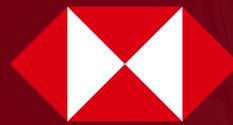


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HSBC UK

# FT AND HSBC UK: STRATEGIC GROWTH SERIES: BUILDING RESILIENCE IN CURRENCY AND INTEREST RATE RISK MANAGEMENT

How can companies adapt to FX and IR volatility?

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## Event Recap

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Increased global volatility is significantly impacting companies' currency and interest rate risk management strategies, as geopolitical tensions, fluctuating interest rates, inflationary pressures and unstable commodity prices create unpredictable financial environments. These challenges make managing foreign exchange (FX) and interest rate risks, ensuring liquidity and maintaining operational stability more complex than ever.

FX fluctuations can erode profit margins and disrupt cash flows. The vast majority (93%) of senior finance leaders say inaccurate cash flow forecasting has led to otherwise avoidable costs in the past three years, according to [HSBC's Corporate Risk Management Survey 2024](#). Rising interest rates further complicate hedging strategies and borrowing costs, while inflation adds pressure on operational budgets. To adapt, companies are enhancing their risk management frameworks by using digital platforms and predictive tools. Diversifying funding sources and strengthening banking relationships also helps safeguard access to credit during crises.

With this in mind, HSBC UK, in partnership with the Financial Times, hosted an insightful and practical discussion on March 26th at FT's London offices, "Building Resilience in Currency and Interest Rate Risk Management" focused on how companies can improve adaptability and resilience in their currency and interest rate risk management. It was the third event in the FT-HSBC UK Strategic Growth Series, designed to address key practicalities that leaders must consider as they scale their businesses.

## Speakers for the event were:

**James Cundy**, Head of Corporate Banking and Leveraged Finance, *HSBC UK*

**Liz Martins**, Senior UK Economist, *HSBC*

**Brandon Roberts**, Head of UK Corporate Sales, Markets & Securities Services, *HSBC UK*

**Jean-Sébastien Pelland**, Executive Director, *Eland Cables*

**Stephen L Hurst**, Founder and Managing Director, *Mercanta The Coffee Hunters*

It was moderated by **Katie Martin**, Markets Columnist, *Financial Times*.

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“In today’s unpredictable financial landscape, businesses must be proactive in managing currency and interest rate risks to safeguard profitability and cash flow. At HSBC UK, we are committed to supporting companies with tailored risk management solutions, digital tools and strategic insights to help them navigate volatility and build long-term resilience,” said James Cundy. “A key takeaway from our discussion was the importance of proactive planning—businesses that deeply understand their risk exposure and leverage financial partnerships can better mitigate uncertainty and focus on sustainable growth.”

**Other key take-aways of the discussion included:**

- Strategic risk management is essential. Businesses must understand their exposure to currency fluctuations and interest rates and use hedging strategies to mitigate risks.
- Financial awareness drives resilience. Staying informed through research and strong banking relationships helps companies navigate economic unpredictability.
- Focus on controllable factors. While markets remain uncertain, businesses should prioritise operational efficiency and financial planning for stability.

# Market shifts challenge business planning

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In a fireside chat to kick off the event, Liz Martins highlighted the immense economic uncertainty companies face due to unpredictable market conditions, shifting inflation expectations and geopolitical tensions. She noted that while initial post-election optimism saw business confidence surge in the US, recent concerns over tariffs, inflation and recession risks have led to market volatility and declining consumer confidence.

She highlighted that businesses are struggling to plan investments and expansions due to the unpredictability of global trade policies, particularly in the US and UK. In the UK, the unease is compounded by worries over public finances and tax rises.

A subsequent panel discussion explored strategies and solutions that can help companies adapt and thrive in such an unpredictable economic landscape.

In today's volatile global economy, businesses face significant challenges in managing currency and interest rate risks. Panelists agreed that understanding a company's specific risk exposure is crucial to developing effective strategies.

For businesses like coffee trading, currency risk arises from purchasing in US dollars while selling in multiple currencies. "We buy in dollars and sell in sterling, euros, Japanese yen, and more," said Stephen Hurst, highlighting the complexity of forex exposure. Similarly, the capital-intensive nature of his business makes borrowing costs a major concern.

For Eland Cables, a supplier to the electrical industry, currency risk is embedded in sourcing raw materials. Jean-Sébastien Pelland explained how materials like copper and sheeting compounds are typically priced in dollars, while sales contracts are often in pounds and euros. "When sourcing materials in pounds, we generally have to pay a premium which is greater than the cost of hedging the FX risk. We therefore choose to buy in the suppliers' preferred currencies and deal with the supply chain's FX risk management ourselves," he noted.

# Staying informed and staying engaged

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The panelists agreed that businesses must take a consultative approach, deeply analysing trade cycles, market dynamics and financial options. “It’s about understanding the business deeply, not just at a high level,” Brandon Roberts said. Strong banking relationships and proactive hedging strategies help mitigate financial uncertainty.

Ultimately, businesses must balance market conditions with strategic decision-making. The panelists emphasised that in an unpredictable economic environment, certainty is invaluable. Hurst compared business risk management to personal finance, noting, “The confidence of knowing what you’re paying is crucial, whether for a mortgage or business costs.” Uncertainty forces companies to speculate, and interest rate hikes have driven panic among businesses.

Panelists stressed the importance of staying informed and engaging with financial advisors. HSBC’s research was highlighted as a valuable resource. “Uncertainty is absolute,” Liz Martins noted. “There will never be perfect clarity, but we can mitigate risks and focus on what we can control.”

Ultimately, the discussion underscored the necessity of proactive planning, strong financial partnerships and cautiousness in trying to predict market movements.

“For company leaders who just want to focus on their day jobs, all you can do is be aware that these risks are out there, mitigate them to the greatest extent that you can, and focus on the stuff that really matters and that you can control,” moderator Katie Martin concluded.

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