

Chart of the Day

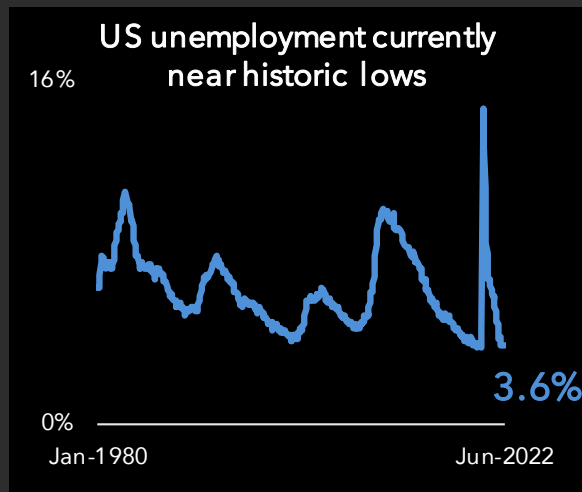
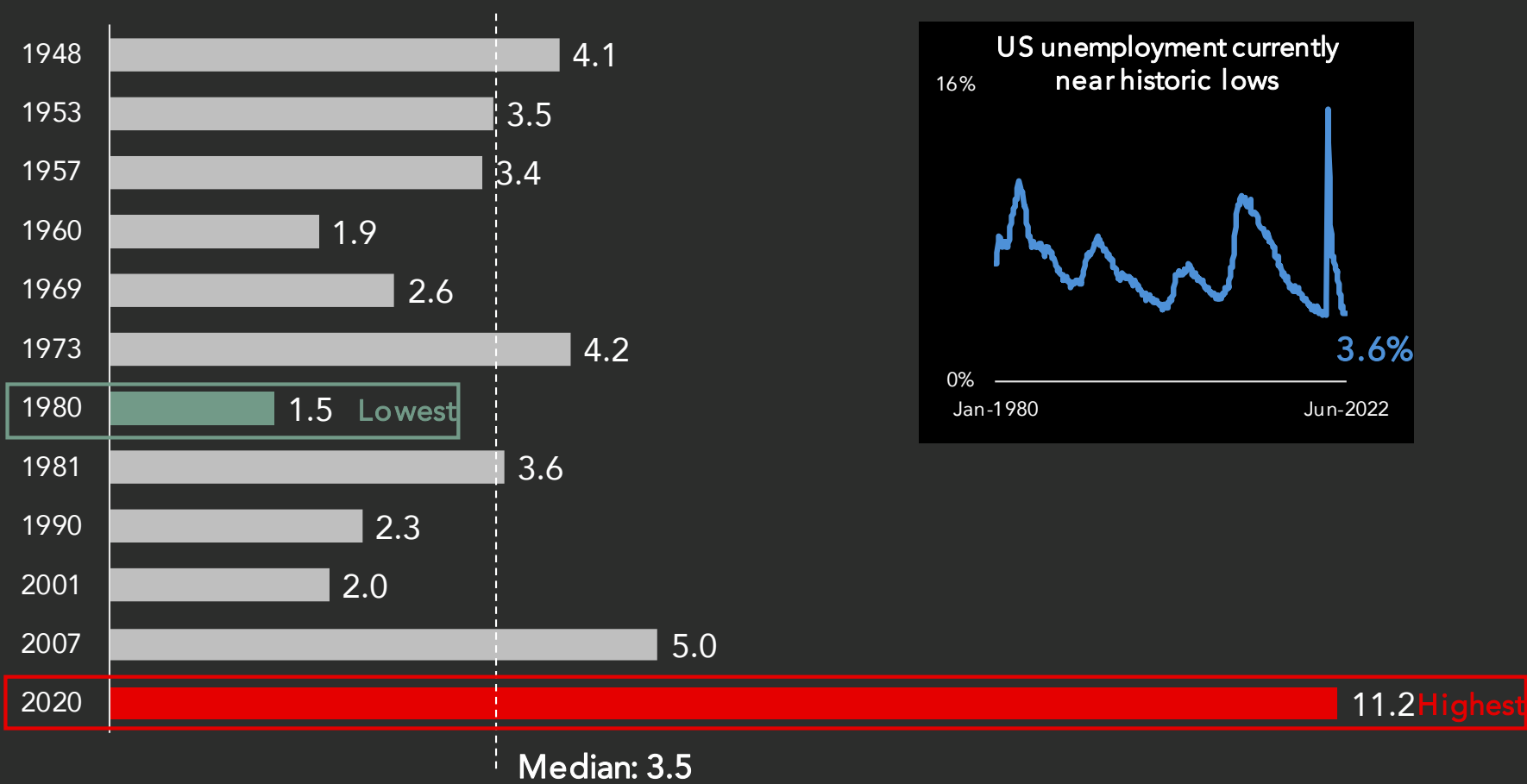
An eight member committee of the National Bureau of Economic Research (NBER) looks at numerous economic variables (i.e., manufacturing, labor markets), and not simply the old “rule of thumb” (2 quarters of GDP contraction), when they “officially” declare periods of US recession. With US labor markets so tight, it is therefore possible that the NBER will not categorize the 1H 2022 as a recession, even if the economy declines modestly in Q2 (as it did in Q1).

The unemployment rate has risen in EVERY ONE of the 12 US recessions since WW2. Historically, unemployment has increased by approximately 0.4% from its trough to the “start of the recession,” and an average of 3.5% from trough “to peak” during and after the recession. The lowest and highest trough to peak increase in unemployment (not including the COVID crisis) has been 1.5% and 5%, respectively. And in every one of the 12 post WW2 US recessions, the unemployment rate has risen to at least 6.1% at its peak.

By historic standards, a contraction in economic output while companies are still hiring is “most unusual”.

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Change in unemployment rate, from trough to peak, during and after recession



Source: WSJ “If the US is in a Recession, It’s a Very Strange One,” (Jon Hilsenrath - July 4, 2022). Bureau of Labor Statistics. Bloomberg. Data as of July 8, 2022.

Global Corporate & Investment Banking Capital Markets Strategy Team



Tom Joyce
Managing Director

Tom.Joyce@mufgsecurities.com
(212) 405-7472



Hailey Orr
Director

Hailey.Orr@mufgsecurities.com
(212) 405-7429



Stephanie Kendal
Associate

Stephanie.Kendal@mufgsecurities.com
(212) 405-7443