

## **China CITIC Bank International latest economic outlook**

### **Global economy sluggish while Mainland China and Hong Kong to see 2H improvement**

(Hong Kong: 19 April 2022) China CITIC Bank International Limited (the “Bank” or “CNCBI”) today releases its latest market outlook with forecasts of a challenging prospect for the global economy due to soaring inflations, slow growth and fluctuations in asset markets. Global GDP growth is expected to slow down to 3% in 2022, while mainland China may find meeting its 5.5% growth target hardgoing and Hong Kong’s GDP is to see growth of below 2%.

### **Mainland economy to see room for monetary policy tweaks amid pandemic**

Mainland China may have performed well in international trade amid the recurrent pandemic but a boost is required for the country’s domestic consumption owing to the stringent pandemic control measures as city lockdowns further impacts normal business activities. Mr Tristan Zhuo, Chief Economist, CNCBI, said, “It may be difficult for Mainland China to hit its full-year GDP growth target of 5.5%. The second-quarter growth rate could be the year’s lowest. Monetary policy will likely remain accommodative while RRR and rate cuts may remain the options if inflation is to stay moderate.”

### **Hong Kong’s 1H growth negative and low single-digit for 2022**

Stringent pandemic control measures in Hong Kong in the first quarter took a toll on the city’s economic activities and inevitably led the economy into a contraction. Economic performance in the second quarter may improve, but year-on-year GDP growth can remain negative. Mr Zhuo pointed out, “In the face of depressed retail sales, rising unemployment, and shrinking economic activities in the first half of the year, Hong Kong can expect full-year GDP growth of below 2% despite possible positive growth in the second half.”

### **Hong Kong’s rate adjustment lags behind despite aggressive US rate hikes**

According to the US Fed’s forward guidance, there will be seven rate increases in 2022, amounting to 1.75%. However, persistent inflation hikes could contribute to a rate increment of 0.5%, resulting in a full-year increase of more than 2%. Turning to the balance sheet, the US Fed may announce a reduction of its asset scale in May. Adjustments in Hong Kong dollar’s prime rate will lag behind the US Fed’s funds rate and stay put in the short run but HIBOR is likely to face upward pressure.

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Mr Tristan Zhuo, Chief Economist, CNCBI, expects 2022 global GDP growth to slow to around 3%; mainland China to struggle to hit its 5.5% growth target; and Hong Kong to see GDP growth of below 2%

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