

DATE: February 27, 2017

FOR IMMEDIATE RELEASE

DAVID LEVY WARNS OF “CREEPING INFLATION FEARS” IN FIRST HALF OF 2017

Policy Uncertainty Means Open-Ended Outlook for 2017 Profits

MOUNT KISCO, NY, Feb. 27 – Economist David Levy, writing in the just-published February issue of *The Levy Forecast*[®], said to expect “*solid first-quarter profits to keep pressure slowly building in labor markets . . . Yet [key] contributors to profits in the first quarter could all fade in the next few months.*”

Levy, chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com), wrote that the U.S. economy presently appears to be transitioning from a sluggish, uneven economic expansion to one where inflation pressures are rising, saying, “*Further labor market tightening is likely in the first quarter, which could lead to the Inflation scenario and faster rate hikes than markets now expect.*”

However, Levy warned in the nation’s oldest publication devoted to economic analysis, the inflation scenario has one problem: interest rate increases in such a scenario “*would be highly destructive in the context of today’s excessively large global and domestic private balance sheets.*”

Levy also referenced many uncertainties in the 2017 economic outlook: “*Pass a retroactive 2017 tax cut and avoid major trade scraps, and profits could be soaring by the second half. Alternatively, fail to pass 2017 tax cuts, make 2018 cuts revenue neutral, and rile trading partners, and profits could end the year plunging.*”

On the global economic front, Levy pointed to China as perhaps the greatest source of uncertainty, as policymakers there try “*to stem capital outflows, maintain brisk economic expansion and rein in runaway credit growth . . . The government has aggressively expanded its deficit spending for two years, and what it does next will be critical.*”

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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