

1 April 2021

## **HSBC and Malta Chamber hold joint post-COVID outlook webinar**

HSBC Bank Malta p.l.c. and The Malta Chamber collaborated on 'The Post COVID Outlook', a joint webinar which featured HSBC economists and strategists discussing how they expect the global economy and markets to perform in 2021. In particular, the event focussed on the extent to which demand for consumer services will recover as economies re-open. The discussion also analysed how the economic recovery may affect policymakers globally, and how major currencies such as the US Dollar, Euro and British Pound Sterling may perform.

During the event participants heard that HSBC is forecasting higher inflation and higher costs for businesses in the first half of 2021. However, inflation should not increase beyond 2 per cent across Europe before coming down again in the second half of this year. HSBC also expects governments to continue supporting their economies with investments and reskilling.

James Pomeroy, Global Economist at HSBC, said: "In a Covid world everyone is facing the same challenges. After a big drop off in January as case numbers grew, we have seen a relative economic pickup in February. However, in Europe, the numbers have been a bit weak. The pace of the vaccine rollout in different economies throughout the course of 2021 will be really important. By and large, things are looking better than before, and the vaccine rollout is generating optimism, however, it will be of crucial importance how governments will decide to open up."

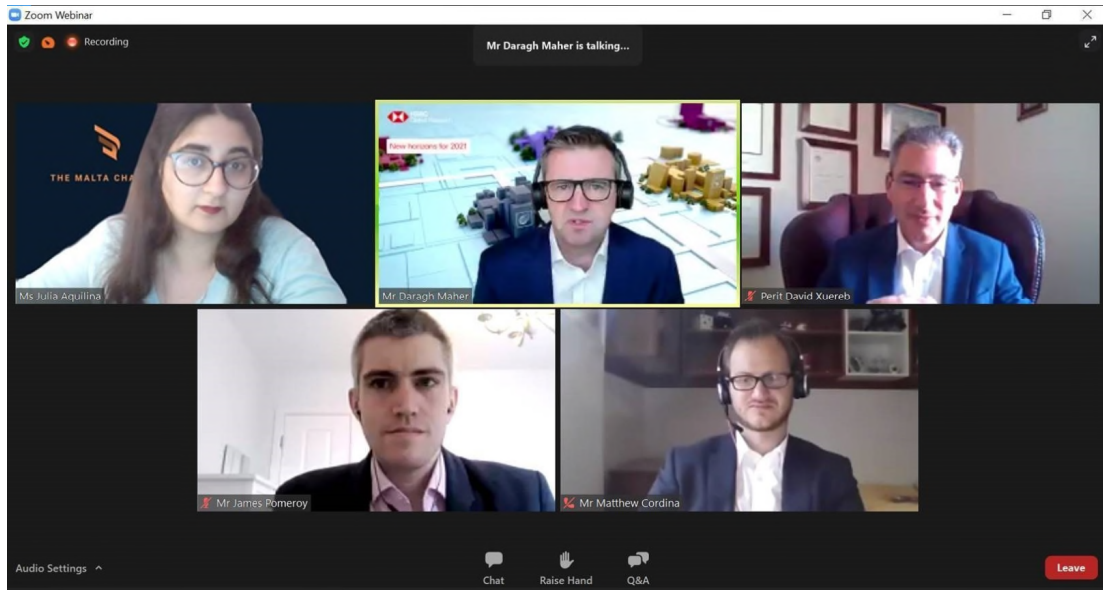
Mr Pomeroy also warned that one particular concern for 2021 is that some of the jobs lost to the pandemic may not come back. Another question is what will happen when restrictions are lifted and whether or not this will trigger a surge in consumer spending. International travel, particularly long-haul travel, may rebound at a slower pace, Mr Pomeroy also pointed out. Even if borders do reopen, it is more likely that people will travel only locally in fear of being stranded should borders close again.

Daragh Maher, Head of Foreign Exchange (FX) Strategy, US at HSBC, said: "The US dollar's weakness is consistent with a global economic recovery, while the Australian and New Zealand dollars tend to be doing better than USD. Additionally, we have seen a sizeable move in US ten-year yields."

Mr Maher also added that the markets appear to be challenging the Federal Reserve's narrative that interest rates would not be raised, which is the opposite of the trends in the past ten years. "We expect a US dollar weakness, while the FED is going to stay stubborn. The market might have to reprice when we have a shift in US interest rates," he added.

There are still some marginal downsides for the dollar, Mr Maher noted: "We are getting to a point where the US dollar is set to weaken in the next 6 months, followed by a recovery during 2022," he added.

Jesmond Apap, Head of Global Markets, HSBC Bank Malta p.l.c. said, "HSBC has been actively cooperating with The Malta Chamber to organise several online events to support the business community in a changing and challenging world. With COVID-19 still looming and global vaccine rollout underway, we believe it remains important to keep discussing the most vital economic trends and to provide the best HSBC insight for the Maltese business community."



From the top left:

- Julia Aquilina - Executive - Policy Development – The Malta Chamber
- Daragh Maher - Head of Foreign Exchange (FX) Strategy, US at HSBC
- David Xuereb – President – The Malta Chamber
- James Pomeroy – Global Economist – HSBC
- Matthew Cordina - Head of Global Markets Corporate Sales - Global Markets | HSBC Bank Malta p.l.c.

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