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FOR IMMEDIATE RELEASE

**LEVY SAYS CONSENSUS UNDERESTIMATES LIKELIHOOD
AND SCALE OF NEXT GLOBAL RECESSION**

Stresses in China, Western Europe, Emerging Markets May Hasten U.S. Downturn

MOUNT KISCO, NY, May 30 – Economist David Levy, writing in the just-published May Levy Forecast, warned “*the next recession and set of financial crises will be all the more stunning because they will not have been expected.*”

Levy, the chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com), noted that “*the outlook for the global economy remains the primary question concerning the outlook for the domestic economy*” and advised clients to watch for “*advanced warning of trouble just ahead for the U.S. economy in the form of bad news from abroad.*”

Levy, who used the macroeconomic approach known as the Profits Perspective to correctly forecast the global recession in 2008-2009 and the sub-par recovery that followed, said that while global stress could potentially weaken the U.S. expansion by the fourth quarter of 2014, “*the next domestic U.S. downturn is more likely in 2015 or 2016 than this year.*”

In the nation's oldest newsletter devoted to economic analysis, The Levy Forecast, Levy wrote “*we have consistently described this economic expansion as a cyclical rise within a contained depression and warned that there is at least one more recession and much more balance sheet contraction to come. By now it has become clear that the next down move will involve much worse conditions abroad and bigger adjustments at home than were apparent in 2010.*”

Levy forecast that in the next global downturn the U.S. was unlikely to suffer as sharp a decline as the 2008-2009 recession, but that *“the global economy overall is likely to experience its worst decline in modern times.”* He noted that four developments have contributed to this forecast:

- The euro area’s failure to recapitalize its banks and force them to write off bad debt
- The euro area’s failure to develop, in effect if not in fact, a single-borrower structure for sovereign debt markets
- China’s enormous expansion of debt and unsound financial practices in the course of keeping its economy running at an unsustainable pace
- The cessation of private debt contraction in the United States and the reversal of a large part of the asset price correction of 2007-2009

All of this, Levy concluded, reinforces his long-standing forecast of persisting low interest rates.

“A major reason to expect five more years of zero-interest rate policy is that the Fed will probably not have an opportunity to raise the target rate before the stability of the rest-of-the-world economy breaks down.”

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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