Capital Markets Strategy
Essential inCights for the C-Suite

Chart of the Day

Click or scan to view our website and access past reports, policy notes and more.

mufgamericas.com/insights-and-experience/insights/capital-markets-strategy

As we approach the US Presidential election in November, how the consumer "feels" about the economy becomes more important than how the economy is "actually" doing. Historically, oil prices have had a high correlation with the consumers' perception of inflation. Higher inflation expectations, in turn, influence wage growth. According to Capital Economics, the baseline view is that oil prices remain range-bound, increasing headline inflation by less than a few tenths of a percentage point (or not at all). However, if Middle East escalation precipitated a return in oil prices to levels that immediately followed the Ukraine invasion ($120-130), advanced economy inflation would increase by more than a full percentage point.

Brent (y/y, advanced 1 year) and survey-based 1 year inflation expectations (G4 average)

Source: (1) Capital Economics, "Middle East Tensions Not Yet a Major Threat to Inflation" (Jennifer McKeown, Chief Global Economist). April 16, 2024. Inflation expectations are survey-based G4 average, standardized.

Global Corporate & Investment Banking Capital Markets Strategy Team

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

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

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

Angela Sun
Analyst
Angela.Sun@mufgsecurities.com
(212) 405 – 6952

"Macro stability isn't everything, but without it, you have nothing."