MC Alcamo & Co

February 10, 2009
For Immediate Release

Contact: Michael Alcamo
(212) 582-5614

M.C. Alcamo & Co., Inc. Forecasts Recession Endpoint

With high statistical probability,
firm forecasts recession will end in second quarter

New York, N.Y., February 10, 2009 – New York investment banking firm M.C. Alcamo & Co., Inc. today released an analysis indicating with a high level of statistical probability an endpoint to the current national economic recession.

"We evaluated empirical data collected by the National Bureau of Economic Research, and we then determined the likely endpoint to the current downturn," said Michael Alcamo, the firm's President.

"There is a 95% chance that the recession will end on or prior to June 1, 2009," Alcamo said. "We base this forecast on past economic cycles. The cycles of history tell us that all recessions will end."

"The NBER data show that we have had eleven recessions since World War II, and that the average post-war recession lasted 10.3 months," said Alcamo. "We derived a standard deviation and a 95% confidence interval, and we determined that the forecast has a predictive value."

Alcamo said the standard deviation for the sample set was 3.3. In a normal distribution, 95% of the data points fall within two units of standard deviation, or "two sigma." The data for the ten prior recessions are generally evenly clustered around the average, indicating a general consistency with the normal distribution, and a generally robust predictive value. Two sigmas of standard deviation brought the end of the 95% confidence interval to June 1, 2009.

Additionally, on average, GDP contracted 2.2% during the ten post-war recessions, and on average, unemployment reached 7.8%. In December 2008, U.S. unemployment was 7.6%.

"This recession may be different in character and causes than prior recessions, but we do not believe that this cycle will be fundamentally atypical," said Alcamo. "We believe there were three root causes: First, overleverage, both by companies and by consumers; secondly, a spike in asset values brought about by speculation; and, thirdly, an over-reliance on fundamentally erroneous bond ratings data."

In announcing the study, Alcamo said, "Ever since investors sought out tulip bulbs as desirable investments, liquid markets have witnessed speculative bubbles, irrational exuberance, crises of confidence, panics, manias and crashes. This cycle may be inherent in human nature and investor ambition, but it is a consequence of free markets. In each case, the crisis has passed."

"This recession will also pass," Alcamo said. "Historical patterns indicate that it will pass on or prior to the end of the second quarter." Alcamo also noted that the consensus among economists and consumers seemed to be that this recession was deeper and more serious than prior downturns. He said that this sense of group psychology potentially could have a negative feedback effect, slowing the ensuing recovery.

The National Bureau of Economic Research is a private, nonprofit research organization that is the quasi-official arbiter of business cycles. While "recession" is commonly defined as two consecutive quarterly declines in gross domestic product, the NBER defines a recession differently, as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators."

About M.C. Alcamo & Co., Inc.

M.C. Alcamo & Co., Inc. is a New York-based investment banking firm specializing in mergers and acquisitions, workouts and restructuring, and private equity. The firm serves diverse industries, including media and information businesses. M.C. Alcamo & Co. Inc. has initiated and advised recent transactions in consumer media, trade publishing, conferences, seminars, education, and online media. In 2008, it ranked first among its competitive set in having the highest metric for transactions per partner.

For more information, please visit: www.mcalcamo.com.

– # # # –

Press Release Date:
February 10, 2009

M.C. Alcamo & Co., Inc.
52 Vanderbilt Avenue - Suite 1007
New York, New York 10017

	recessionary period (1)	**months of contraction**	**GDP contraction (%)**	**maximum unemployment rate (%)**
1	Nov. 1948 - Oct. 1949	8	1.70	7.90
2	July 1953 - May 1954	10	2.70	6.10
3	Aug. 1957 - April 1958	8	3.70	7.50
4	April 1960 - Feb. 1961	10	1.60	7.10
5	Dec. 1969 - Nov. 1970	11	0.60	6.10
6	Nov. 1973 - March 1975	16	3.00	9.00
7	Jan. - July 1980	6	2.20	7.80
8	July 1981 - Nov. 1982	16	2.90	10.80
9	July 1990 - March 1991	9	1.50	7.80
10	March - November 2001	9		
11	Dec. 2007 -			

(1) Source: National Bureau of Economic Research

statistical analysis

average length of recessionary period, months	10.3	months
average GDP contraction	2.21	%
average maximum unemployment	7.79	%
standard deviation of recessionary period	3.30	months
two sigma	6.60	months
95% confidence interval	16.91	months
beginning of recession	December 1, 2007	
95% probability of endpoint	June 1, 2009	