

Inflation and america's economy



**ASSIGN
BUSTER**

The article " Inflation and America's Economy" by Dan Denning discusses the impact of inflation on security market as well as on energy and resources prices. The findings presented in the article contribute the evidence that inflation affects all spheres of economic and financial performance of the country. Denning, the author of the article, claims that the methods of fighting inflation are not always appropriate and may lead to sharper increase in interest rates and prices.

The author states that inflation strongly influences financial performance of the country, especially bonds and stocks prices. The prices on gold and oil have increased as well. The author is wondering whether high resource prices are able to slow down the production levels and thus to prevent further overall economic growth. The author seems to make sense in his arguments as they are properly supported by evidence and official statistics. Author's arguments are very logical.

For example, Denning says that inflation fluctuations affect also gold prices; if the gold busted out, only new multi-decade would high the dollar. Moreover, the article is very current and the problem of inflation affects not only the USA, but many other countries. Therefore, I think that the author sets the background for further investigations in this filed. I found the article interesting, well-organized and informative. I discovered many new facts and assumptions about inflation. For example, I learnt that high inflation forces market to re-arrange resource and to discount t the moment.

The next interesting findings are: energy stocks and precious metals are exposed the most to inflation fluctuations; fall of the dollar may lead to complete fiasco; because of increased political risks the energy stock prices

<https://assignbuster.com/inflation-and-americas-economy/>

have significantly increased, etc. After reading the paper I became more interesting in identifying the negative effects of inflation. The article is related to the course material as it covers inflation in macroeconomic context. The author discusses inflation in terms of its effect on the overall economic and financial stability of the country.