

Current event summary

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Current Event Summary The article on ' Buoyant Dollar recovers its Luster, Underlining Rebound in U. S Economy by Landon Thomas focuses on the U. s economy under Barrack Obama. After the nation's dollar has had weak spells, it has eventually emerged as the preferred currency by investors (Thomas 1).

The dollar has gained 3. 2 percent against the euro and 8 percent against the yen. The gain creates expectations that the economy will grow at a higher rate than Europe and Japan. Currently the dollar went higher. The dollar now trades against several currencies at a four-year peak. The dollar gains are present even when there is a decline in stocks of the United States. There has been a decade of low interest rates and easy money but the dollar has remained strong bringing back memories of the 1990s under President Clinton (Thomas 2).

During that time, the United Nations had good health systems and the currency favored travelling amongst the Americans and investors. However, with the current economy currency moves can be fleeting and deceptive. A push by the investors is favorable since it is a highlight of good performance. As long as the U. S is in constant growth and the rest of the world stays stagnant the dollar will remain strong. Having a strong dollar is not always a plus since it can hurt exports and stall economic growth. The success of economies can be puzzling. In the market economy, no one looks out for economic well being of the society as a whole. Market economies try to promote the overall economic well-being not just the currency (Mankiw 7). The economic problems of the United States have not disappeared since unemployment is still very high and the levels of debt have gone high as

well. The government has done very little to put an end to the growth of government spending. Governments sometimes can be involved in improving the market outcomes. The invisible hand only works if the government enforces rules that are the key to the market economy (Mankiw 10). Therefore, the United States government can have a role to play in the nation's economy.

Recently, the dollar has gained so much strength over the euro as stated by the European's central bank president. Most of the European economists say that a weak euro jump-starts exports thus can spur growth in Europe's economy. Traders have added on their bets that the euro will continue to fall relating to problems such as anemic growth. Data shows that the short positions on the euro are very popular currency trades (Thomas 2).

Most traders believe that the dollar will continue having strength over the Yen of Japan. One of the investors in Dallas acknowledges that the Yen might weaken with at least 125 yens against the dollar. There is open critique of the economic policies that Japan uses since 2010. It has been noted that the gap that exists in Japan's trade is widening everyday while the one of the United States is shrinking at a high rate. It is noted that export growth in Japan has reduced constantly.

Works Cited

Mankiw, Gregory. Principles of Macroeconomics. Mason: South-Western Cengage Learning, 2012.

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