

DATE: March 9, 2010

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FOR IMMEDIATE RELEASE

**U.S. “CONTAINED DEPRESSION” MAY LAST A DECADE,
ECONOMIST DAVID LEVY TELLS CFO CONFERENCE**

New York Forecaster Warns of Spotty Recoveries, Severe Recessions, Disappointing Profits, Mild Deflation in ‘Healing Process’ of 2010s

ORLANDO, FL, March 9 -- Economist David Levy today told the CFO Global Rising Conference that the U.S. economy has entered a period of “contained depression,” a transitional stage of debt reduction and asset deflation that will last “at least several years and perhaps a decade.”

Levy, chairman and managing partner of The Jerome Levy Forecasting Center in Mt. Kisco, NY (www.levyforecast.com) and author of the monthly *Levy Forecast*, the nation’s oldest newsletter devoted to economic analysis, warned that the decade will bring “a slow economic healing process,” marked by financially severe recessions, spotty recoveries, disappointing profits and chronically high unemployment.

Such consequences, keynote speaker Levy said, means that “ongoing massive government intervention in the economy and financial markets will be unavoidable.”

While such intervention will “prevent a breakdown in the financial system and profits,” Levy said, it won’t be able to forestall enduring economic difficulties.

Levy told the some 400 senior financial executives gathered here at the Hilton Orlando Bonnet Creek Hotel that the current “contained depression” resulted from decades of increases in aggregate balance sheets relative to incomes. These were years of “overinvestment and unsound economic behavior,” he said.

“These trends couldn’t last forever,” said Levy, noting that there is a limit to how large balance sheets can become. “We probably reached the tipping point in 2007, creating an enormous problem for the economy.”

As a consequence, the economy must now “reduce debt-to-income ratios, eliminate excess capacity, and bring asset prices back into line with their earning power.” This task will be made more difficult because of “paltry income growth, stagnant production, and depressed earnings,” Levy said. Indeed, according to the macroeconomist, it will be difficult for the economy to generate profits without enormous government deficits.

Levy said that while the process of private balance sheet contraction will be painful, he also saw some good news.

“This will be a healing process,” he said, “as private debt burdens shrink, asset deflation and asset reduction raises rates of operating returns, and the lack of fixed investment creates pressures for new capital investment.”

“Eventually, the shrunken balance sheets will create the potential for an investment boom with many parallels to the quarter century immediately after World War II, when investment, profits, and the economy soared.”

About The Jerome Levy Forecasting Center

The Jerome Levy Forecasting Center LLC - the world leader in applying the macroeconomic profits perspective to economic analysis and forecasting -conducts cutting edge economic research and offers consulting services to its clients. The goal of the Levy Forecasting Center is to improve its clients' business and investment performance by providing them with powerful insights into economic risks and opportunities - insights that are difficult or even impossible to achieve with conventional approaches to macroeconomic analysis. Additional information may be found at www.levyforecast.com.

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