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FOR IMMEDIATE RELEASE

## **EMERGING MARKETS WEAKNESS CONFIRMS MOUNTING GLOBAL RISKS**

### **U.S. Corporate Profits Have Likely Peaked for This Cycle**

MOUNT KISCO, NY, April 28 – Economist David Levy, writing in the just-published April issue of *The Levy Forecast*, said that emerging markets (EMs), including China, have continued to weaken, confirming mounting global risks that remain “*a critical influence on the domestic outlook.*”

Meanwhile, wrote Levy, chairman of the independent Jerome Levy Forecasting Center ([www.levyforecast.com](http://www.levyforecast.com)), “*Private U.S. corporate profits have likely peaked for this cycle,*” and the outlook for profits through the rest of 2015 “*remains at best horizontal.*”

Levy, writing in the nation’s oldest publication devoted to economic analysis, said that U.S. corporate profit margins in the aggregate have been narrowing since mid-2013. “*Generally, eroding profit margins lead to some moderation in business expansion and appear just prior to most recessions.*”

Levy warned against bullish perceptions, particularly with respect to EM financial market improvements, which he said “*should be regarded as bear market rallies.*”

He was especially cautious on China, which “*has generated increasingly frequent reports and anecdotes of overcapacity and real estate deflation.*” Levy labeled China as having “*the most oversized, overdone fixed investment boom in modern history,*” and called “*feeble*” the government’s recent moves to shore up the economy.

“*Unless the government is secretly preparing some massive new spending programs, China is headed for trouble,*” he said.

He concluded, “*The EMs are getting sick from their failing economic model, and their illness is serious. It will spread to the more advanced economies and thus pull the world economy into recession.*”

### **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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