Recent tension in the Middle East has caused crude oil futures prices to rise in the United States, raising the question of whether the spike is an indicator of a forthcoming recession. AAF’s Director of Energy Policy Ewelina Czapla examines the relationship between oil futures prices and recessions and concludes that the recent spike is not a major reason for concern.

An excerpt:

Both Brent and Cushing prices rose approximately 8 percent in the past month – far from the 90 percent that has historically preceded a recession. Considering the lowest futures price within the past 18 months was about $49/bbl, just over a year ago in December 2018, prices would need to rise to about $100/bbl to suggest a recession is imminent. In other words, the market would need to see significant continued growth in prices in the coming months for a recession to be likely.

Read the analysis.