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Is the rebound in markets based on optimism around China's economy recovering this year?

The optimism for energy prices to rally is way overdone. There's complete consensus that China's reopening should already be priced in. If you're that bullish, you should be buying crude oil further out in the curve two or three years at a significant discount, because there's still backwardation there. I think what we're seeing is normal new year 'hopium' and the number one hammer in the room is every central bank on the planet, except for maybe two major ones in China and Russia, which are tightening. That means lower asset prices and lower crude oil. We're heading to a global recession, and we still have another 60 basis points priced in for the Fed to tighten this year. I fully expect all risk assets to continue that trend lower.

Will the US Fed take its foot of the breaks as we come closer to any recession?

The Fed has never tightened when both the PMI, manufacturing, and services industries were in contraction. Well, they are in contraction in the US and the Fed is still tightening. The Bloomberg Global Economics GDP forecast is running at zero for global GDP. You just don't mess with that. When you're a money manager, you sell rallies and risk assets, and you buy bonds and gold. I also think this rally in copper is a little bit overdone in the short term. We have a significant contraction of global GDP with the central bank still tightening - you're supposed to be very careful when you get bounces in markets in that environment.

Why are you so sure we will see recession in the US?

We've just had the hardest tightening on a global basis and on a US basis in the shortest period ever. To expect a soft landing in that environment is irrational. And then we also have the biggest dump of risk assets ever following this massive liquidity pump. The US housing market is collapsing, and so is the Chinese housing market. ■

**Paraphrased Comments*



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