

Sujet: Est-ce qu'on retourne en récession ?  
Double-Dip recession ?

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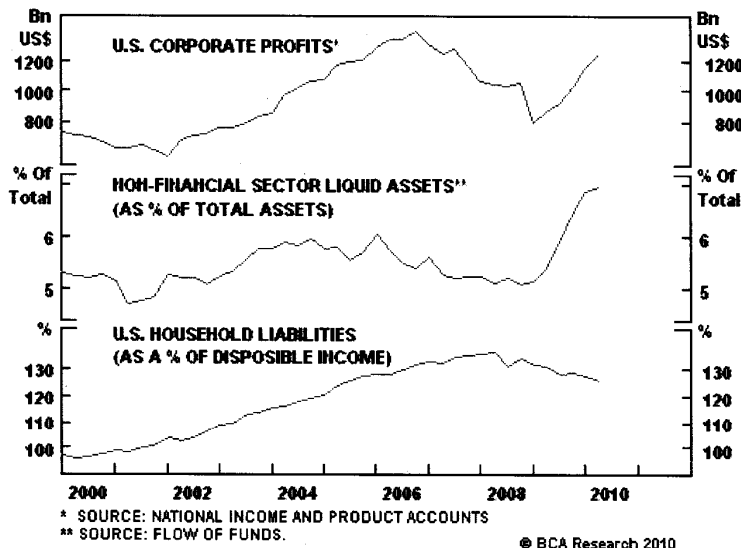
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## Global Double-Dip Recession?

*Despite the many risks and negative headlines, our Global Investment Strategy service believes that the world economy in general and the U.S. economy in particular will escape a double-dip recession.*

The G7 economy will most likely settle onto a path of soggy growth with periodic threats of deflation. Of course, a premature withdrawal of fiscal support could inflict damage to the economic recovery process, and we are concerned that some G7

governments have misidentified the major problems afflicting the world economy by mistakenly tightening their fiscal belts. Nonetheless, the current environment should not lead to a renewed contractionary period. There have been only two episodes of a double-dip recession in postwar history: One in the early 1970s and the other in the early 1980s. In both cases, it took very substantial negative shocks to bring about the second leg of the economic contraction. In addition, corporate profit growth is very strong and the U.S. corporate-sector balance-sheet is improving. So long as profits stay solid and corporate balance sheets remain healthy, the odds are that a capital spending recovery should unfold. Meanwhile, although U.S. consumers are still struggling, some progress has already been made in shedding excessive debt. The total liability of household-sector debt is now down about US\$600 billion from the all-time high reached in 2008. The odds of a double-dip recession seem smaller than that of a continued, albeit sluggish, economic expansion in the major world economies. The latter should be enough for equity markets to eke out gains by the end of the year.



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