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FOR IMMEDIATE RELEASE

**LEVY SAYS BEAR MARKET RALLY BELIES DEFLATING FINANCIAL BUBBLE,  
DIM ECONOMIC OUTLOOK**

**Economist notes that despite market bounceback, profits and investment remain under pressure in much of world**

MOUNT KISCO, NY, March 18 – Economist David Levy, writing in the just-published March issue of *The Levy Forecast*<sup>®</sup>, characterized the recent weeks’ market recovery as a “*bear market rally*,” attributed largely to weather distortions and hopeful policy announcements coming out of China and the European Central Bank.

Levy, chairman of the independent Jerome Levy Forecasting Center ([www.levyforecast.com](http://www.levyforecast.com)), cautioned that despite the cheerier tone of financial markets, “*the fundamental outlook hardly justified current price levels.*”

The economist said there was growing evidence that “*what may well be the largest financial bubble in human history appears to have begun deflating.*” He cited growing evidence of a downturn in global fixed investment, including:

- Decelerating or contracting merchandise trade around the world
- Capital goods orders deteriorating around the world
- Bear markets in industrial commodity prices over the past two years
- Global purchasing managers’ indexes deteriorating over the past year
- Executive confidence weakening worldwide
- Bank lending conditions tightening in the United States, Canada and emerging markets broadly

Said the economist, “*Someday, people will likely look back at this period and wonder how everyone failed to notice the world economy falling apart.*”

Levy questioned the significance of recent signs of optimism, suggesting:

- The latest Chinese policy moves won't necessarily help enough to put that nation's economy on a solid course.
- Recent bullishness on petroleum pricing is based on the potential for taking some supply out of the market, but that won't stop decelerating demand.
- Recent data indicating U.S. economic strength were heavily influenced by an extraordinarily mild February, compared to the brutally cold Februarys of 2014 and 2015. As spring data appear, the weather-enhanced elevated data will drop back to less buoyant trends.

As a consequence of this economic reality check, Levy predicted that markets would once again turn bearish "*within the next six or eight weeks and possibly at any time before that.*"

### **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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FROM:

Andrew Edson & Associates, Inc.  
89 Bounty Lane  
Jericho, NY 11753

Andrew Edson, [516 850 3195](tel:5168503195)

[Andrew@edsonpr.com](mailto:Andrew@edsonpr.com)  
[www.edsonpr.com](http://www.edsonpr.com)

FOR:

The Jerome Levy Forecasting Center  
69 South Moger Avenue – Suite 202  
Mount Kisco, NY 10549  
Robert C. King, [914 666 0641](tel:9146660641)  
[rking@levyforecast.com](mailto:rking@levyforecast.com)

[www.levyforecast.com](http://www.levyforecast.com)