
Recession report - Global economy may relapse into recession

Thursday, 15 Oct, 2009

Yonhap quoted Mr Stephen Roach chairman of Morgan Stanley's Asian operations as saying that the global economy is likely to relapse into a recession mainly due to financial institutions' massive troubled assets and anemic US private consumption.

He added that "A weak US and the global economy will be growing only slightly faster than what we call stalled speed. The economy is so weak that if a shock happens it will easily relapse back into recession."

Mr Roach projected that post crisis global economy is likely to grow at a rate of no greater than 2.5% over the next 3 years. He said huge troubled assets have yet to be written off by the financial institutions.

Mr Roach cited sharply dwindling US private consumption as another key reason for his double dip prediction. He said that "American consumers are overextended, exhausted and done. US private consumption may take 3 to 5 years to regain its previous level of a 4% annual growth."

He also warned against the possible equity market bubbles over the world. He said that the stock market will fall sharply once the investors see the recovery is disappointing.

(Sourced from www.yonhapnews.co.kr)

For more news visit at www.steelguru.com