

Gdp analysis

Economics, Macroeconomics



U. S. Economic Outlook: 2005-06 GDP Analysis In order to ensure competent and accurate forecasts for both 2005 and 2006, I obtained GDP information from a few different sources. Accessing the information without having to register at a "nominal" fee was a bit interesting at times, but nonetheless I found a couple of sites that all forecasted GDP and all of its components within a tenth of a percent of each other. The one I found easiest to follow and analyze was the TD Quarterly Economic Forecast that I accessed at their website, www.td.com/economics. According to information provided here and enclosed information from Reuter's and Comerica, Real GDP growth is expected to tail off from about 4.4% in 2004 to 3.2% by the end of 2006. All three of these articles identified 2004 as the best year for our economy growth wise in the current business cycle by far. Consumer spending and business investment growth are predicted to decline pretty sharply over the next two years, while the housing / residential construction sector is expected to show negative growth. This, in itself may be an indication that there may be a reverse trend in the property / real estate market, bringing prices down and keeping that market honest. All of these forecasts are contributing factors to the predicted dip in both final domestic demand as well as final sales. Good news though is that export growth is expected to increase, which will reduce the amount of growth in imports, directly correlating to a drop in the nation's unemployment rate. Increasing the number of jobs will infiltrate more money on the domestic front and eventually serve as a shot in the arm to a parched economy. All in all the U. S. economy is in pretty good shape and here to stay. Optimally, we would like to see this year and next build upon last year's incredible figures and

shoot consumer spending further through the roof. However, in order to keep the system honest and true, there must be points along the line or within a business cycle where the awesome numbers and prediction retreat or give way to a slip. Otherwise that bread some remember buying for a nickel would be well over five dollars and minimum wage would be in the neighborhood of fifteen dollars in order to compensate for the adjusted cost-of-living.