



THE JEROME LEVY FORECASTING CENTER

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FOR IMMEDIATE RELEASE

LEVY SAYS INVESTORS SHOULD ACCOUNT FOR UNUSUAL ECONOMIC ERA

Global Balance Sheet Contraction Will Make Investing a “Negative Sum Game”

MOUNT KISCO, NY, July 23 – Economist David Levy, writing in the just-published July Levy Forecast, warned that the world economy “is not moving much faster than stall speed and cannot afford to lose much more velocity.”

Levy compared the world economy to “an old three-engine jetliner losing airspeed. One engine, the U.S. economy, is still running but on low power and gradually losing thrust. Another, Europe, broke down a while ago and threatens to explode, potentially destroying a wing. The third, the rest of the world, had been running on high power, but rapidly lost speed during the first half.”

The chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) argued that the U.S. economic outlook “continues to range from a sluggish expansion at best to a sharp recessionary decline at worst.” He noted that falling inventory investment and weakening exports are weighing on economic growth. Decelerating fixed investment and rising personal saving could also threaten growth in the second half, the economist said.

In the nation's oldest newsletter devoted to economic analysis, Levy also wrote that “*most asset prices have not reached their contained depression bottoms.*” He expected most asset prices to “generally trend downward” over the next two or three years of private sector balance sheet contraction in the United States and Europe.

He cautioned that “*investing over the next few years will prove to be a negative sum game.*” During such a period, Levy advised buying “*assets with set payoffs, most notably bonds.*” He said long duration Treasuries and high-grade corporate bonds are appropriate.

Levy also warned about the dangers of investing in financial companies over the next several years. “*One necessary consequence of the contained depression is that the financial sector must shrink.*”

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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