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FOR IMMEDIATE RELEASE

LEVY SAYS US ECONOMY SET TO OUTPERFORM REST OF WORLD IN 2015

Bullish Outlook for Treasuries as Bond Market Taking its Cues from Troubles in Global Economy

MOUNT KISCO, NY, Dec. 29 – Economist David Levy, writing in the just-published December Levy Forecast[®], said that the United States economy will enter 2015 with “*fairly good momentum*”. but that global threats continue to loom large.

“*Various government policy actions or inaction, among other influences, have slowed the global deterioration somewhat and have so far prevented the global deceleration from reaching the point of no return—the point at which the expansion fails and financial problems surge,*” the chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) said.

Levy reiterated a 65% probability that a global recession would develop that drags down the United States by the end of next year. Still, he noted, “*the United States would endure a recession with much less upheaval and financial stress than most of the rest of the world, and, if there were no recession, we still expect the U.S. economy would outperform.*”

The world avoiding a global downturn next year would depend on “*some new, positive developments to offset or halt some of the worsening problems,*” wrote Levy in the nation’s oldest publication devoted exclusively to economic analysis.

On the fall in oil prices, Levy stated, “*on balance, we believe the effects of the 2014 oil price decline have been positive for the global economy until now and will probably be so into the first quarter. However, assuming petroleum prices remain at present levels through 2015, the effects will become more mixed and quite possibly a net negative influence in 2015.*”

Levy pointed out that “*the direct effects of lower petroleum prices redistribute profits, but the indirect effects can change total global profits.*” Among those indirect effects, he cited:

- Changes in capital spending plans by both the energy and non-energy sectors of the global economy,
- Reactions of the domestic corporate credit market, where an increasing share of high-yield issuance this year has come from the energy sector, and
- Global financial effects such as depreciating currencies, widening spreads, and falling equities in oil-exporting countries that can spread to the entire emerging market sector.

Finally, Levy called “*remarkable . . . the way the (U.S. Treasury) bond market seemingly began to take its cues from abroad instead of from the domestic economy.*”

He also said that the problems facing the global economy and the relative stability of the United States meant an accentuation of foreign demand for Treasury bonds, meaning “*the outlook remains bullish for long-dated Treasuries and for the dollar over the next few years.*”

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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