

How is gdp determined essay examples

[Business](#), [Marketing](#)



Expected U. S. GDP growth rate going forward

Abstract

Gross Domestic Product (common abbreviation - GDP) is a macroeconomic indicator that reflects the market value of all final goods and services (that is intended for direct consumption) produced annually in all sectors of the economy in the state for consumption, exports and savings, regardless of the nationality of the factors of production used . For the first time this concept was proposed in 1934 by Simon Kuznets.

Allocate nominal and real GDP (English nominal and real GDP). Nominal (absolute) GDP expressed in current prices this year. Real (inflation-adjusted) - expressed in the prices of the previous or any other base year. Real GDP takes into account the extent to which GDP growth is determined by the real growth of production rather than higher prices. The ratio of nominal GDP to real GDP deflator is called. Real GDP - GDP is in part-time employment, which reflects the unrealized potentialities of the economy. Potential GDP - GDP is at full employment, it reflects the potential of the economy. The latter may be much higher than the real ones. The difference between actual and potential GDP is called the GDP gap.

GDP can be expressed in the national currency, and if necessary, reference and restated at the exchange rate in foreign currency, and can be represented by purchasing power parity (PPP) (for more accurate international comparisons). Today, so -called « market value» cannot be defined or stable value, hence GDP , and similar terms and categories are just some common abstraction.

There are 3 methods of calculating GDP:

$GDP = National\ Income + Depreciation + indirect\ taxes - subsidies - net\ factor\ income\ from\ abroad$ (or $+ net\ factor\ income\ of\ foreigners\ working\ in\ the\ country$ (CDF)), where:

National income = wages + rent + interest payments + profit corporations.

$GDP = consumption + gross\ capital\ formation$ (investment in a company that is buying machinery, equipment, inventory, place of production) +

Government spending + Net exports (exports - imports, can be both positive and negative).

$GDP = sum\ of\ value\ added.$

The added value of the firm = the firm's revenue - the cost of production of intermediate goods or services.

Total value added = total level of output - the total value of intermediate goods

Trends, Forecasts and Statistics for the U. S. GDP

GDP (PPP) of the country for 2012 was \$ 15. 811 trillion

The U. S. share of world GDP in 1800 was 2%, but in 1900 has reached 10%.

However, by the end of the 60s, the share of the United States in the world economy has shrunk to about 26. 7%, and has since remained relatively stable at this level.

In nominal terms, the recent high levels of performance were recorded in 1985 and 32. 74% in 2001 with a 32. 24% share of world GDP.

The following graph represents the level of GDP by year in 2011 prices:

The International Monetary Fund believes that the Federal Reserve should continue a program to repurchase the bonds at least until the end of 2013, reports Bloomberg.

The IMF maintained its growth forecast for this year VVPSSHA, leaving it at 1.9%. However, the prognosis for VVPSSHA for 2014 was lowered to 2.7% from 3%.

The IMF urged the Fed carefully folding implement stimulus measures to avoid violations of the situation on the financial markets.

Effective communication on the exit strategy, as well as careful timing will be very important in reducing the risk of sudden jumps and sustainable long-term interest rates and excessive volatility of interest rates," - experts say the IMF.

Statement by Fed Chairman Ben Bernanke about the possibility of a gradual decline in incentive in the case of improvement in the labor market has a negative impact on the financial markets: May 22, capitalization of the world stock market declined trillion.

Now investors expect the Fed's next meeting (June 18-19), after which Bernanke will hold a press conference. From there he will have to wait for signals about the future direction of American policy of the Central Bank. Recall, from December 2012 the Fed buys assets of approximately billion a month: billion - US Treasuries (a third round of quantitative easing - QE3), another billion - mortgage securities. At that time, the Fed provided guidance

for the first time, what level should achieve macroeconomic indicators before you will consider raising interest rates. The unemployment rate should be no more than 6.5%, provided that the inflation forecast for the next year or two does not exceed 2.5%.

Sources

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