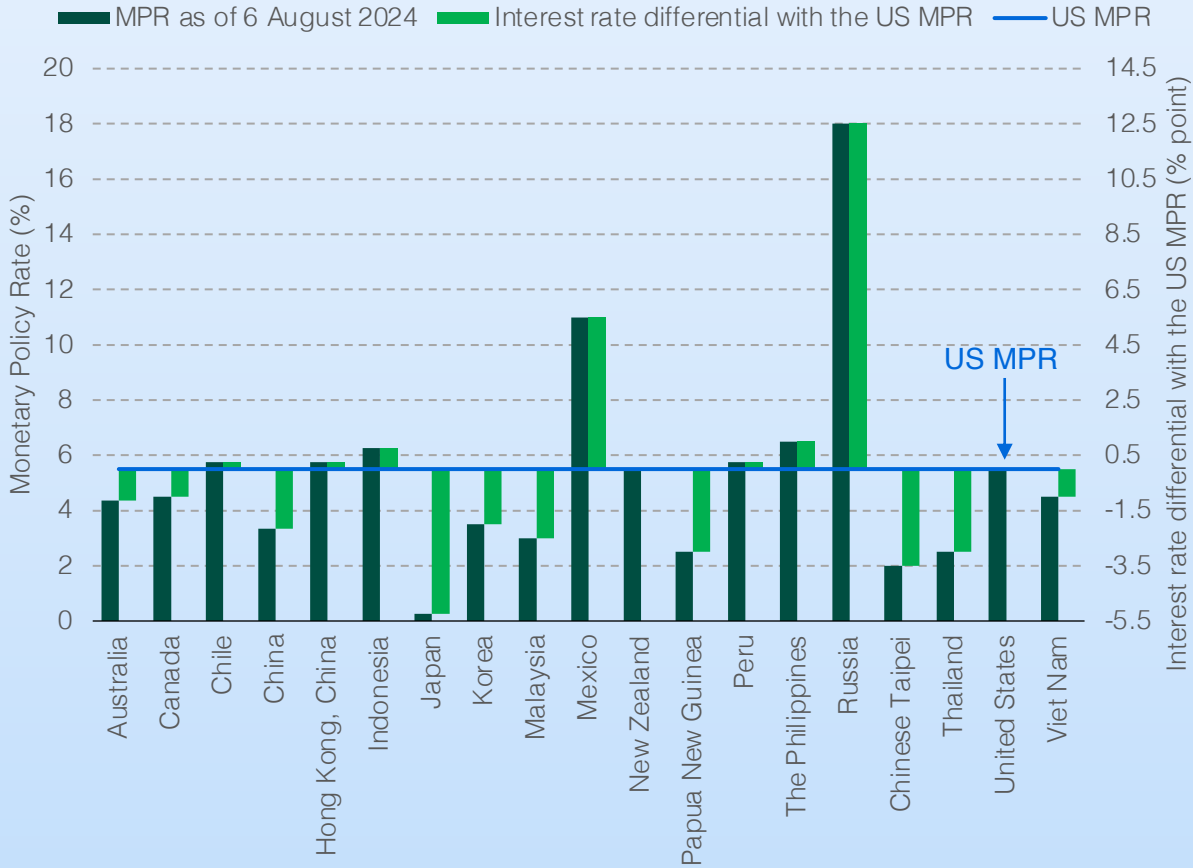


UPSIDE OPPORTUNITIES

- Robust Consumption
- Moderating Inflation
- Multilateral Cooperation

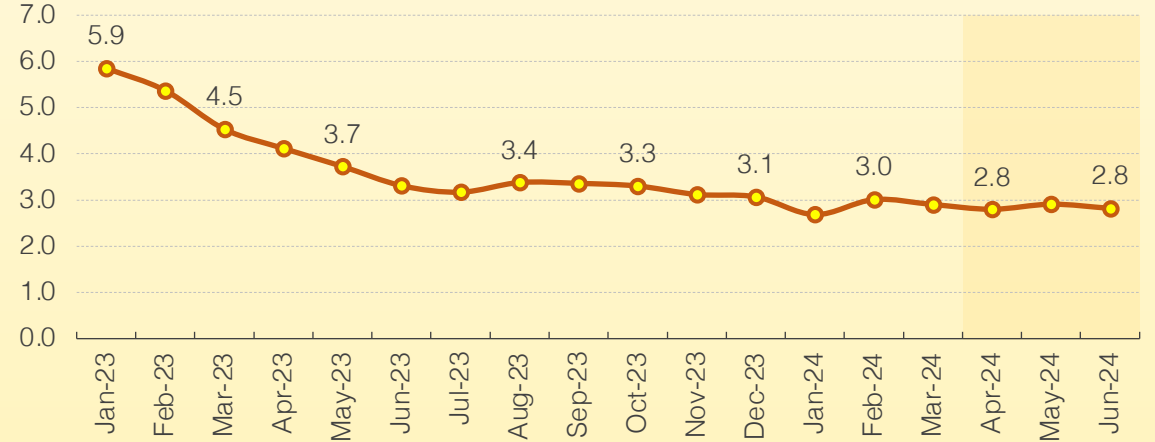
Growth in the APEC region climbs to 3.3% in Q1 2024, with an improved near-term outlook as inflationary pressures are contained

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

3.9% depreciation

is the average decline among APEC currencies against the USD from 21 July 2023 to 21 July 2024

17 APEC currencies depreciated against the USD ranging from -0.7% to -12.4%

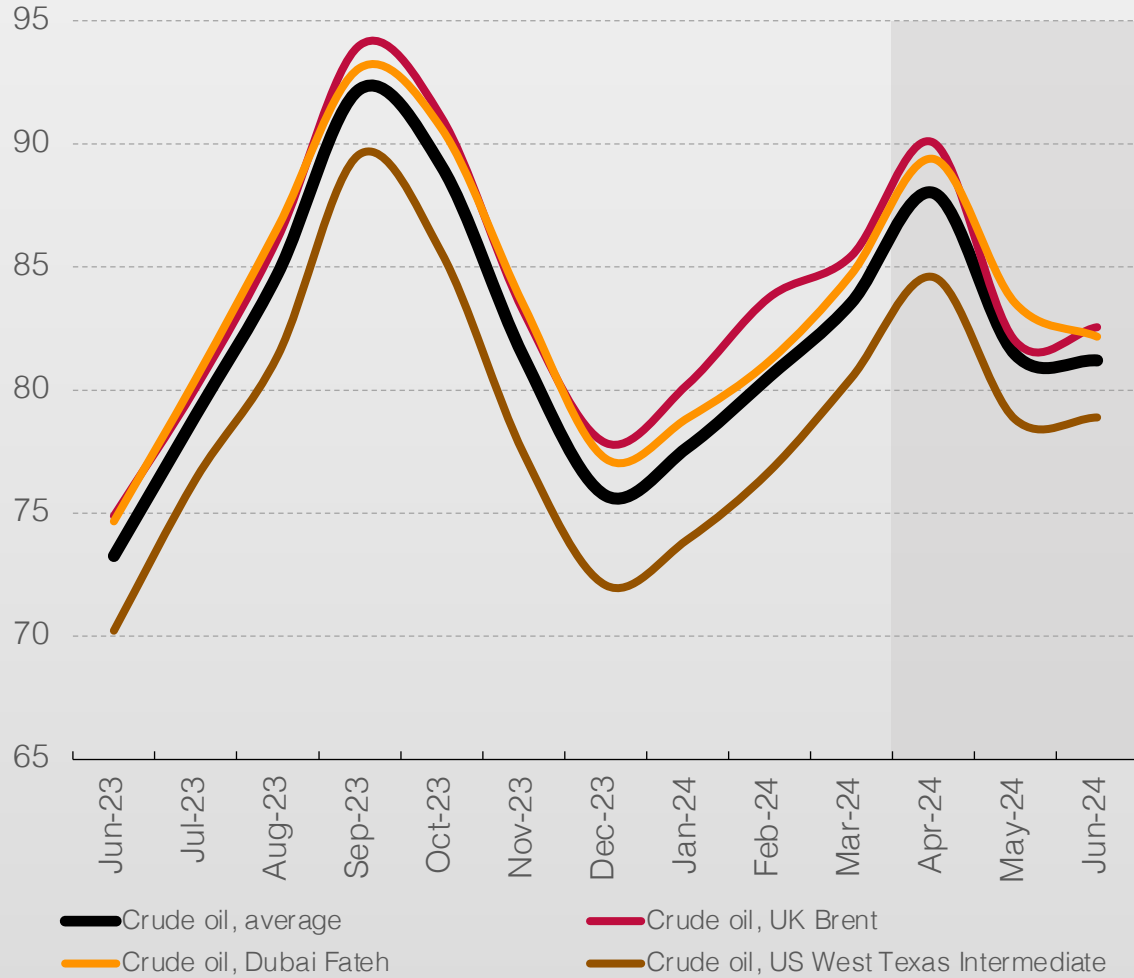


3 APEC currencies appreciated against the USD ranging from 0.1% to 3.0%

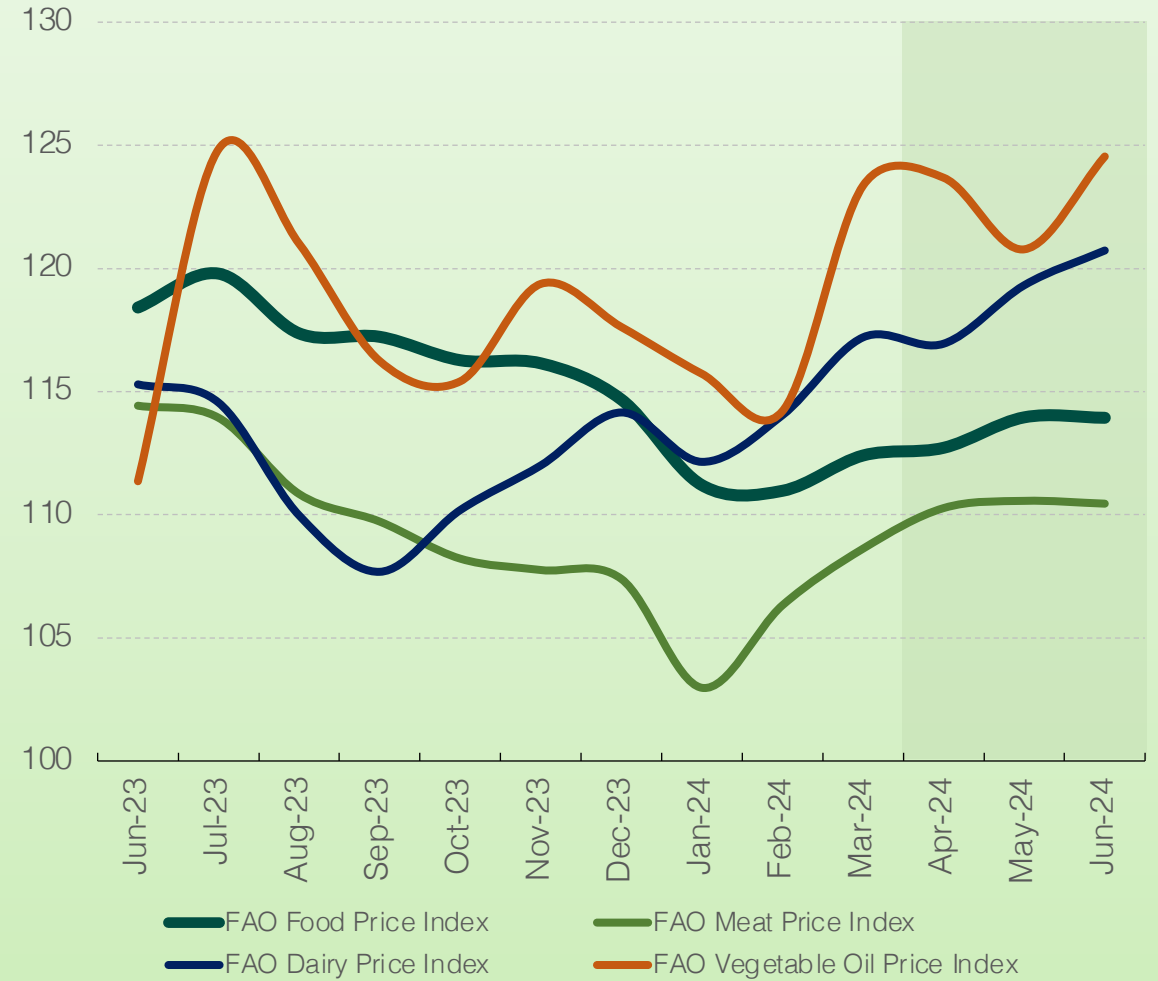
Monetary policy action has brought down inflation. Currency depreciation has slowed down in recent months, but continued vigilance is required.



Oil Prices (USD/barrel)



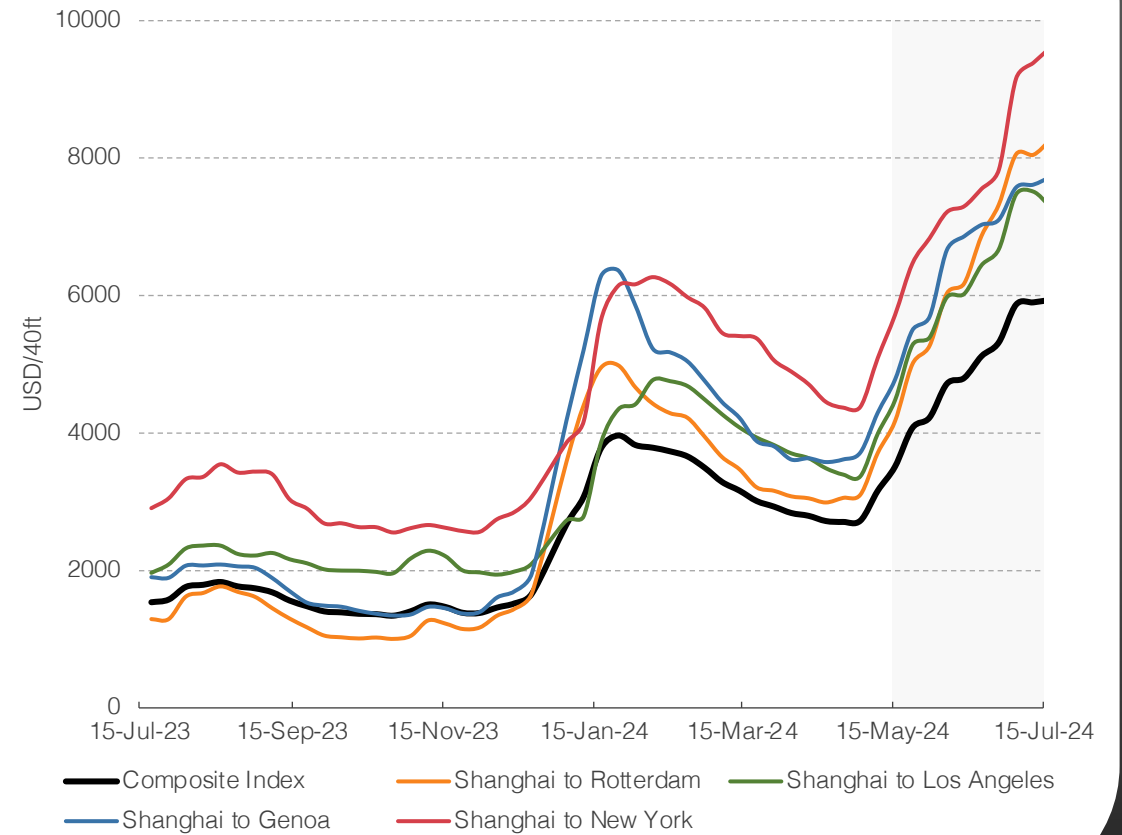
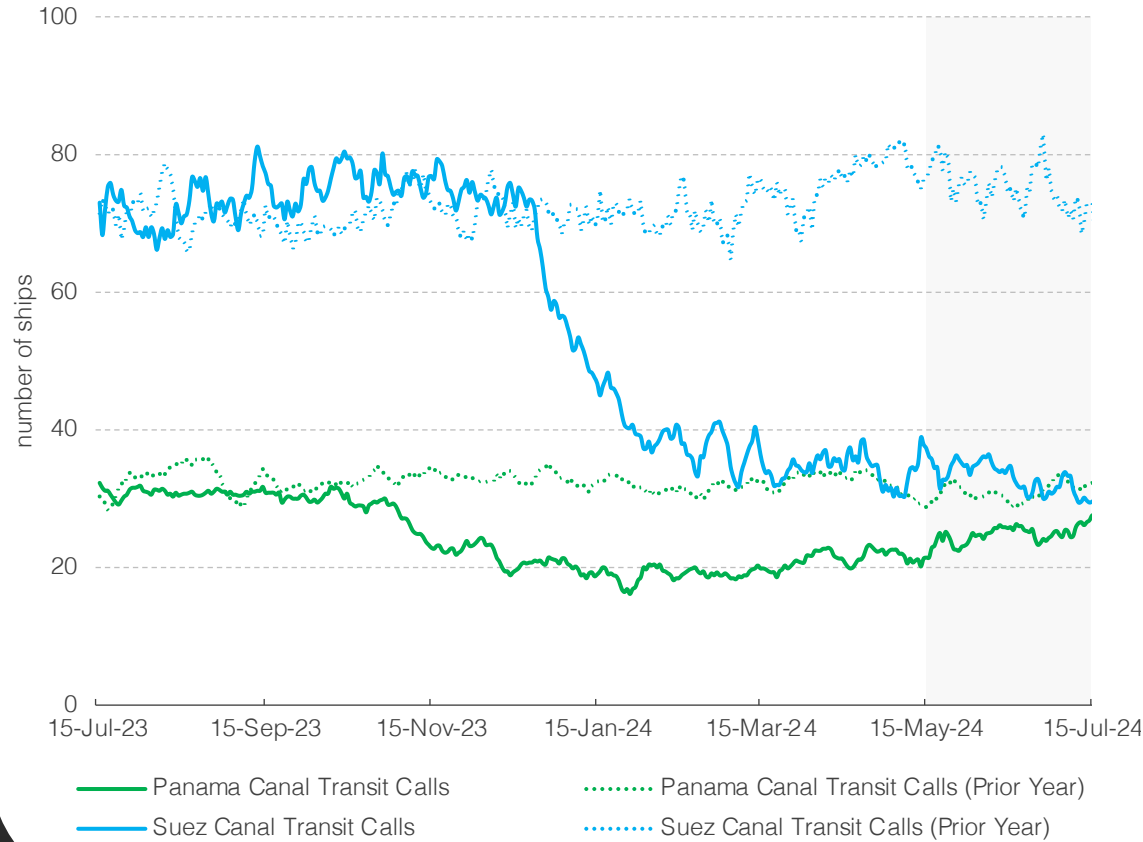
Food Prices (2014-2016 = 100)



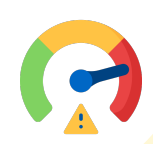
Moderating energy and food prices have also contributed to slowing inflation



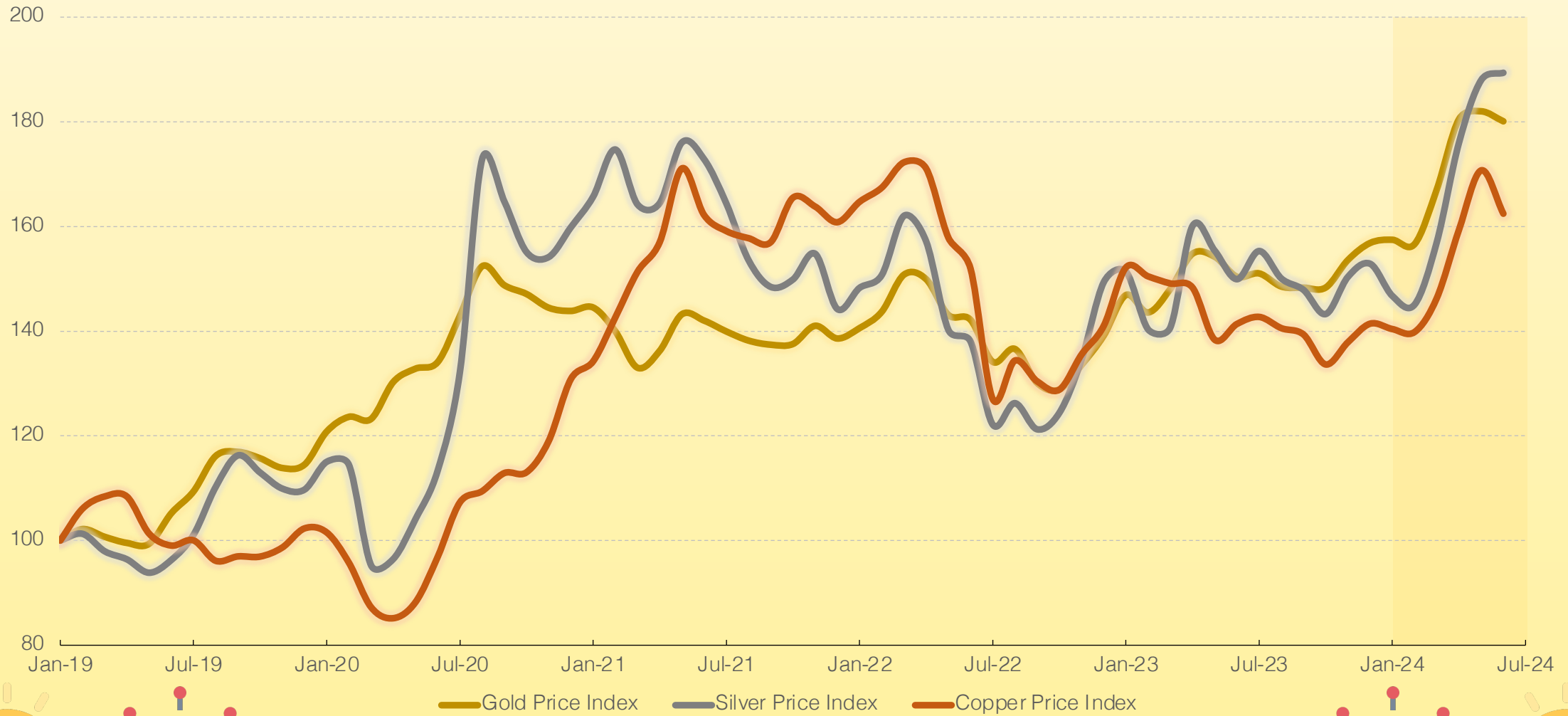
Ship Transit Calls (number of ships) and Freight Costs (USD/40ft)



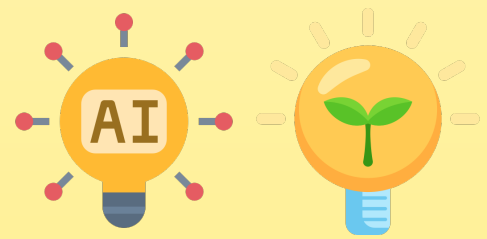
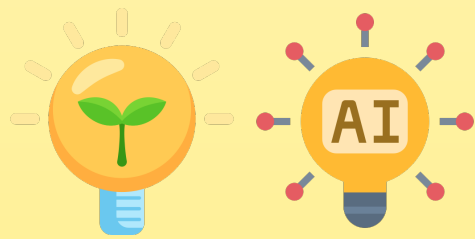
Global uncertainties are disrupting supply chains, increasing transportation time and costs, and contributing to price pressures

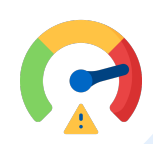


Gold, Silver, and Copper Prices (Jan 2019 = 100)

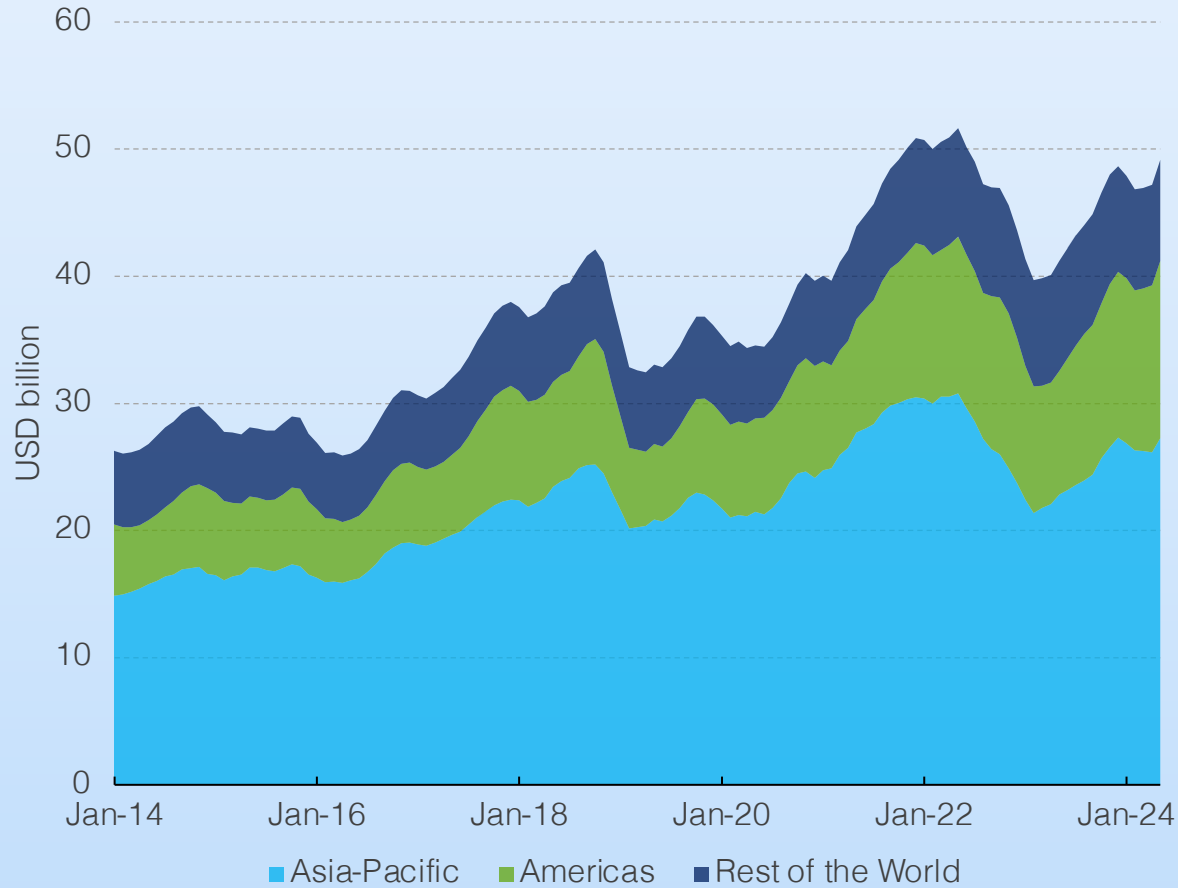


Higher metal prices reflect increased demand from artificial intelligence, low-emission technologies, and investors hedging against uncertainties, which could pose risks to the moderating inflation outlook



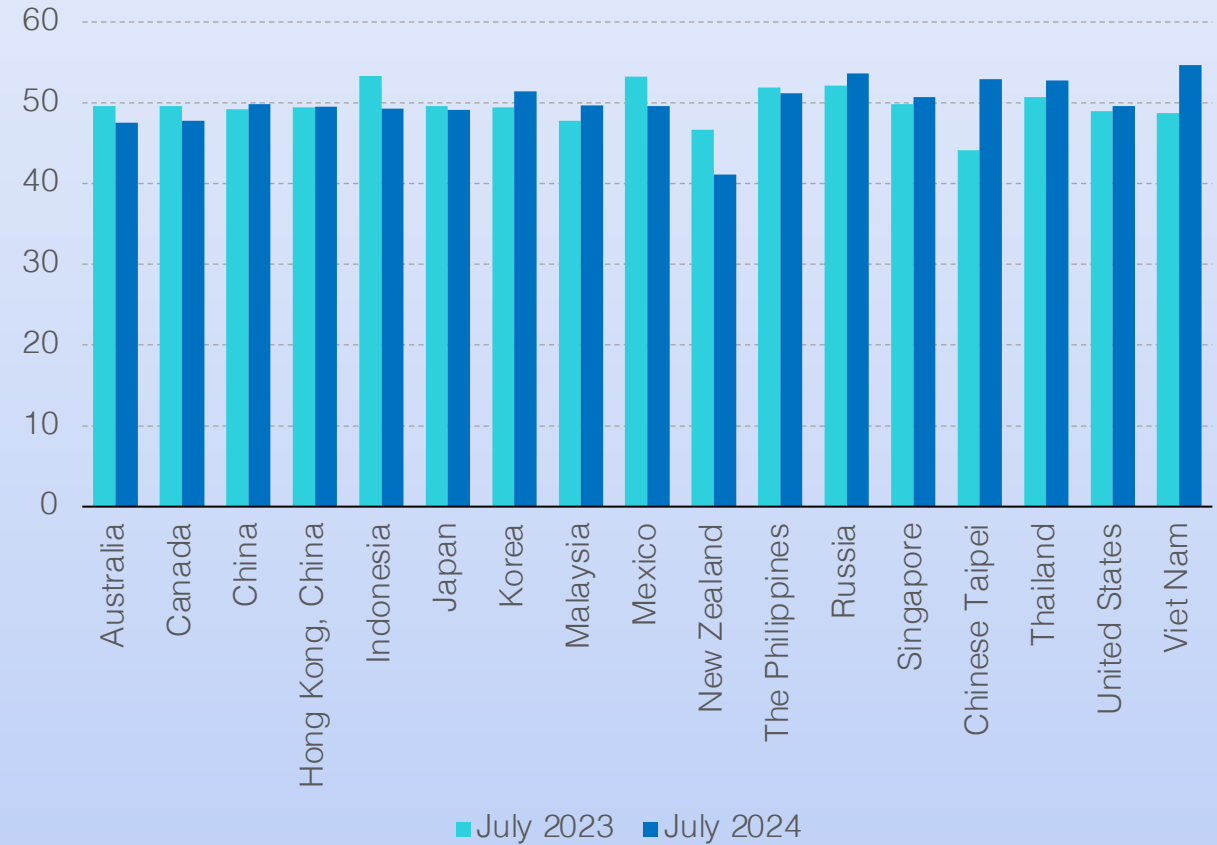


Semiconductor Industry Billings



The growing importance of semiconductors in the digital age highlights the need for robust supply chains

Manufacturing Purchasing Managers' Index

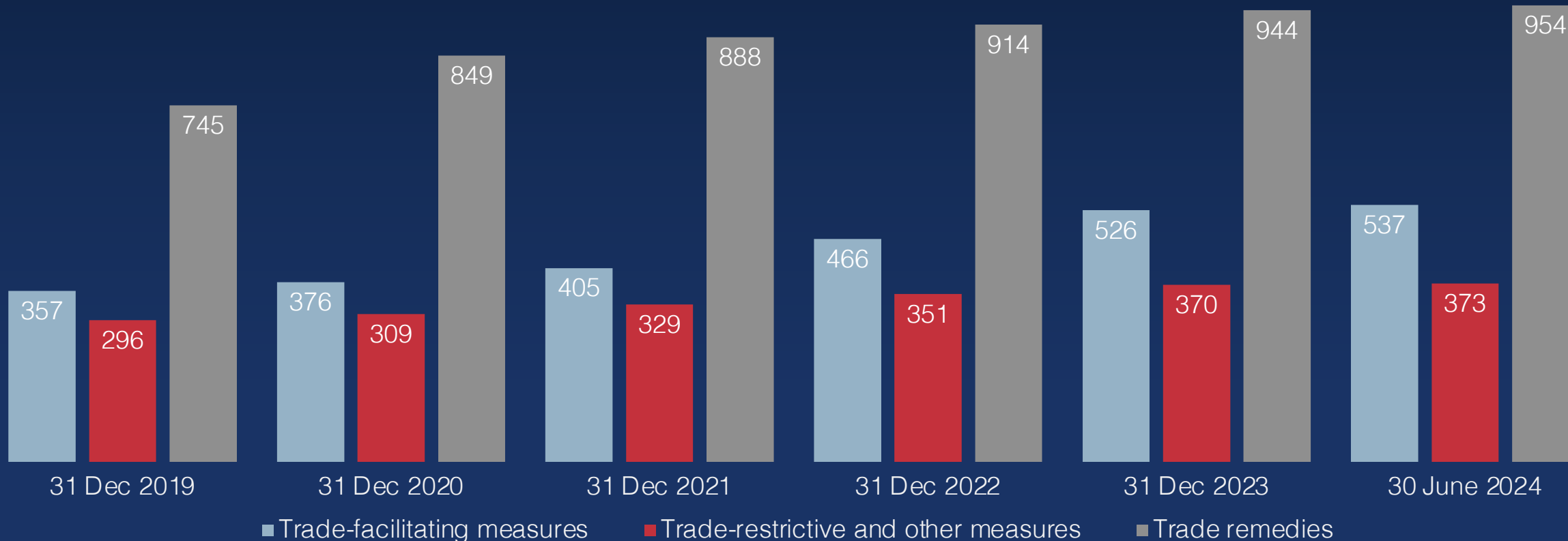


Note: Data for Brunei Darussalam; Chile; Papua New Guinea; and Peru are not available. The latest data for New Zealand refers to June 2024.

Stable readings signal optimism and resilience amid complex challenges



Trade measures in force in APEC (accumulated number)



Steady rise in trade restrictions and remedies in APEC, amplifying concerns over protectionism

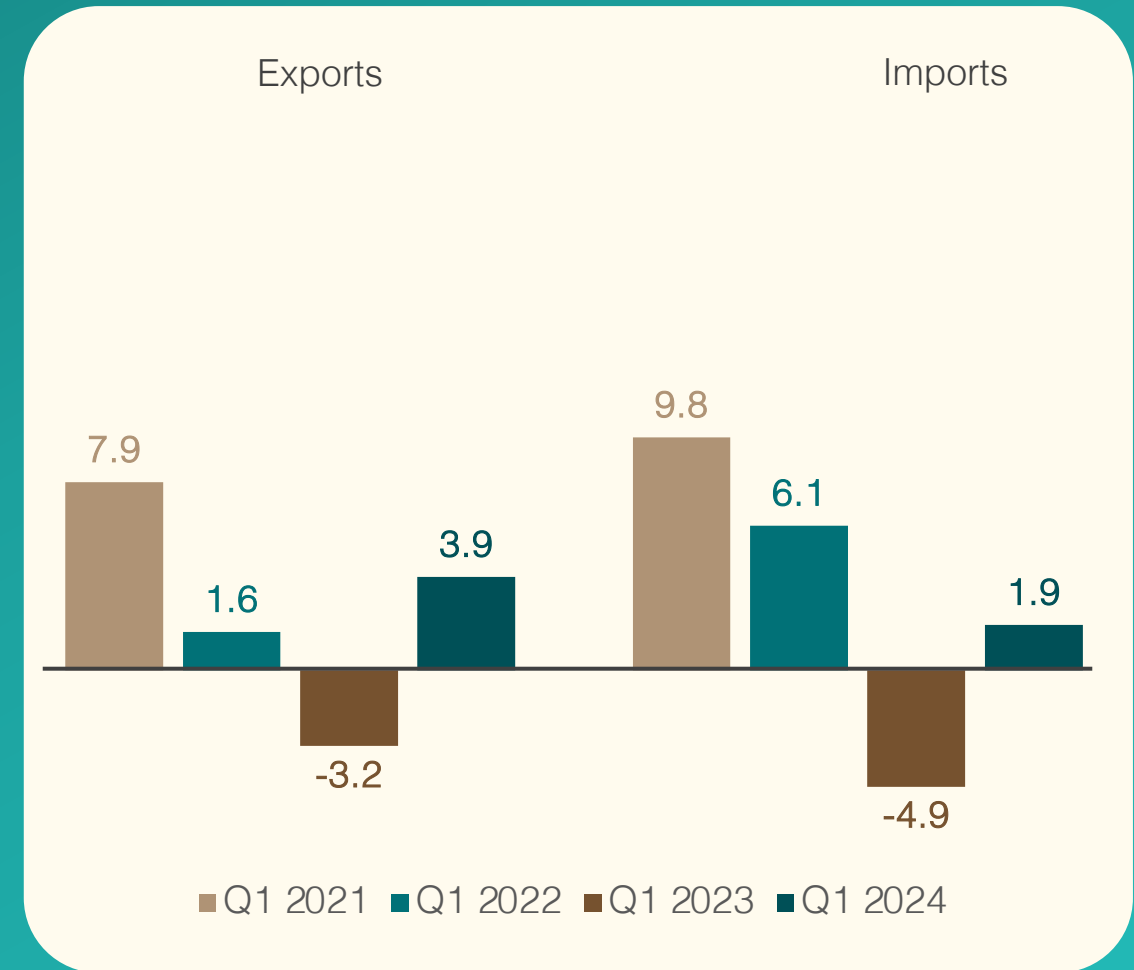




APEC Growth in Value of Merchandise Trade (% , y-o-y)



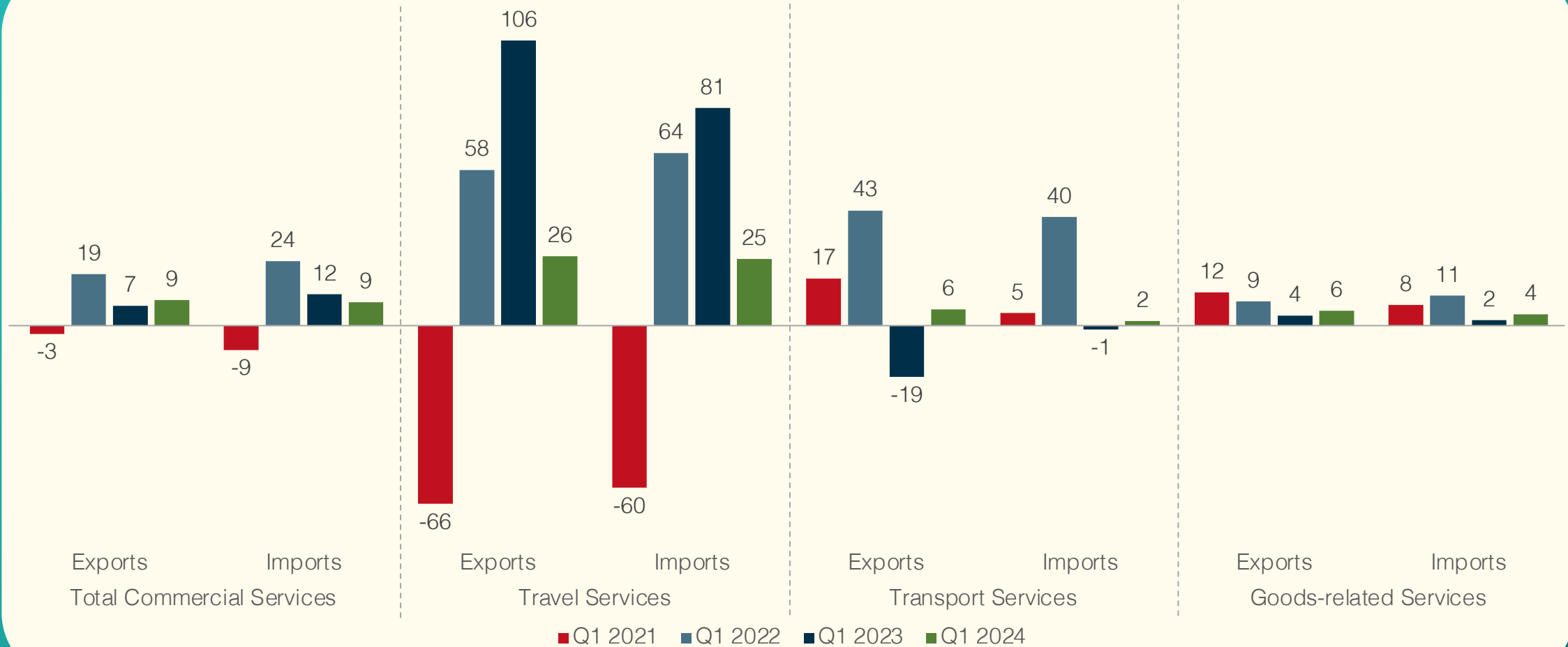
APEC Growth in Volume of Merchandise Trade (% , y-o-y)



Trade starts to recover toward a projected rebound in 2024, but global challenges and tensions may limit its progress



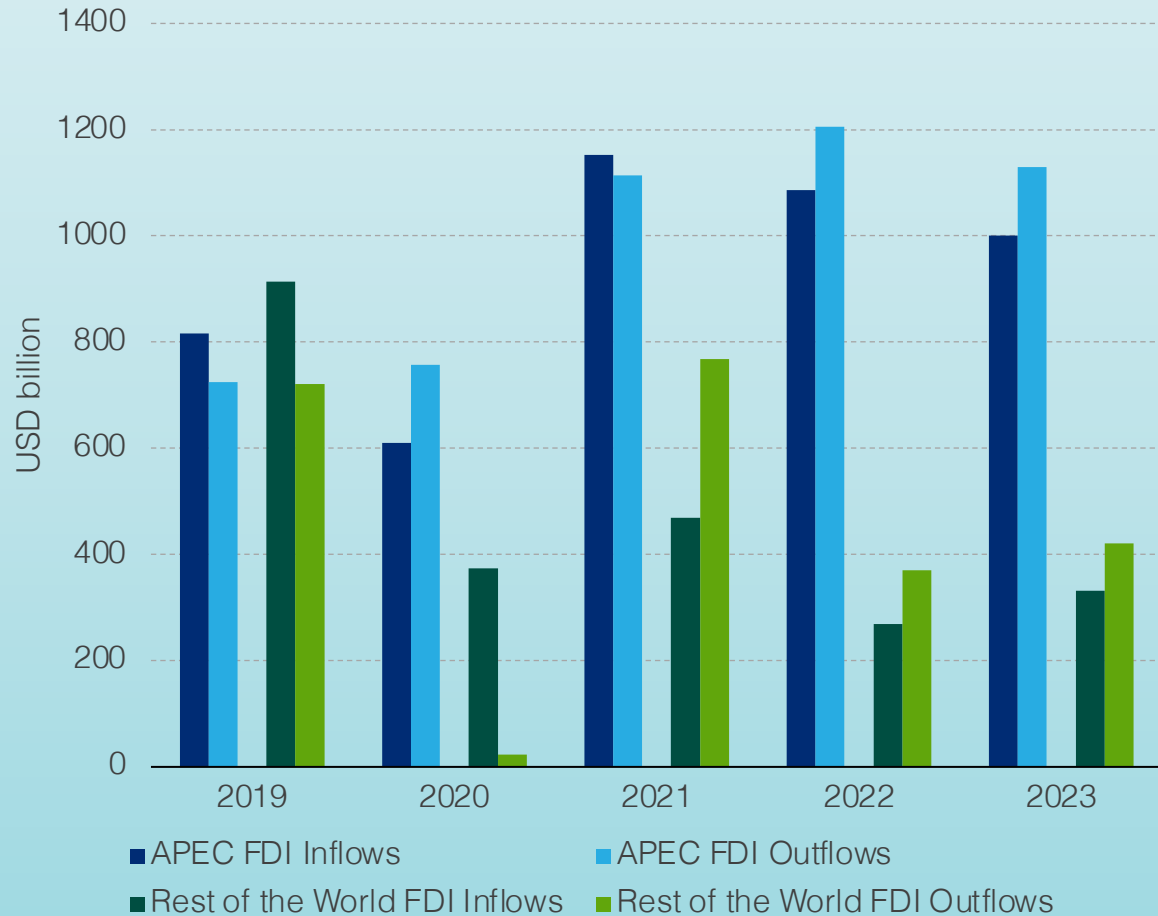
APEC Growth in Value of Trade in Commercial Services (% , y-o-y)



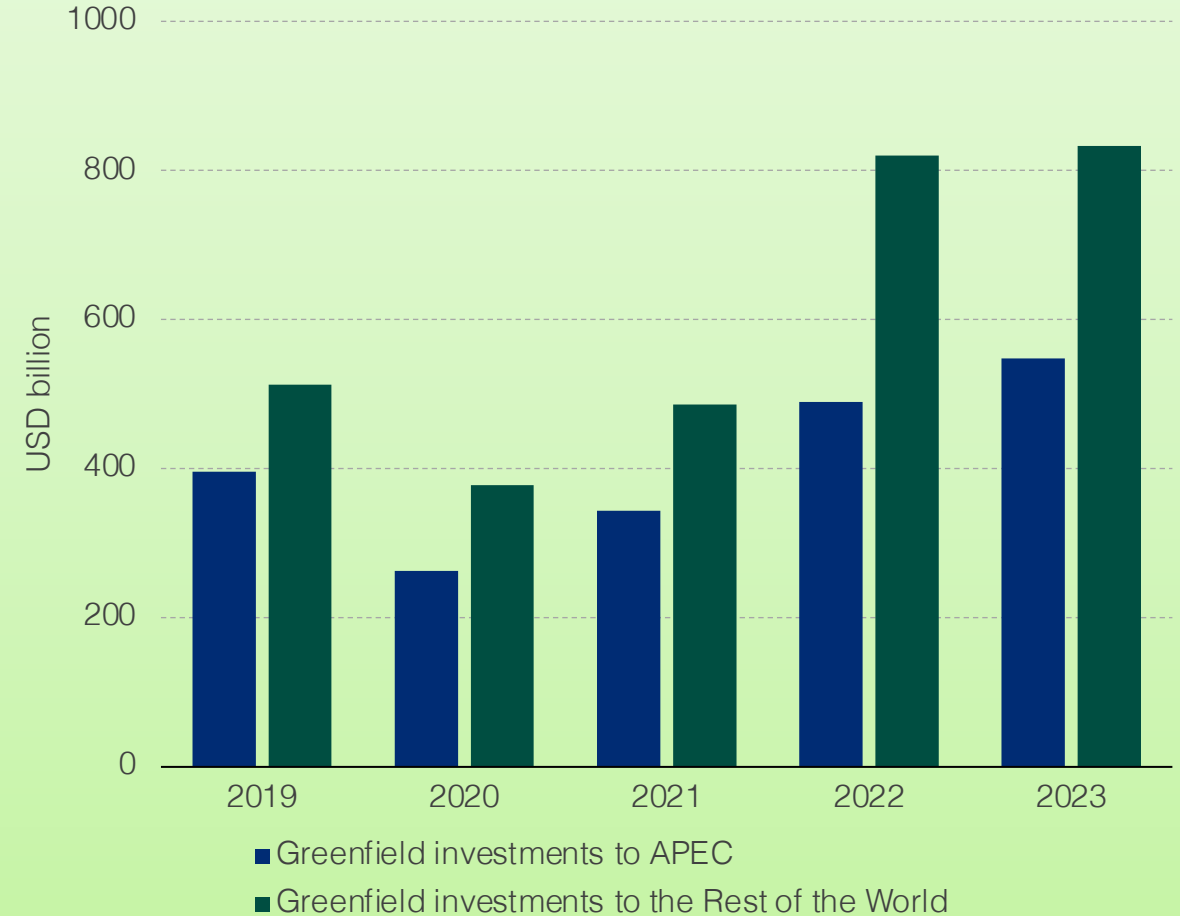
Commercial services trade maintains growth, with key sectors, led by travel, buoying overall performance



APEC Foreign Direct Investments



APEC Greenfield Investments

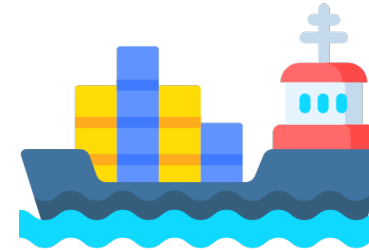


APEC FDI inflows continue to decline for the third consecutive year amid global tensions and economic uncertainty, but greenfield investments remain strong



MONETARY AND FISCAL POLICIES

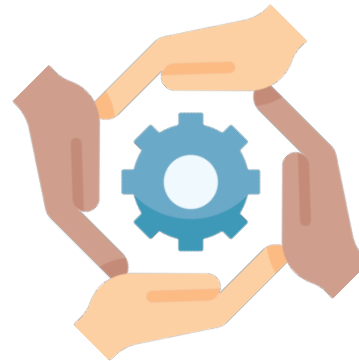
Avoid premature monetary easing and adjust policy rates gradually as needed.
Rebuild fiscal buffers and achieve consolidation targets when feasible.



ECONOMIC POLICYMAKING

To achieve policy objectives, economies have to consider policy options that facilitate and do not restrict trade and investment

Implementing sound economic policies, alongside leveraging APEC as a regional economic forum, is key to navigating global challenges



ROLE FOR APEC

Strengthen role as pathfinder and incubator of ideas to design policy frameworks and collaborative approaches for addressing 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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