

'Just a question of when': Citadel's Ken Griffin predicts US recession

Billionaire investor joins chorus of voices predicting pain for the American economy



Ken Griffin, pictured, praised former president Donald Trump for 'trying to reduce European dependency upon the Russians for energy' © Bloomberg

Ortenca Aliaj in New York AN HOUR AGO

Billionaire investor Ken Griffin has warned there will be a recession in the US and said the Federal Reserve needs to do more to bring down inflation, days after the central bank increased its benchmark rate by 0.75 percentage points for the third time in a row.

"Everybody likes to forecast recessions and there will be one," he said at CNBC's Delivering Alpha conference in New York on Wednesday. "It's just a question of when, and frankly, how hard." A recession could happen as soon as next year, he added.

The founder of hedge fund Citadel and market maker Citadel Securities said increasing interest rates was an "awkward tool" to cool the economy but acknowledged the Fed is limited in what it can do to curb inflation.

Griffin joins a growing chorus of voices predicting pain for the US economy, including Fed chair Jay Powell who last week said there was not a "painless way" to bring inflation under control.

Despite the gloomy outlook, Griffin said the Fed needed to stick with its campaign to tighten monetary policy. "We should continue on the path that we're on to make sure that we re-anchor inflation expectations," he said, so people do not start to treat inflation of 5 or 6 per cent as the norm.

Earlier in the day, Stanley Druckenmiller, a veteran of the hedge fund industry, adopted an even gloomier stance. "We are in deep trouble," he said, adding that he would be "stunned" if the US does not tip into a recession next year.

Griffin drew a distinction between the US and Europe, which he believes could already be in a recession because of high gas prices.

He said former president Donald Trump had tried to wean the continent off of its dependency on Russian oil.

"Europe was willing to trust Russia as its fundamental provider of energy," Griffin said. "In fact when it came to Nord Stream the whole point that president Trump had about 'no to Nord Stream' was trying to reduce European dependency upon the Russians for energy. And guess what? [He] was right."

Griffin's hedge fund has been among the best performing in the industry this year, with the flagship multi-strategy Wellington fund up more than 28 per cent so far in 2022, according to a source familiar with the firm.