

Economist discusses global outlook for possible recession

Posted on Friday, Jan 27, 2023

An economist with Kansas-based Armada Corporate Intelligence says expectations for a coming recession have softened.

Speaking yesterday during a webinar hosted by the Metropolitan Milwaukee Association of Commerce's World Trade Association, Chris Kuehl highlighted a "consensus emerging about the possibility of a soft landing" in various global markets.

"As you're going forward, things don't look so bad ... This is another indicator that we're not necessarily heading for any sort of really deep decline," he said. "Real business sales have been climbing since 2020. And they climbed aggressively in 2021. But they kept climbing into 2022, and they're still climbing."

Kuehl explained European countries are changing course on their recession predictions following a milder winter than expected.

"The latest data from the EU says that well, some of the worst that we were predicting didn't happen, we didn't get the brutal winter ... They're now predicting that they've got enough fuel in reserve to get them through April," he said. "If they get into the spring, they're good to go ... and the consumer in Europe is livelier than they thought they would be."

He also noted prices distributors are paying to producers have come down recently.

"That's one of the reasons that we're not as worried about global inflation, because the [Producer Price Index] has been trending downward now for about four, five months," he said. "And that's kind of an indication of a bit of a catch-up when it comes to the supply chain."

Kuehl added shipping rates have declined as supply chain disruptions are clearing up. He said the cost per container had gotten as high as \$24,000 before falling back to between \$12,000 and \$13,000. Still, that remains twice as high as the previous

rate, he said.

He also discussed improvements in trucking logistics, helped in part by many new companies popping up in this space. As many as 70,000 new trucking companies have been launched in the past year and a half, he noted.

“At the beginning of last year, there were 14 loads for every truck on the road, which was a gross undercapacity. And it was making trucking very expensive,” he said. “Now it’s four loads for every truck and the ideal is two. So we’re very close to what is considered ideal or normal.”

— *By Alex Moe*