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FOR IMMEDIATE RELEASE

LEVY SAYS ECONOMIC FORCES “OVERWHELMINGLY STACKED” AGAINST STOCKS AND OTHER RISKY ASSET MARKETS

Economist Foresees U.S. Recession, Severe Emerging Market Recession, Deflation, and Political/Financial Crises

MOUNT KISCO, NY, Feb. 25 – Economist David Levy, writing in the just-published February issue of *The Levy Forecast*[®], warned that while financial markets do not always follow the economy, in 2016 “*the economic forces will be overwhelmingly stacked against stocks and other risky asset markets.*”

Levy, chairman of the Jerome Levy Forecasting Center LLC (www.levyforecast.com), advised clients to pay little heed to the fact that a majority of analysts, commentators and investors do not foresee a U.S. recession, remarking that “*consensus economic forecasts are a lagging indicator, especially at business cycle peaks.*”

The economist forecast that the U.S. economy is likely to fare better in 2016 than most global economies. Nevertheless, he concluded, “*the developing American recession will still be serious, and the rest of the world is likely to be an unprecedented mess.*”

Levy recommended that those assessing the outlook keep several points in mind:

- NIPA corporate profits have fallen for five consecutive quarters on a year-over-year basis.
- There is growing evidence that the earnings squeeze is both continuing in the current quarter and increasingly inducing businesses to retrench.
- Real GDP and employment can grow significantly right up to the business cycle peak or even past it.
- Investment is a source of profits and capital goods must be manufactured or built. Therefore, declines in the U.S. manufacturing and construction sectors are far more critical to growth than what is suggested by their relatively small share of GDP compared to the services sector.

- Financial conditions are tightening. Banks are tightening lending standards to businesses, and the corporate bond market is characterized by performance problems and widening spreads.
- China will most likely not be able to stabilize its economy. Confidence in Chinese policymakers misses the magnitude and novelty of China's present economic situation.

He concluded that the case for a continuing decline in U.S. profits through the year is strong.

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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