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FOR IMMEDIATE RELEASE

**LEVY PREDICTS COMBINATION OF STRONG ECONOMY
AND LOW YIELDS WON'T LAST**

**Global Expansion Likely to Break Down in 2015,
Leading to a U.S. Recession**

MOUNT KISCO, NY, Sept. 17 – Economist David Levy, writing in the just-published September Levy Forecast, said that the global economy is facing a “Catch-22.”

Wrote Levy, “*The world needs U.S. Treasury yields to stay down to keep the global expansion going. Yet keeping [the expansion] going will tend to push yields up.*”

This means, said Levy, “*The global expansion is likely to break down in 2015, leading to a U.S. recession.*”

The chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) forecasts the following for U.S. profits, interest rates, and global growth:

- The second revision to 2Q NIPA growth and profits will likely be upward due to the potential for an upward revision in health care consumption.
- The outlook for U.S. domestic profits is unusually dependent on the global economy at present.
- The U.S. economy will more likely than not produce news capable of driving bond yields back into the upper half of their ranges this year, but dramatic global events—financial, economic, or political—could trump the domestic news.

In addition, Dr. Srinivas Thiruvadhanthai, director of research, noted that spreads on a range of bonds have been edging up and cautioned that *“the potential for a major reversal in risk appetite is rising.”*

Writing in the nation's oldest publication devoted to economic analysis, Thiruvadhanthai wrote, *“Drying up of capital market liquidity for credit instruments would have serious consequences for the global economy in the current environment because credit has become more market-based as banks have downsized; banks are institutions that move relatively gradually, whereas capital markets can move quite abruptly.”*

Because of the increased disintermediation of the banking sector, the next time liquidity dries up, *“even if the Fed deploys its discount window quickly, the participants who need it the most are unlikely to be the ones who will be able to access it.”*

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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