



THE JEROME LEVY FORECASTING CENTER

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FOR IMMEDIATE RELEASE

**DAVID LEVY SUGGESTS KEEPING CAPITAL “OUT OF HARM’S WAY”
AS CRACKS IN GLOBAL STABILITY SPREAD**

**Risk Assets More Likely to Decline than Rise
Over Balance of 2012 and Beyond**

MOUNT KISCO, NY, May 29 – Economist David Levy, writing in the just-published May Levy Forecast, warned investors to keep capital “*out of harm’s way because over the balance of 2012 and beyond, risk asset values are more likely to decline than to rise.*”

He asserted that the downside risks for the global economy and asset markets far outweigh the upside risks, and there is “*an unusually high potential for sudden financial crises or political developments that cause rapid market changes, so unwinding positions in a timely fashion may prove difficult.*”

“*The present economy not only looks scary, but actually provides plenty of legitimate reasons to be seriously scared,*” Levy wrote in the nation's oldest newsletter devoted to economic analysis.

The chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) cautioned that the enormous size and unprecedented complexity of the world’s financial and economic problems “*are sooner or later going to overcome world leaders’ ability to stave off the next global downturn and international financial crisis. The only question is when.*”

Levy pointed out that while economic conditions are clearly worsening in Europe, expansions in the rest of the world are also weakening. “*China, India, South Korea, Australia, Eastern Europe, and Latin America all show signs of deceleration,*” said the forecaster.

He also cautioned that Chinese government officials, who have kept China's economy expanding remarkably steadily over the past two decades, face unprecedented challenges. China's planned shift to an economy focused on growing private domestic demand "*makes great long-term sense, but it necessarily requires more domestic credit growth and involves more cyclical volatility than the Chinese are accustomed to.*" While he said that a "hard landing" in China is not necessarily inevitable, "*it is clear China's leaders are in a new kind of ball game with different rules.*"

"As the Chinese government begins 'fine-tuning' policy to address the sudden economic slowdown, one should not take for granted that it can simply decree that the economy keep growing."

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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Note: The full Levy Forecast is available to the press in PDF format by contacting Andrew Edson & Associates – Andrew@edsonpr.com or [516 850 3195](tel:5168503195).