



## Levy Forecast Warns Economic Growth Likely to Be Short-Lived Absent major new federal policy initiative, recovery looks to be 'little more than a dead cat bounce'

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NEW YORK, Jan 26, 2010 /PRNewswire via COMTEX/ -- Despite widespread fears that easy monetary and fiscal policy will lead to an early return of inflation pressures and preemptive Fed rate hikes, the current "growth scare" will probably not last more than a few months, says economist David Levy in the just-published January Levy Forecast.

In addition, Levy sees little chance of there being another "macrobubble," similar to the stock market bubble of the 1990s and the housing bubble of the 2000s. He suggests in the nation's oldest newsletter devoted to economic analysis that the current situation is vastly different than the prior bubble-inducing environments.

Says David Levy: "One difference is that many investors were so beat up during the latest debacle ... it would take longer today to develop the vast mania necessary to drive a macrobubble." "Another difference is the financial condition of the economy, specifically the willingness and ability of the banking system to increase its loans and the capacity of the nonfinancial private sector to incur more debt." Macrobubbles, says Levy, "require aggressive behavior by investors as well as lenders." Such is not the case in the current environment, where the banking system remains plagued by past capital losses, rising nonperforming loans and continued fears of large-scale defaults.

On the near-term economic outlook, Levy predicts the first quarter will bring a mixture of good and bad news, and that the economy "may log a few decent quarters before sputtering, absent a major new federal policy initiative." 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 <http://www.levyforecast.com>.

Note: The full Levy Forecast dated January 26 is available to the press only in PDF format by contacting Andrew Edson & Associates - [Andrew@edsonpr.com](mailto:Andrew@edsonpr.com) or 516 850 3195.

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89 Bounty Lane Jericho, NY 11753 Andrew Edson, 516 850 3195 [Andrew@edsonpr.com](mailto:Andrew@edsonpr.com) <http://www.edsonpr.com> The Jerome Levy Forecasting Center 69 South Moger Avenue - Suite 202 Mount Kisco, NY 10549 Kevin Feltes, 914 666 0641 [kevinf@levyforecast.com](mailto:kevinf@levyforecast.com) <http://www.levyforecast.com> This release was issued through eReleases(TM). For more information, visit <http://www.ereleases.com>.

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