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FROM:

Andrew Edson & Associates, Inc.
89 Bounty Lane
Jericho, NY 11753
Andrew Edson, 516 850 3195
Andrew@edsonpr.com
www.edsonpr.com

FOR:

The Jerome Levy Forecasting Center
69 South Moger Avenue – Suite 202
Mount Kisco, NY 10549
Douglas Williams, [914 666 0641](tel:9146660641)
dwilliams@levyforecast.com
www.levyforecast.com

FOR IMMEDIATE RELEASE

LEVY WARNS OF LONG-TERM COSTS TO HIGH ASSET VALUATIONS

U.S. Expansion is Likely to Persist This Year, but Global Outlook for Second-Half of 2014 Is Softer than for the First

MOUNT KISCO, NY, March 21 – Economist David Levy, writing in the just-published March Levy Forecast, said that the economy’s overall asset-to-income ratio “*has now soared back into rarified air,*” creating risks of greater asset deflation and investment weakness in the years to come.

“The asset-to-income ratio has to fall before net private investment can resurge and the economy can achieve a strong performance without heavy dependence on federal deficit spending,” said Levy, the chairman of the independent Jerome Levy Forecasting Center (www.levyforecast.com), noting that asset valuations of both residential real estate and corporate equities are high.

The Levy Forecast, the nation’s oldest newsletter devoted to economic analysis, warned that strong data in the next few months would most likely be misinterpreted “*as the economy moves from months of unusually severe, disruptive weather to periods without unusual impediments to activity.*”

“Although the U.S. expansion will probably persist through 2014, the spurt of activity we anticipate in the late winter and spring will in all likelihood prove temporary,” and “*global developments will primarily determine whether growth largely holds up or weakens in the second half,*” according to the Levy Forecast.

Levy also noted that, in part because of wealth effects from 2013's strong stock market performance, the divergence between high-income and lower-income households' spending is likely to widen this year. "*High-income households' spending will probably both outperform and depress the saving rate in 2014,*" a boost to profits according to the equation for aggregate profits derived by Levy's grandfather, economist Jerome Levy, over 100 years ago.

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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