

# Gdp

Literature, Russian Literature



Macro and Micro Economics Real Gross Domestic Product refers to the value earned by goods and services produced within a period of one year.

According to the latest real GDP release highlights, it can be noted that the value of goods and services produced within the United States raised considerably. It raised by 2.4% to be precise, when weighed to the previous release highlights. This is so because there was increase in both personal consumption expenditure and exports. The significant rise in real GDP is also attributed to increase in private inventory investments as well as increase in nonresidential fixed investment. According to the US Bureau of Economic Analysis that is tasked with the duty of breaking down the worth earned by the goods and services, the rise in real GDP can partly be attributed to the fact that Federal Government spending reduced. The decline in the residential fixed investment together with reduction in spending in both the state and the local governments is another reason the positive trend in real GDP was registered.

According to input from the US Bureau of Economic Analysis, the third quarter experienced the most significant growth, translating to a whopping 4.1%. On the other hand, the fourth quarter seemed to have experienced the least form of growth, which translated to 2.4% (Mataloni).

With my prediction for real GDP this year being 3.1%, I presume true the idea that the future is uncertain for US economy at large. I say so because this year is likely to witness increased output, which translates to rise in both imports and exports. When the output is increased, business shall no doubt spur, and this shall prompt most of the employers to bring on board additional employees. The hiring of more employees will mean that the rate

of unemployment shall decline. In like manner, the participation of labor too is likely to increase following increased output.

Another reason real GDP is likely to increase this year is the fact that the personal consumption expenditure is also likely to increase precisely by two cents, and this shall translate to reduced inflation. The unexpected move by the Federal Reserve Bank to keep the short-term interests is also likely to prove beneficial in the end as it will contribute to positive trends in real GDP. In the course of this year, I also expect the Federal Government to cut costs thereby lowering its spending further (Avakov 43). Just as they did last year, the state and local governments alike are also expected to cut their costs hence lowering their budgets further.

Just as it was the case last year with both residential and nonresidential investments, the nonresidential investments are likely to increase while the residential investments are likely to go down. Such a balance of events will no doubt mean that the real GDP will increase.

The unpredictability of the economy has made people have second thoughts about investments (Fleurbaey 184). This is because the market trends change so fast. That notwithstanding, we should remain positive, that all shall go back to normal. We have identified where we slipped as a nation, and the stakeholders in various sectors have agreed not to back the wrong horse again. We shall make our economy stronger, and I am confident that the future of the USA has never been brighter.

#### Works Cited

<https://assignbuster.com/gdp/>

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