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FOR IMMEDIATE RELEASE

## **LEVY PREDICTS EROSION OF U.S. CORPORATE PROFITS IN 2015**

### **Rate Hikes Would Undermine Asset Valuations; Fed Likely to Balk**

MOUNT KISCO, NY, March 24 – Economist David Levy, writing in the just-published March Levy Forecast<sup>®</sup>, said that 2015 offered limited potential for U.S. corporate profits, “*which will do well to rise at all over the course of the year.*”

“*The profits outlook appears soggy, and that is only if the global expansion can remain intact,*” Levy, chairman of the independent Jerome Levy Forecasting Center ([www.levyforecast.com](http://www.levyforecast.com)) said in the nation’s oldest publication devoted to economic analysis.

Wrote Levy to clients, “*The problem facing the economy is that any increase in interest rates would in all probability immediately begin to both undermine asset valuations and reduce profits. Higher rates would also gradually increase financial strains by raising the cost of servicing debt.*”

Therefore, he concluded, “*it still appears more likely than not that the Federal Reserve will balk before executing its first rate hike this year, and that it will subsequently abandon its tightening plans.*”

Levy explained that “*the Fed’s zero-interest-rate policy has not only supported oversized private balance sheets by minimizing the profits needed to support them, but the policy also has supported profits by enabling a considerable re-expansion of balance sheets over the past few years, especially on the asset side.*”

The weak outlook for profits, he said, “*will not create the kind of buoyancy in stock prices or confidence in executives that can offset the negative influence of rising interest rates.*”

**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).