Campbell Harvey, Professor of Finance at Duke University, is optimistic there will be a vaccine developed in the fourth quarter of this year, a period where he also predicts a return to economic growth. However, inflation is his biggest fear, he told the CPA Institute virtual conference.

Harvey, who in his PhD showed that inverted yield curves predict recessions, has been studying recessions for some years. This one, he says, is different. The biological cause of the crisis means there is a light at the end of the tunnel.
“We have to pay for this. This is not a regular natural disaster like a hurricane hits a state and the rest of the country ok. This hits everywhere and we are borrowing and have to pay it back,” he said.

While the economy did not see inflation after the GFC, Harvey said it doesn’t mean it won’t happen this time.

“I’m hesitant to extrapolate from a sample of one. It’s a significant risk. It’s something that impacts companies negatively, and people negatively, including the people who can least afford it. I believe inflation is the major risk.”

Professor Harvey’s presentation is available on YouTube.

Campbell Harvey, CFA Institute, Covid-19, global economy.

White is responsible for the content across all Conexus Financial’s institutional media and events. In addition to being the editor of top1000funds.com, she is responsible for directing the bi-annual Fiduciary Investors Symposium.
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