

DATE: May 25, 2010

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FOR IMMEDIATE RELEASE

LEVY FORECAST WARNS OF INCREASING RISKS OF GLOBAL RECESSION IN 2011

Danger that new decline would be less well-contained than 2008-2009 contraction

NEW YORK, May 25 -- The chances for a new global recession starting in late 2010 or 2011, with even more dire consequences than the 2008-2009 contraction, have increased in recent months, according to economist David Levy in the just-published May memo to clients.

“Conditions around the world look progressively more worrisome, and Washington seems to be gradually shifting its focus away from fiscal stimulus toward deficit reduction,” Levy said. *“The prospects for a U.S. recession next year have edged up from a toss-up to around 60%.”*

Levy said that although the deteriorating European economic situation is well known, *“most people still underestimate the threat that the eurozone crisis represents to the global economy.”* He pointed out that European banks *“are a huge, vital section of the integrated global system”* and that questions have emerged about Europe’s lender-of-last-resort function.

Moreover, Levy warned that even if the ECB acts effectively and the new \$1 trillion package calms debt markets, *“severe and misguided fiscal policy will whack the eurozone countries, the greater European economy, and the global economy.”*

“Fiscal restraint is a good thing in the right measure and at the right time, which is not during a depression,” he said.

Levy said that if the U.S. and Europe make the right policy choices, China lets its real estate boom persist and Japan makes more progress, *“there is still a case for avoiding a recession in 2011.”*

If, on the other hand, at least some of these economies don’t fare well, Levy warned that this time around, *“the global banking system may not be as readily or swiftly reinforced by central banks and other government entities, as policymakers face more political resistance.”*

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 May 25 is available to the press in PDF format by contacting Andrew Edson & Associates – Andrew@edsonpr.com or 516 850 3195.

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