



Video Transcript - Risks and Outlook for the Financial System (Dec 2024)

The global financial system has remained resilient, but there are risks amid heightened economic and geopolitical uncertainty.

Inflation has continued to fall and is close to target for many advanced economies, allowing central banks to begin cutting interest rates.

The domestic economy has continued to expand, and this is expected to continue over the medium term.

However, Ireland is particularly exposed to increased geopolitical and economic risks, and rising international trade tensions.

Vasileios Madouros, Deputy Governor, Monetary and Financial Stability, Central Bank of Ireland

Global inflation has fallen, while economic activity has remained resilient.

The disinflation process is on track, and this is good news for the global economy.

But risks to global growth have increased recently, amid rising geopolitical tensions.

And these growing geopolitical risks do not seem to be priced in by global markets fully, leaving them vulnerable to a price adjustment.

Now given the small and open nature of the Irish economy, a rise in trade tensions and an increase in tariffs globally could negatively affect domestic economic activity.

These developments underpin the importance of having a well-capitalised banking sector that can withstand adverse shocks.

And they also underpin the importance of careful domestic macroeconomic management, which includes continuing to build fiscal buffers.

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