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FOR IMMEDIATE RELEASE

**GLOBAL ECONOMY FACES DOWNTURN TIPPING POINT  
BEFORE END OF 2015 --**

**Jerome Levy Forecasting Center Maintains Probability of 65% for Global Recession**

MOUNT KISCO, NY, Oct. 28– Economist David A. Levy, writing in the just-published October Levy Forecast, said that while the global economy may escape recession for another year, “*a downturn before the end of 2015 is more likely.*”

As a consequence, Levy, chairman of the independent Jerome Levy Forecasting Center LLC ([www.levyforecast.com](http://www.levyforecast.com)), said he was maintaining his assessment that “*the probability of a global recession terminating the U.S. expansion before the end of 2015 is 65%.*” The decision not to raise the probability from earlier analyses—despite softening global economic news—reflects uncertainty regarding economic data quality, possible policy actions in China or in Europe, and geopolitical events.

The Levy Forecast, the nation’s oldest publication devoted to economic analysis, said that “*a rest-of-the-world recession is likely to end the current U.S. economic expansion*” because of several unique factors:

- The U.S. and many of the rest-of-world economies have huge balance sheet excesses, making them more prone to financial crises and more vulnerable to financial contagion than in previous cycles.”
- The next rest-of-world recession is “likely to be the worst yet of the postwar era,” with pronounced balance sheet contraction in many countries and limited ability to contain the resultant depression. Levy noted that almost all developed economies have little room left to cut interest rates, and emerging market countries lack the financial independence to cut rates.

- For the first time, much of the world will experience deflation.
- U.S. exports represent the largest share of GDP ever.
- Publicly traded companies now receive a historically large proportion of their earnings from foreign operations and exports; so the stock market will be hard hit and the resultant bear market will have an unusually large negative wealth effect on personal saving and spending decisions.
- Capital spending today is more sensitive than ever to widening credit spreads.

Levy said that there remains a 35% probability that the U.S. economy won't face a downturn during 2015.

To avoid recession would require: (i) strong action from Beijing to halt the deceleration of the Chinese economy, (ii) de facto liberalization of fiscal policy in the euro area to allow widening deficits, (iii) U.S. and Japanese trade deficits that widen somewhat, benefiting the rest of the world and (iv) a sufficient improvement in investor confidence to stabilize emerging market currency and securities markets.

#### **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](http://www.levyforecast.com).

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