# Unemployment Flashes A 100% Recession Warning

Albert Edwards from Societe Generale posted a graph similar to the one on the left below. It tracks the unemployment rate and its 3-year moving average. The red arrows signify every time the unemployment rate rose above the moving average. As we circle, the unemployment rate is now above the moving average. Albert?s comment alongside his graph is as follows:

> *No-one is predicting a US recession in 2026 despite this simple indicator having a 100% track record of success. This time may well be different, but you?ve got to have a bloody good reason to ignore this. Are you feeling confident?*

Given that the unemployment rate is again above its 3-year moving average, we must raise concerns that this indicator, with its ?*100% track record*,? is signalling a recession. This time may be different, as Edwards alludes, but if it?s not, here are some statistics on the prior instances to help us appreciate what might occur:

- On average, the unemployment rate rose by 2.60% after crossing its moving average. The minimum increase, in 1960, was 1.00%. The bar chart on the right shows each instance.
- In every instance prior to the current one, the recession began at the time of the crossing or earlier. As we circle below, the most recent cross occurred in June 2024. In other words its been over a year and a half since it crossed. Might this time be different?

Unemplyoment Rate and 3yr Moving Average — RIA SimpleVisor

Unemployment & 3yr MA Cross — RIA SimpleVisor
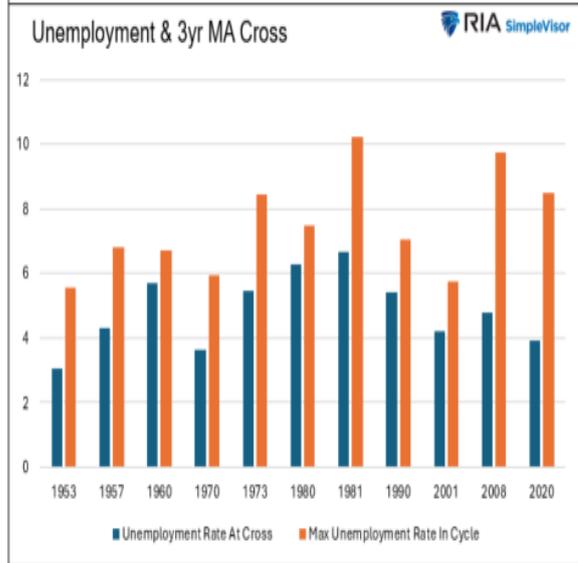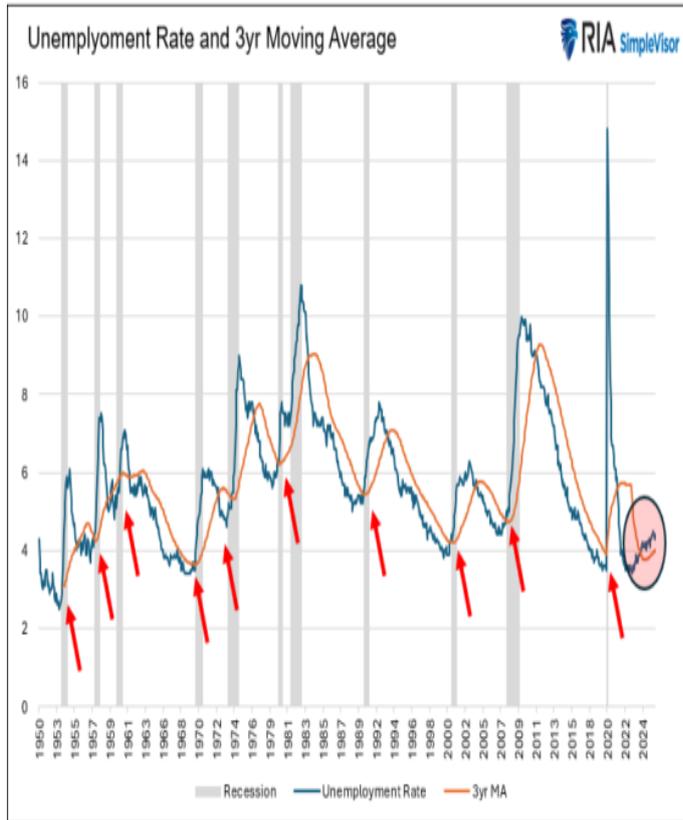
What To Watch Today

Earnings

Thursday Mar 26	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
🇺🇸 Commercial Metals CMC:US		1.33	0.26		2.04B	1.75B	$6.92B	Q2	PM	⭐	🔔
🇺🇸 Oxford Industries OXM:US		0.71	1.13		392.52M	390.51M	$518.3M	Q4	PM	⭐	🔔

Economy

Thursday March 26 2026			Actual	Previous	Consensus	Forecast	
07:30 AM	US	Initial Jobless Claims MAR/21		205K	210K	209.0K	
07:30 AM	US	Continuing Jobless Claims MAR/14		1857K	1860K	1860.0K	
07:30 AM	US	Jobless Claims 4-week Average MAR/21		210.75K		212.0K	
08:20 AM	US	NY Fed Bill Purchases 1 to 4 months			$8.071 billion		
09:30 AM	US	EIA Natural Gas Stocks Change MAR/20		35Bcf			
10:00 AM	US	Kansas Fed Composite Index MAR		5		3	
10:00 AM	US	Kansas Fed Manufacturing Index MAR		10		2	
10:30 AM	US	4-Week Bill Auction		3.615%			
10:30 AM	US	8-Week Bill Auction		3.635%			
11:00 AM	US	15-Year Mortgage Rate MAR/26		5.54%			
11:00 AM	US	30-Year Mortgage Rate MAR/26		6.22%			
12:00 PM	US	7-Year Note Auction		3.790%			
03:00 PM	US	Fed Cook Speech					
03:30 PM	US	Fed Balance Sheet MAR/25		$6.66T			
05:30 PM	US	Fed Miran Speech					
06:00 PM	US	Fed Jefferson Speech					
06:10 PM	US	Fed Barr Speech					

Market Trading Update

 Yesterday,&#2013266080;we discussed the potential for an oil price reversion, which would have a significant impact on energy stocks. Of course, in the middle of a bullish surge, it is hard to imagine a reversal. However, historically, it has always done so. Today, we will dig into that risk a bit more deeply.

Every oil price spike generates the same reflexive trade. Retail investors pile into XLE, chasing momentum and convinced the energy supercycle has finally arrived. History has a different opinion. Across the four major WTI oil price peaks since 2008, XLE has declined at every measurable horizon following the top. The losses aren?t random; they follow a predictable pattern, and understanding that pattern is essential right now, given the oil volatility tied to the U.S.-Iran conflict.
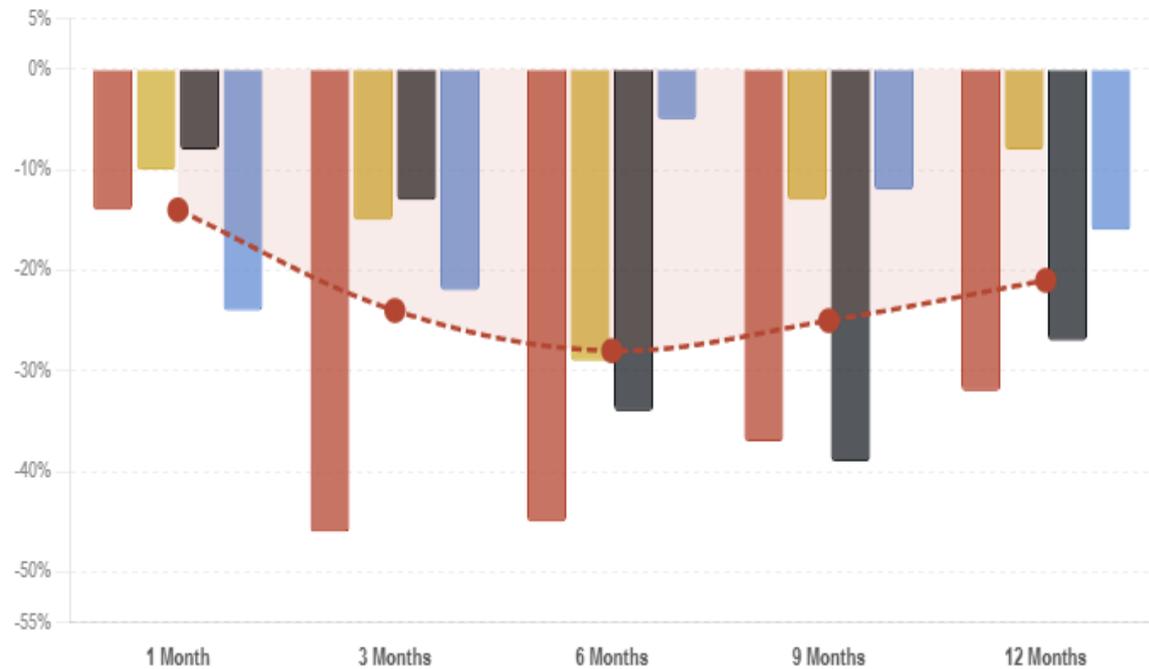
The four peaks in focus are July 2008 ($147/bbl), April 2011 ($113/bbl), June 2014 ($107/bbl), and June 2022 ($122/bbl). Each one arrived with its own macro catalyst ? commodity supercycle euphoria, Arab Spring disruption, Libyan output fears, and Russia?s invasion of Ukraine, respectively. And each one was followed by meaningful deterioration in XLE, regardless of the narrative driving the spike.

The 2008 episode was the most severe. XLE lost roughly 46% in just three months as the financial crisis cascaded through every risk asset. But even in the ?milder? 2011 cycle, energy stocks shed 29% over six months as demand destruction from a slowing global economy quietly drained the commodity?s momentum. The 2014 collapse was a different animal entirely ? a slow-motion repricing driven by the shale supply glut ? and XLE was down 34% by December of that year. The 2022 episode produced the quickest partial recovery, with XLE giving back only 5% at the six-month mark, aided by OPEC+ production discipline and persistent institutional buying.

XLE AVERAGE FORWARD RETURNS AFTER OIL PRICE PEAKS
FOUR MAJOR WTI PEAKS: JULY 2008 · APRIL 2011 · JUNE 2014 · JUNE 2022

Legend: ■ 2008 Peak ($147) ■ 2011 Peak ($113) ■ 2014 Peak ($107) ■ 2022 Peak ($122) □ Average

Approximate returns based on month-end XLE closing prices. Source: RIA Advisors / Bloomberg

The average across all four peaks tells the story cleanly. XLE loses roughly 14% in the first month following an oil price top, deteriorates to nearly 28% below peak by six months, and then stages a partial recovery to close down around 21% at the 12-month mark. The six-month window is consistently the worst entry point for anyone who chased the commodity spike.

## XLE RETURNS FOLLOWING MAJOR WTI OIL PRICE PEAKS

PEAK EVENT	WTI PEAK	1 MO	3 MO	6 MO	9 MO	12 MO
July 2008 — Financial Crisis Unwinding	$147	−14%	−46%	−45%	−37%	−32%
April 2011 — Arab Spring / Libyan Output	$113	−10%	−15%	−29%	−13%	−8%
June 2014 — Shale Supply Glut Begins	$107	−8%	−13%	−34%	−39%	−27%
June 2022 — Russia-Ukraine / OPEC+ Response	$122	−24%	−22%	−5%	−12%	−16%
Average (4 Peaks)	—	−14%	−24%	−28%	−25%	−21%

APPROX. MONTH-END XLE CLOSING PRICES | SOURCE: RIA ADVISORS / BLOOMBERG | REALINVESTMENTADVICE.COM

Why does this pattern repeat? Oil price peaks almost always coincide with peak demand expectations, which are a leading indicator of economic deceleration. When crude tops out, the market quickly begins pricing in the consumer-spending squeeze that high energy costs produce. Energy companies, even the best-capitalized ones in the XLE basket, face margin pressure, capital

allocation constraints, and, eventually, earnings revisions. The commodity and the equity don?t diverge indefinitely, particularly when the earnings are derived from the underlying commodity.

Currently, investors are paying a significant premium for energy stocks versus the revenue generated by the underlying commodity.
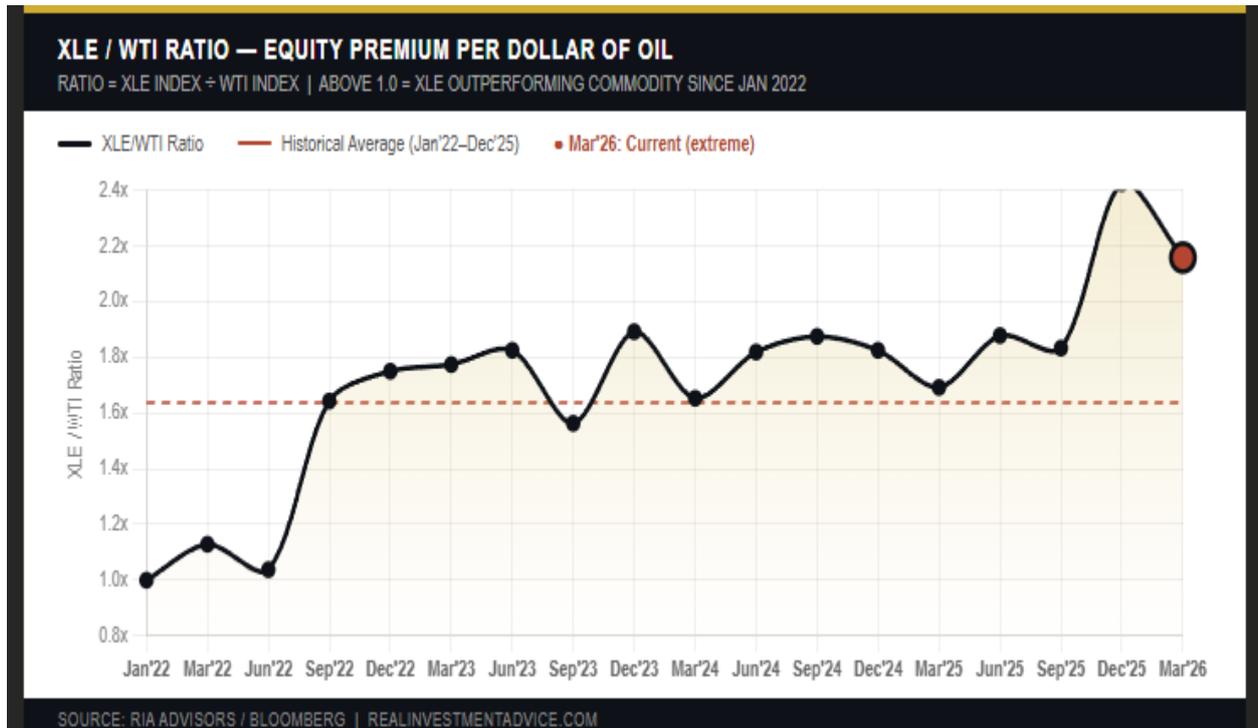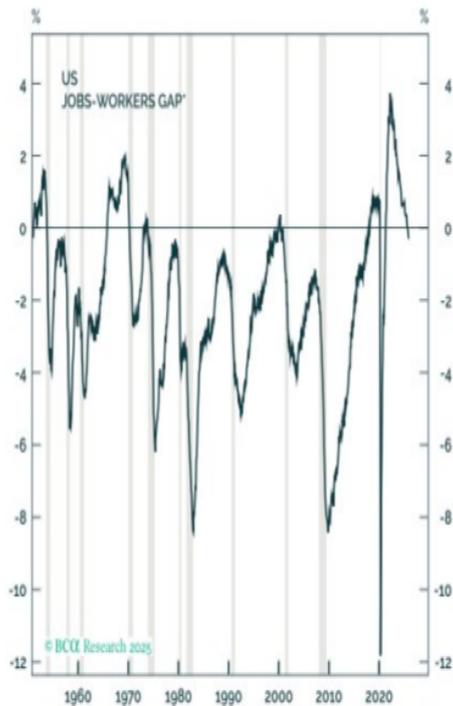

As the old saying goes, *?The cure for high prices is high prices.?* This time will likely not prove different, so don?t forget to take profits ahead of time.
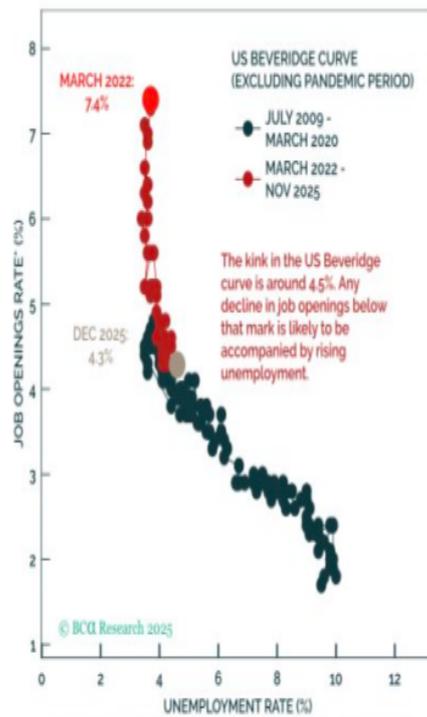
More Concerning Labor Indicators

The graphs below are courtesy of Peter Brerezin of BCA Research. The graph on the left shows that the job openings-to-worker ratio has turned negative. This indicates that more people are seeking jobs than there are job openings. On its own, that graph is not overly concerning, as it is most often negative, even during periods of strong economic activity. However, the graph on the right, showing that once the job openings rate falls below 4.5%, the unemployment rate starts rising, is worrisome. Continued declines in job openings, according to the BLS JOLTS report, could push the unemployment rate higher and the economy into a recession.

The two charts are from BCA Research 2025. The left chart is titled "US JOBS-WORKERS GAP" showing data from 1960 to 2020+. Footnote: "JOBS-WORKERS GAP IS THE DIFFERENCE BETWEEN LABOR DEMAND (SUM OF JOB OPENINGS AND CIVILIAN EMPLOYMENT) AND LABOR SUPPLY (CIVILIAN LABOR FORCE) AS A PERCENT OF LABOR SUPPLY. SOURCE: BUREAU OF LABOR STATISTICS (BLS), LINKUP, INDEED, AND BCA CALCULATIONS. NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS."

The right chart is titled "US BEVERIDGE CURVE (EXCLUDING PANDEMIC PERIOD)" plotting JOB OPENINGS RATE (%) against UNEMPLOYMENT RATE (%). Legend: JULY 2009 - MARCH 2020; MARCH 2022 - NOV 2025. Annotations: "MARCH 2022: 74%", "DEC 2025: 4.3%", "The kink in the US Beveridge curve is around 4.5%. Any decline in job openings below that mark is likely to be accompanied by rising unemployment." Footnote: "THE JOB OPENINGS RATE IS COMPUTED BY DIVIDING THE NUMBER OF JOB OPENINGS BY THE SUM OF EMPLOYMENT AND JOB OPENINGS. LATEST DATA POINT IS AN ESTIMATE BASED ON INDEED AND LINKUP. SOURCE: JOB OPENINGS AND LABOR TURNOVER SURVEY (JOLTS), BLS, AND BCA CALCULATIONS."

Will AI Trigger The Next Great Depression?

Our article title is certainly scary. The question we pose has become a hot topic following the release of ?*The 2028 Global Intelligence Crisis*,? by Citrini Research.

While evaluating the impact of AI on the labor market is complex, we can distill both optimistic and pessimistic views into two straightforward questions.

- Will AI bring about an era of unmatched prosperity and productivity, freeing workers from monotonous tasks, revitalizing old industries, and creating new and unimaginable ones?
- Or will AI displace many white-collar workers faster than the economy can absorb them, triggering a deflationary spiral with consequences that rival the Great Financial Crisis or worse, the Great Depression?

To better understand how AI might affect the labor market and, ultimately, the economy, we review the bleak Citrini article alongside more optimistic rebuttals from Citadel Securities and Bianco Research. The articles and our summaries provide a useful primer on how the labor markets may adjust to the upcoming major technological changes.

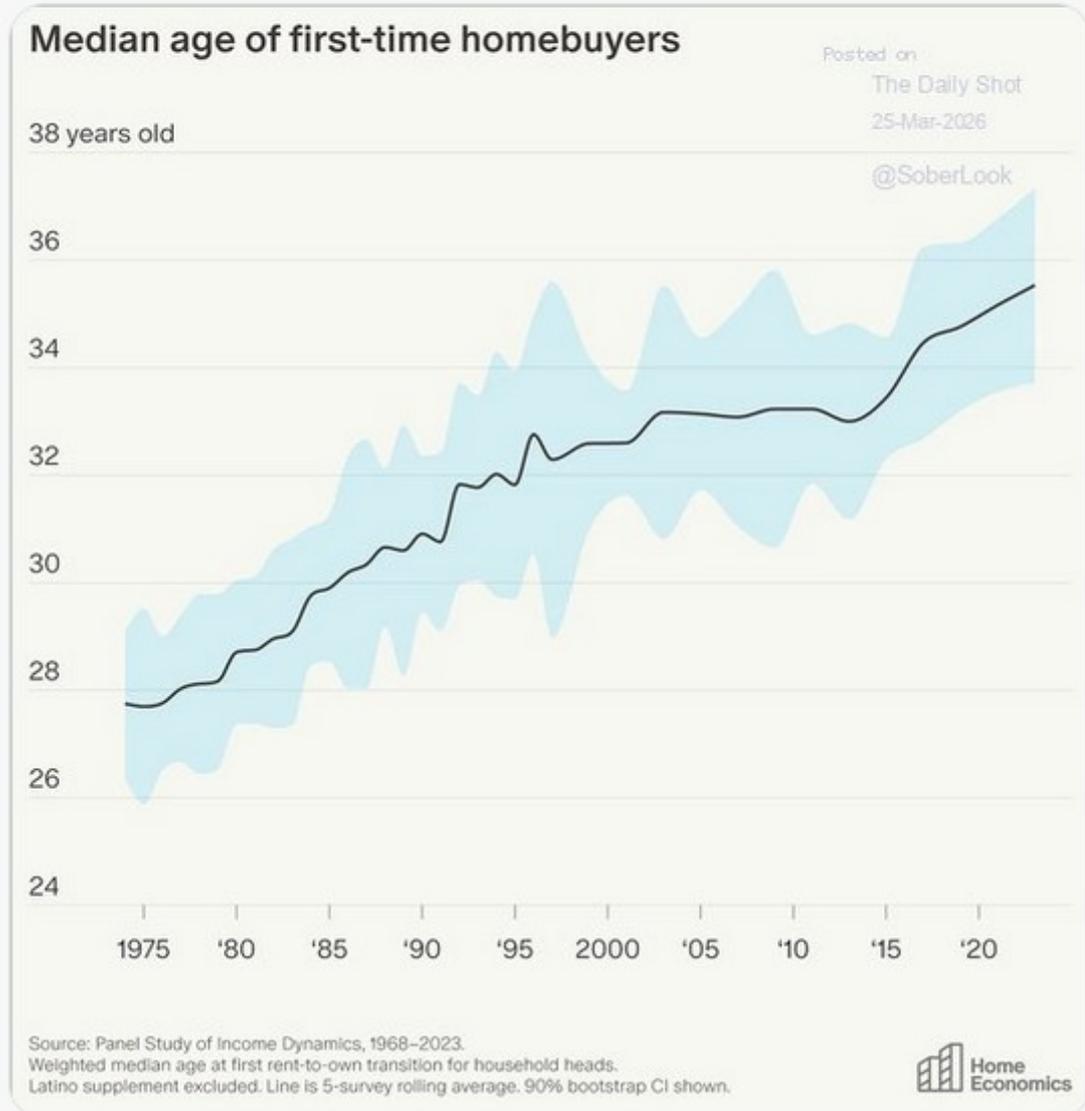[READ MORE?](#)

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Lance Roberts ✔ @LanceRoberts · 3h

Lots of headlines lately suggesting that high home prices and affordability issues are driving the age of first-time homebuyers higher. However, that "age" has been steadily rising since 1975 and doesn't reflect any outsized acceleration.
@SoberLook

Median age of first-time homebuyers

Posted on
The Daily Shot
25-Mar-2026

@SoberLook

38 years old

Source: Panel Study of Income Dynamics, 1968–2023.
Weighted median age at first rent-to-own transition for household heads.
Latino supplement excluded. Line is 5-survey rolling average. 90% bootstrap CI shown.

Home Economics

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