

# Chart of the Day

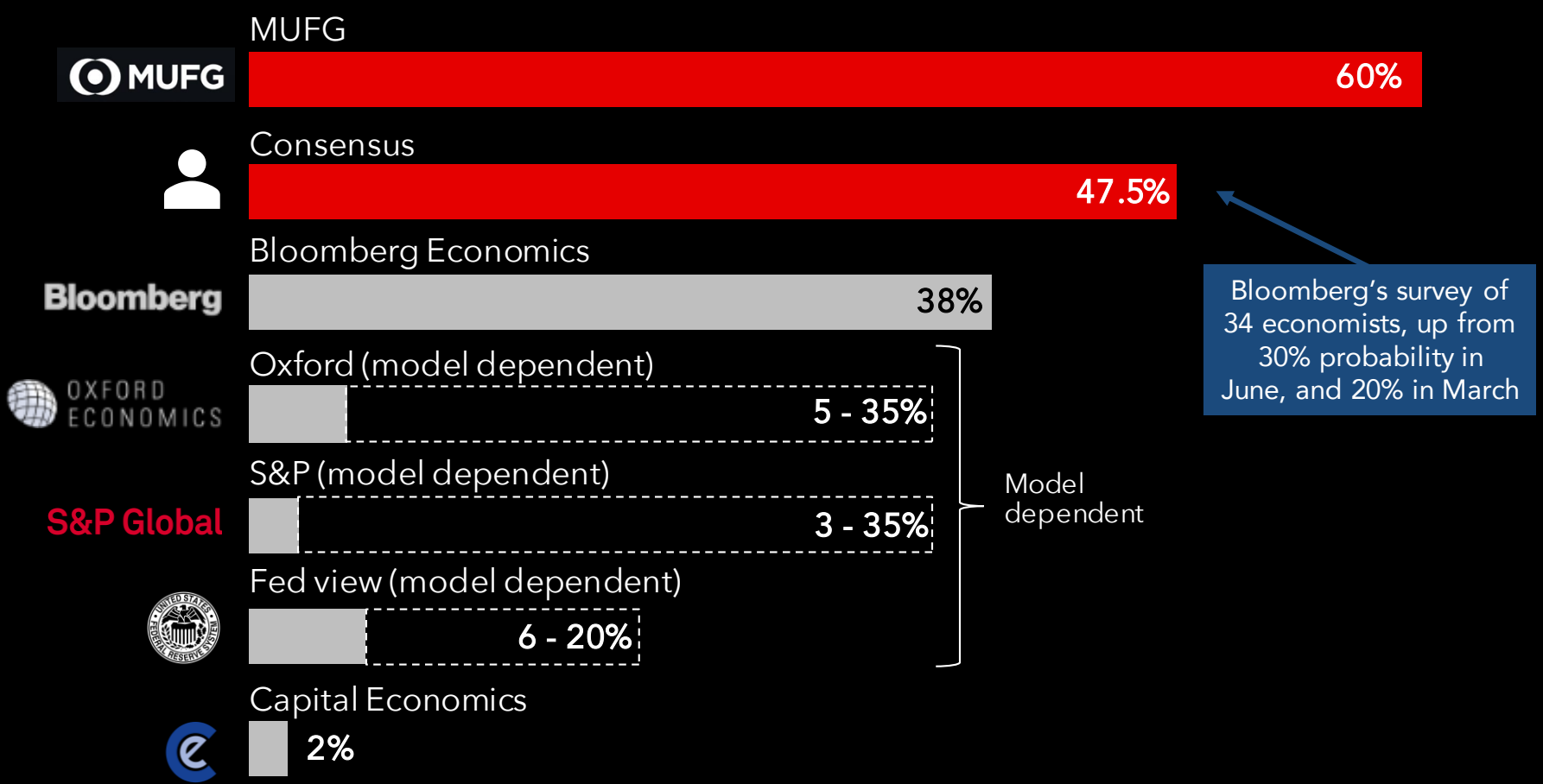
On Friday, Bloomberg released an updated survey of 34 economists which assigned a 47.5% probability of US recession over the next 12 months, up from 30% in their prior June survey. We share these concerns and believe that the path to “soft landing” (economic slowdown without recession) has become increasingly narrow.

We hold an “above consensus” view (60% probability) of US recession risk over the next 12 months. Given the strength of consumer/ corporate/ banking balance sheets, we also believe that the forthcoming recession will be “short and shallow” by historical standards.

We are attaching, once again, our detailed publication from yesterday on US recession risk called: **Mixed Signals**.

## US Recession Risk Rising

### Probability of US recession in next 12 months



## Scenarios for US Economy Over Next 12 Months

	Scenario	Fed Action	Probability	
			Previously	CURRENT
Increasingly <b>less</b> likely  Increasingly <b>more</b> likely	1 The Boom (High GDP / High CPI)	Major tightening	65%	0%
	2 Goldilocks (Moderate GDP / CPI)	Mild tightening	15%	5%
	3 Mid-cycle slowdown (Low GDP / Low CPI)	Balancing risks	10%	15%
	4 <b>Stagflation</b> (Low GDP / High CPI)	No good options	5%	20%
	5 <b>Recession</b> (Neg GDP)	More easing	5%	60%

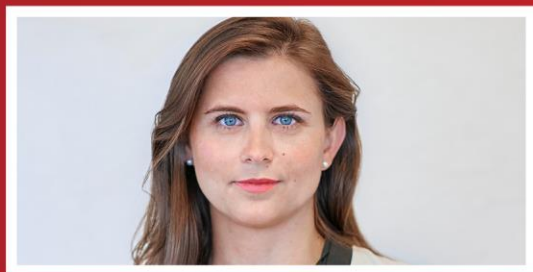
Source: (1) Bloomberg, S&P Global Ratings, Federal Reserve. Fed view based on US treasury curve model and excess bond premium. S&P Global based on quantitative and qualitative models. Oxford Economics based on different US treasury curves. MUFG for recast is provided by George Goncalves. Consensus is Bloomberg Official Economist Submissions. (2) MUFG (Goncalves). Probability refers to the likelihood of a given scenario the 12 month forecast window. Previous was prior for recast for 2020 - 2021, current = 2022 - 2023.

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