

Chart of the Day

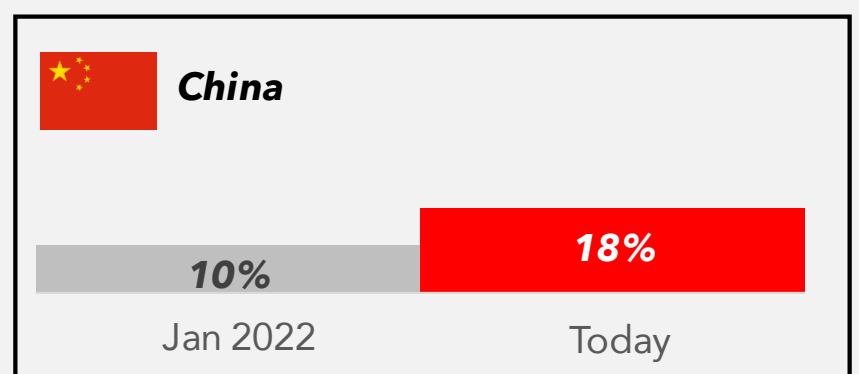
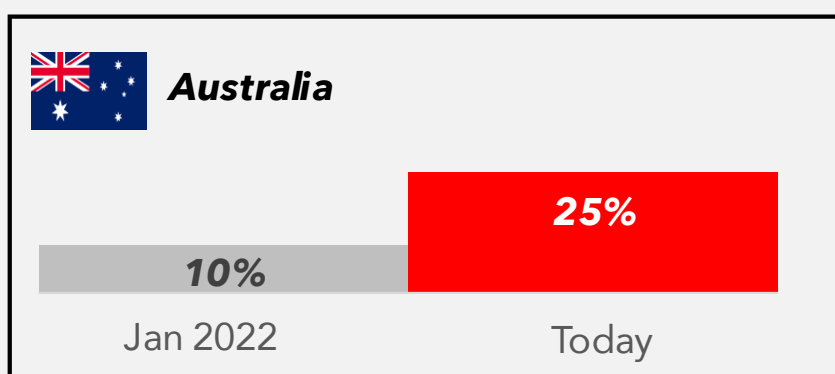
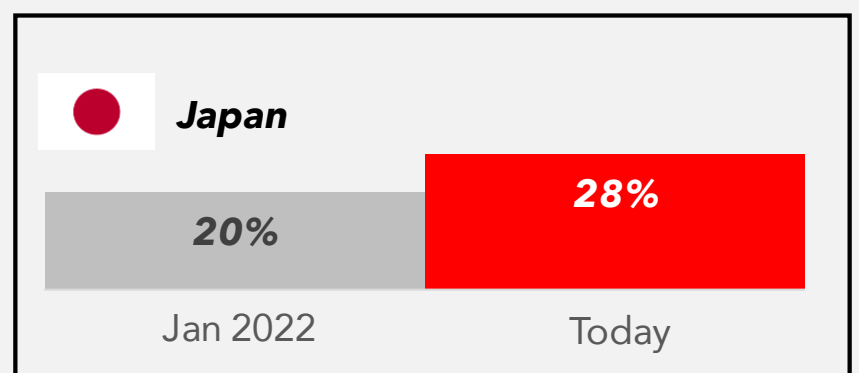
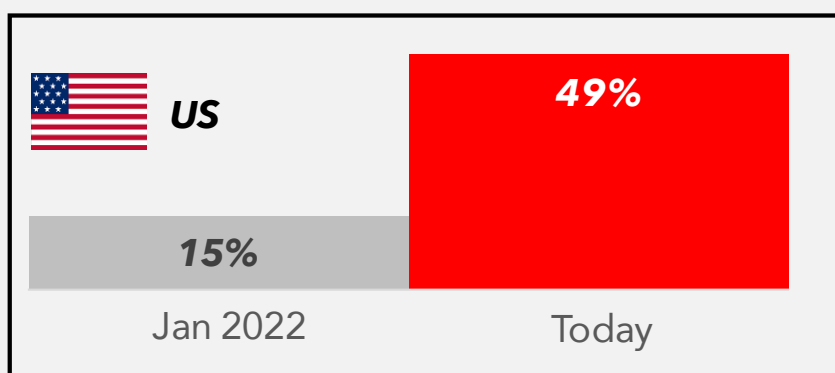
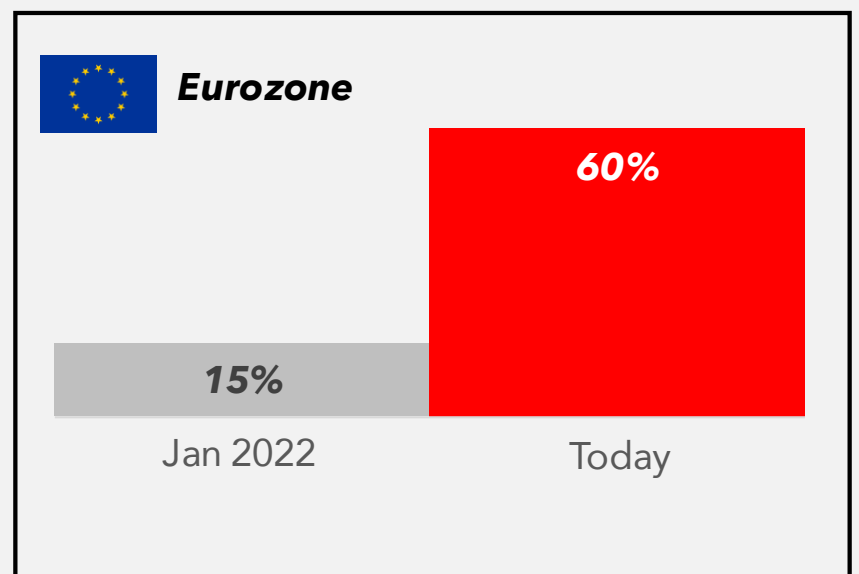
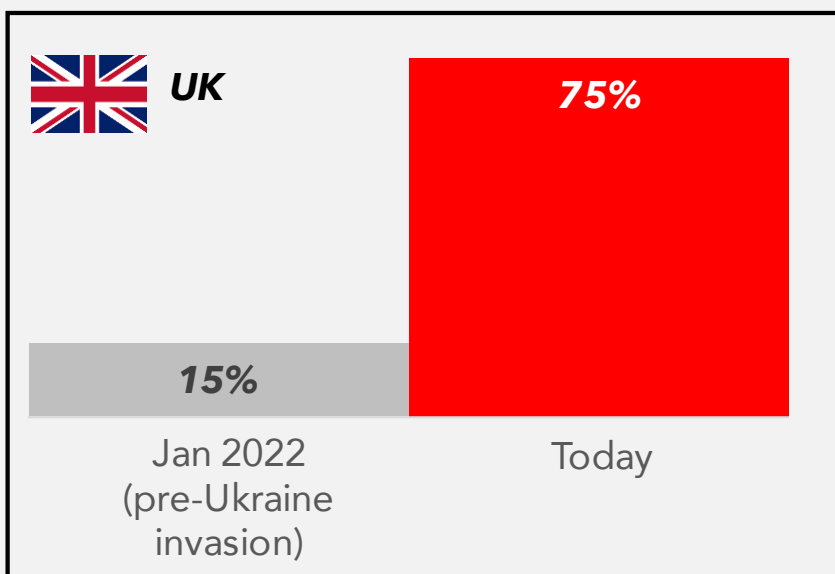
Global recessions are rare events, with only six on record since WW2 (vs. 11 for the US economy over the same period). While US labor markets remain strong, and risk-assets are rebounding, global economic data has been rapidly weakening over the course of this summer period. In the US, housing data, consumer sentiment and manufacturing activity have been plummeting, with Bloomberg surveys of economists suggesting a 50/50 chance of a US recession over the next 12 months.

In the world's third largest economy, that is, the 19 countries in the Eurozone, surveys are now indicating a greater than 50% chance of recession over the next 12 months. Such concerns will likely increase as winter approaches against the backdrop of a looming energy crisis.

While the Bloomberg survey for China is showing a lower 18% probability of recession risk, the data is fairly dated, based on a July 21 survey. Yesterday, the world's 2nd largest economy (China) implemented a surprise rate cut in response to rapidly deteriorating economic data in July. Struggling with tepid consumer demand, an escalating domestic property crisis and COVID lockdowns, a substantive slowdown in China could make it more difficult to sidestep a global recession.

According to recent Bloomberg Surveys of economists globally, the UK and Eurozone economies now have greater than a 50% chance of recession over the next 12 months, with the US close behind at a 49% probability. Survey data for China, by comparison, is more outdated (as of July 21) and so not as current in light of the deteriorating economic data and policy easing out of China this week.

Bloomberg Survey of Economists on Recession Probability Over Next 12 Months



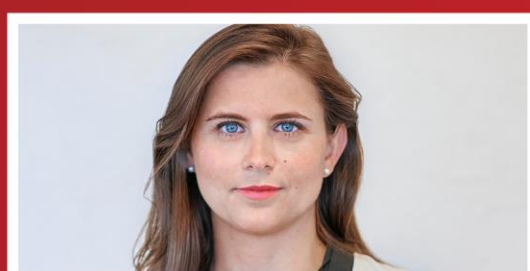
Source: (1-6) Bloomberg. Data as of August 16, 2022. US, EU and UK survey is as of August 2022. China, Australia and Japan survey is of July 2022.

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