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FOR IMMEDIATE RELEASE

LEVY SAYS SUPPORT FOR EURO AREA, CHINA AND EMERGING MARKETS WOULD HELP GLOBAL ECONOMY AVOID DOWNTURN IN 2015

Probability of Avoiding Global Recession Remains at 35%

MOUNT KISCO, NY, Nov. 25 – Economist David Levy, writing in the just-published November issue of *The Levy Forecast*®, said that if the world is to escape economic downturn in 2015, the three threats to the international economy—the euro area, China and the emerging market (EM) sector— "*will need support on several fronts to last through 2015*." The chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) reiterated that there was a 35% probability of avoiding a global downturn next year.

At a minimum, Levy said, the global expansion requires the following supports:

1) Both the euro area and China will require help from their governments to extend their economic expansions;

2) The U.S., Japanese and non-euro area expansions must, together, gain enough strength to boost EM exports; and

3) International investors and lenders must maintain or increase their confidence in the EM economies and markets—especially their currencies.

Levy wrote in the nation's oldest publication devoted to economic analysis, that the euro area, China and the rest of the EM sector each "*have serious structural financial excesses and, in recent years, have been growing much more slowly than business executives were projecting during the past decade as they invested over aggressively in new capacity*."

He warned that if any of these sectors doesn't receive a sufficient boost to keep it expanding and financially stable, its problems will spiral, eventually dragging down the others and leading to a global economic downturn.

The macroeconomist added that a number of other possible factors could emerge and improve the outlook for next year:

· **Japan's economy** has the potential to outperform those of many of its trading partners in 2015; if it does, this outperformance will probably translate into a current account deficit, and Japan will begin to provide a modest, incremental stimulus to the EMs, China, and the euro area through trade and income flows.

· If **U.S. corporate profits**—and therefore the entire economy—receive an unexpected boost, the domestic improvement will be shared by the euro area, China, and the other EMs through gains in their exports to the United States.

· **Some, but not too much dollar strength** could help maintain European expansion and financial stability. By contrast, the dollar's gains against most EM countries are likely having negative effects that will offset any new competitive advantage enjoyed by EM exporters.

· **A surge in capital flows to the EMs** does not seem likely, but conceivably there could be enough improvement to help stabilize EM markets for several months.

· **Cheaper oil** is probably a net positive for global stability, unless and until we see oil exporters in serious trouble.

Levy, who closed his hedge fund in 2009 having produced a 500% net gain for its investors since inception in 2004, maintained that the world has a 1-in-3 chance of avoiding a global downturn next year. He concluded, "*If new developments are to provide support to the global economy through next year, they will have to begin showing up pretty soon*."

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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