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MACRO INSIGHTS
Trade resilience

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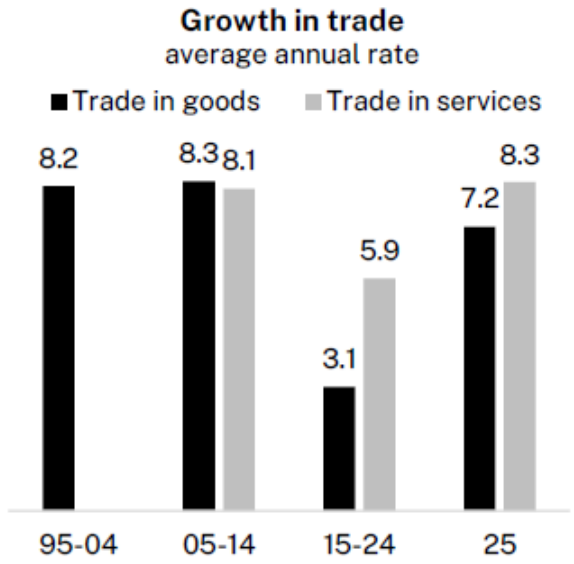
- Global trade is defying protectionism: record 2025 flows extended into 1H26, propelled by AI investment, green tech, energy, pharma, travel, ecommerce, and ICT services.
- Despite tariffs and weaker trade institutions, 2025 delivered the strongest global trade in a decade.
- Momentum held in 1H26: G20 goods exports rose 13.5% year on year, while services gained 10.6%.
- AI spending drives chips and data-centre equipment, but machinery and transport demand is also surging.
- EVs, batteries, solar panels, energy, and pharmaceuticals are lifting goods trade.
- Travel, ecommerce, ICT, intellectual property, finance, and insurance underpin services growth.

COMMENTARY: Trade resilience

Taimur Baig

It's been a tough decade for institutions of global trade and commerce, with repeated bouts of protectionist measures. Led by the US, trade agreements have been weakened or outright cancelled, tariffs have been raised, and trade bodies' powers have been diminished. It is therefore heartening to see trade go from strength to strength despite such headwinds.

Full year data available through 2025 shows that last year was a banner one for global trade in both goods and services. "Reciprocal" tariffs and a host of trade restrictions notwithstanding, **2025 was the best year for trade in a decade.**



Source: UNCTADsta, DBS

One could argue that the 2025 outturn should be seen with a caveat as it was a period of turbulence, warranting front-loading of trade and shifting around of global supply chains. The data from the first half of the 2026 put such doubts largely to rest, in our view. United Nation's trade data from the G20, which make up about 80% of global trade, show that **1H26 goods exports were up by 13.5% yoy and services up by 10.6% yoy.**

What's driving this cycle? The ongoing global boom in AI-related spending on chips, computers, and other equipment for data centres is certainly playing a large part, but it is more than that.

On the goods side, machinery and transportation products outside the AI-realm is going through a surge, with strong demand for EVs, batteries, solar panels, air conditioners, and other products to deal with global warming. The war in Iran has boosted the value of energy shipments, while war-damages have caused a surge in reconstruction spending in West Asia already. Strong demand for pharmaceutical products is also supporting the cycle, with manufacturers in China, EU, and India reporting record revenues.

Beyond goods, the momentum in global services trade is notable. Wars, high airfares and pump price for gasoline, and tariffs have not dented travel demand for tourism, entertainment, and business. Ecommerce services are experiencing brisk activities. ICT services, unsurprisingly, are going through boom times. Intellectual property related payments, financial services fees, particularly insurance, are growing robustly as well.

We think that while taking challenges to the global rules-based order seriously, credit should be given to the system's resiliency. Global trade is thriving.

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