

## **Global recession may link gas markets: Economist**

A recession is likely for early 2023 as global economic growth slows, which could result in the interlinking of international gas markets, an economist with Macquarie said today at the Midcontinent LDC Gas Forum in Chicago, Illinois. Global growth is slowing with a particular softness throughout the UK and Europe that is similar to the kind of global composite ahead of a recession, according to David Doyle, head of economics for the consultancy.

Inflationary pressures for China are lower at the moment, but China has the ability for policy intervention that should continue to support some growth but will not keep it stable, the speaker added.

European energy prices have also soared recently with the Russian invasion of Ukraine and subsequent disruptions in Russian fuels, creating challenges for European gas buyers that are scrambling to meet power generation demand. If LNG exports continue to grow as a larger percentage of US gas production, US gas prices could increase in sync with what is going on globally and natural gas could become more globally interlinked, Doyle noted. This could encourage countries like the US to restrict on exports.

Current market pricing indicates that a recession is on the horizon, with Doyle saying the data indicates a recession would begin in early 2023 and last about a year.

"The data is telling us there is a recession ahead and unfortunately the odds are that it might last a little longer because inflation is more entrenched than what we think," Doyle noted.

Doyle also said that while some people in the US may believe the recession has already arrived, the rise in unemployment last month is concerning and typically signals that a recession is approaching.

The US unemployment rate rose to 3.7pc in August from 3.5pc in July, which matched the pre-pandemic low, according to the Bureau of Labor Statistics.