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FOR IMMEDIATE RELEASE

**DON'T TRUST ANYONE UNDER 85,  
WARNS THE JUST-OUT LEVY FORECAST**

NEW YORK, Sept. 30 – In the just-published September issue of the Levy Forecast, economist David Levy warns against the prevailing wisdom that markets and the economy "*will slowly recover and then gradually revert to more familiar patterns of business cycles, inflation, credit usage and financial market performance.*"

Says Levy, "Assuming that the cyclical recovery apparently under way will be much like past ones is a recipe for big trouble." Rather, he continues, it is more likely that balance sheet shrinkage will assure that the economy won't perform well and that new, serious financial problems may arise.

Levy points in the nation's oldest newsletter devoted to economic analysis, to three examples of investment mistakes that grow out of the failure to recognize we are in a "new economic era."

- Investing for a cyclical rise in assets. In this new era, says Levy, overall asset prices -- for such assets as real estate and equity securities -- will tend to ratchet down in the years ahead. Levy expects home prices to continue to stagnate or erode, commercial real estate prices to decline, and stock valuations "likely to decline to historically low levels."
- Misinterpreting powerful inflows of money into risky asset markets. While past boom/bust cycles were marked by manic swings into and out of asset classes, Levy says in this new era, inflows won't get "the same supercharging from borrowed funds, and they risk being undermined by a stalling or failing economy or a new financial crisis."
- Using quantitative trading strategies based on historical data. Levy summarizes that in this new era of balance sheet contraction and contained depression, many investment strategies developed over the past several decades "will be misapplied and business rules of thumb and public policy assumptions may also prove to be poor guides."

**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 can be found at [www.levyforecast.com](http://www.levyforecast.com).

**Note: The full Levy Forecast dated September 29<sup>th</sup> is available to the press in PDF. Contact Andrew Edson – 516 850 3195 or [Andrew@edsonpr.com](mailto:Andrew@edsonpr.com).**

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