THE JEROME LEVY FORECASTING CENTER

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FOR IMMEDIATE RELEASE

LEVY FORECAST CAUTIONS LONG-TERM INVESTORS ABOUT JUMPING ON BULL MARKET BANDWAGON

Economic Expansion Still Highly Abnormal, Investor Caution Still Warranted

MOUNT KISCO, NY, March 27 – Investors should "*downplay concern about missing opportunities*" in what could be a short-term surge in the stock market, economist David Levy warned today in the just-published March Levy Forecast. Pointing to massive global and domestic imbalances that have not yet been resolved, he said, "*There will come a time for transitioning to a bullish, long-term investment strategy, but not just yet.*"

Although some extremely promising economic trends have begun to emerge in the United States, "*there is another harsh wave of financial and economic retrenchment yet to hit the economy and asset prices with lingering fallout,*" said Levy.

The March Forecast reiterated that while first quarter corporate earnings might exceed expectations — aided by the persistent mild weather — a "spring slowdown" is still the most probable outcome, and earnings for the final three quarters of 2012 "*are unlikely to meet Wall Street's current earnings projections.*" Additionally, "*a rising trend in [Treasury] bond yields will be exceptionally difficult to sustain in the present environment.*"

The chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com) acknowledged that respectable employment gains, solid chain store sales increases, and construction activity creeping upward are all positive indicators, but said that "*nevertheless, the expansion, however it fares in 2012, will not be normal.*"

In summation, wrote Levy in the nation's oldest newsletter devoted to economic analysis, "*the U.S. economy faces a 'new abnormal'*", with major portions of private sector balance sheets excessive and undergoing secular contraction, "*which hinders the private sector's ability to generate profits on its own and makes it dependent on a huge flow of profits stemming from government deficit spending.*"

These factors, according to the Levy Forecast, are dramatically different from a "*typical recovery.*" Adding to the uncertainty is an unsettled and unique international environment.

Levy discounted predictions of the economy attaining "*escape velocity,*" i.e., morphing into a strong, multi-year expansion. The macroeconomist argued that as long as the private economy remains in this era of ongoing private balance sheet contraction, "*the economy will continually need huge federal deficits to sustain sufficient profits to keep the expansion going.*" Moreover, continued U.S. expansion would also depend on the global economy avoiding a recession with severe financial disruptions.

The Levy Forecast was optimistic that, among other things, recent positive economic trends in some sectors – among them, oil and natural gas, other mining, and railroads -- held "*long-term promise*" for the greater economy. For example, it cited, *"increasing numbers of emerging or reemerging industries, in which intensifying pressures for new fixed investment have led to rising outlays."*

"These industries, and an increasing number of others, will eventually contribute to the boom in investments, profits, and economic growth that will almost inevitably follow the contained depression."

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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Note: The full Levy Forecast is available to the press in PDF format by contacting Andrew Edson & Associates – Andrew@edsonpr.com or 516 850 3195.