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FROM:

Andrew Edson & Associates, Inc.
89 Bounty Lane
Jericho, NY 11753
Andrew Edson, 516 850 3195
Andrew@edsonpr.com
www.edsonpr.com

FOR:

The Jerome Levy Forecasting Center
69 South Moger Avenue – Suite 202
Mount Kisco, NY 10549
Kevin Feltes, 914 666 0641
kevinf@levyforecast.com
www.levyforecast.com

FOR IMMEDIATE RELEASE

**LEVY FORECAST SAYS FIRST HALF OF 2010 MAY LOOK PRETTY GOOD,
BUT WORSE IS PROBABLY AHEAD**

Troubled Housing Market Poses Biggest Threat Over Next Two Years

NEW YORK, March 2 – The U.S. economy in the first and perhaps second quarters of 2010 “*will probably look as good as it is going to all year,*” according to economist David Levy in the just-published February edition of *The Levy Forecast*, the nation’s oldest newsletter devoted to economic analysis.

According to Levy, “*by the end of the second quarter, the profits picture is likely to be more mixed, leading to increasing disappointments in the third and fourth quarters with no meaningful quarter-over-quarter gains and likely declines.*”

Levy attributes the rise in first half profits to a number of temporary positive trends, among them a brief, unsustainable spurt in inventory building and spending on long-delayed capital projects.

The economist warns that while several elements of the economy will pick up steam in the first half, “*significant parts will be getting worse, including the housing market, where the destructive interactions of high unemployment, rising mortgage defaults, deflating home prices and increasing strains of financial institutions will produce what may be the biggest domestic economic and financial threat of 2010 and 2011.*”

Levy also questioned the likelihood of the economy being aided by any significant “recovery” in consumer spending. He said “*consumer finances were profoundly different during other recoveries.*”

Among the forces for rising personal saving in the next two years, according to Levy, are the following:

- Households have lost more wealth since mid-2007 than at any time on record.
- Credit is now contracting, with prospects of falling more. “*Saving is still too low to persist without credit growth.*”

- Many people who lost jobs or incomes in the last year were able to dissave for a while, but they will be increasingly forced to reduce their spending.
- The spurt in spending on “*delayed purchases*” that occurred last fall as the economy stabilized is likely to fade.

Concludes Levy: “*The arguments for a rise in personal saving are powerful.*”

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.

Note: The full Levy Forecast dated March 2 is available to the press in PDF format by contacting Andrew Edson & Associates – Andrew@edsonpr.com or 516 850 3195.

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