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### Macro outlook for the global economy given recent Fed rate policy?

I think the Fed did something very right for once, which was to put this hundred basis point increase on the table. It is a deliberate attempt and message to the market that they want to get inflation under control more than avoiding a recession. We should never forget that it is much harder to dislodge persistent inflationary expectations than it is to cure a recession. If inflation gets entrenched, we are in it for two or three years and then people ask for higher wages etc. Let's also remember that unemployment is still at record lows and economic growth is still very high. If we did have a recession, there would be a period of a couple of quarters without growth, which would not be very meaningful in terms of economic suffering. A recession when unemployment is at 3% is very different from when it is at 10%.

### Should we expect a recovery in Chinese or Asian demand in 2H 2022?

The Chinese economy is still performing very poorly. The lockdowns are becoming continuously extended and export bottlenecks are prevalent everywhere. I think that by the summer, we could see quite a significant Chinese stimulus for consumers. The question then will be whether that will have an impact on the rest of the world and whether it will boost exports into China of raw materials and oil. It is just a matter of size. If it's big enough, it will boost demand for commodities and oil, at least temporarily. And thereafter, it depends whether in the meantime, the US and Europe maintain growth. If they go into a recession while China conducts a boost to its economy, it's less likely to work. ■

*\*Paraphrased Comments*

