



THE JEROME LEVY FORECASTING CENTER

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FOR IMMEDIATE RELEASE

LEVY SAYS CONTINUING GOV'T SUPPORT NEEDED

IN CHINA, EUROPE, JAPAN TO PREVENT GLOBAL RECESSION

“While U.S.private financial vulnerability has been reduced somewhat since 2007, global financial vulnerability has increased,” Levy Forecast Says

MOUNT KISCO, NY, Oct. 29 – Economist David Levy, writing in the just-published October *Levy Forecast*, said that while the U.S. economy faces little homegrown threat of recession over the next six months, there remains “a real possibility that international economic strains will escalate into a global recession, dragging down the domestic economy.”

The *Levy Forecast*, the nation’s oldest newsletter devoted to economic analysis, warned that the rest of the world—especially China, Europe, and Japan—“will need important continuing government support to assure enough vitality to prevent a global recession.”

In addition, “Unless the emerging market countries maintain stable exports and are surrounded by relatively calm international financial conditions, many of these countries could fall into recession.” Such an outcome, the chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) said, could undermine Europe’s feeble recovery, the lukewarm expansion in the U.S. and the problematic expansion in China.

In the U.S., while the 16-day government shutdown disrupted data flow, the *Levy Forecast* concluded that while the economy in October would be affected, the impact of the shutdown on the U.S. economy in the fourth quarter would be minimal. Specifically, the economic outlook over the next two quarters “remains fairly straightforward and is little changed.”

The outlook is more problematic overseas.

Whether the modest European recovery will continue is unclear, Levy said. “With enough help from government, foreign trade and falling personal saving, the euro area can overcome its vast imbalances and keep expanding for awhile.”

However, he warned that, “Overcapacity, a crippled banking system, huge sovereign debt problems and constraints” make Europe “a questionable contributor to global economic health in the year ahead.” And, he cautioned long-term value investors to be wary of Europe.

Moreover, he opined that China’s expansion progress and a continued growth rate above 7% is “even more uncertain.”

“The [Chinese] government remains caught between the need to provide vast fiscal and monetary support of the expansion and the desire to limit already severe financial imbalances.”

Levy concluded that “the domestic economy presently has neither great forces for expansion nor immediate internal threats of recession.” As a consequence, the instability in the world economic outlook could have an “unusual influence” on the U.S. economy.

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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