

## David Levy Says U.S. and Chinese Policies Are Keys to 2017 Economy

Prospects of Huge U.S. Tax Cuts, Chinese Stimulus Warrant Considering Strong 2017 Economic Scenarios

MOUNT KISCO, NY--(Marketwired - December 28, 2016) - Economist David Levy, writing in the just-published December issue of *The Levy Forecast*<sup>®</sup>, said while U.S. and world balance sheet excesses would inevitably lead to an eventual, secular correction, "*this retrenchment could be put off for a while by the extra profits boost from likely U.S. tax cuts and by continuing Chinese government stimulus.*"

"*The prospects of huge U.S. tax cuts and continuing Chinese fiscal measures are the two biggest reasons for giving serious consideration to strong 2017 economic scenarios,*" wrote the chairman of the independent Jerome Levy Forecasting Center ([www.levyforecast.com](http://www.levyforecast.com)).

Writing to clients in the nation's oldest publication devoted to economic analysis, the economic team of the Jerome Levy Forecasting Center cited three principal risks to a strong 2017 outlook, namely,

1. *any significant delays or dilution of fiscal stimulus,*
2. *any adverse trade policies enacted by the new administration, and*
3. *the threats to emerging markets (including China, where capital flight appears to be accelerating) from higher interest rates and a stronger U.S. dollar.*

Director of Research Srinivas Thiruvadhanthai said that both the Fed and the markets are likely to turn more hawkish during the first quarter. However, he added that "*the Fed is likely to be in the awkward position of anticipating fiscal policy help of uncertain magnitude and timing. How far the Fed goes in 2017 will depend critically on the nature of the fiscal stimulus.*"

Concluded Levy, "*The world economy could either stabilize behind an accelerating U.S. economy and relatively steady Chinese economy, or it could break down. What it cannot do is keep expanding without extending and worsening the balance sheet excesses that continue to dictate the terms of economic performance.*"

### **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](http://www.levyforecast.com).

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