

Current macroeconomic situation

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Current Macroeconomic Situation Task Introduction Over the few years, the macroeconomic situation has not been at its best owing to the recession that hit the US. Although, the situation has commenced a recovery from the most disastrous period in the financial system of the US not much improvement has been evident. The prevailing microeconomic situation has become evident in most indicators of the economy bringing shocking news to the economists and the public in general. The unemployment has disastrously plummeted from the initial levels in a rate that most people never expected. Despite the augmenting economic productivity in the US depicted in the numerous productions and purchases in terms of goods and services, the rates of national unemployment have remained steadily high. This implies that increment in the overall productivity of both goods and services is not playing any noteworthy role in the generation of fresh jobs for the general populace. It further implies that employers are not offering job opportunities to fresh workers in order to develop the required growth rates.

In the most recent probe into the macroeconomic situation, Consumer Price Index with regard to urban consumers stood constant during the month of December similar to the month of November. The index for all goods except for food and energy rose significantly by 0.1% in December after it augmented to 0.2 in November (BLS, 2012). This has been presented as the inflation levels for US for the fiscal months of December and November.

According to reports on employment and unemployment, a rise in the nonfarm payroll job offering augmented by 200,000 in December 2011, while the unemployment rate continued to drop at 8.5% (Haskell, 2011). Job opportunities emerged in the conveyance, warehousing, retail vending,

industrialized, medical and mining sector of the economy.

According to the presented report, real GDP, which is the production of goods and services that US generated in labor and property augmented to a yearly rate of 1.8% as per the third quarter of last year (Haskell, 2011).

Previously, the second quarter of last year saw an augment of the real GDP by 1.3%.

Currently, the expansionary fiscal tools such as the purchases made by the government on taxes are not working within the current situation. The working group has been amassing less experience concerning jobs than expected, which consequently leads to augment in inflation and unemployment (Bullard, 2011). Although inflation is triggered by supply side dilemmas, inflation and unemployment augment in a similar manner making the monetary and fiscal authorities be confronted by similar altercation (Bullard, 2011). Therefore, any efforts carried out to reduce unemployment consequently worsen inflation while efforts to trim down inflation amass unemployment. This is owed to the fact that economic and fiscal policies greatly affect the aggregate demand elements and not the aggregate supply elements.

US have been utilizing policies such as the retraining plans and employment services to trim down unemployment levels. Indexing has also been utilized to tackle the tradeoff predicament although concentration is on the decrement of the societal costs of inflation. Regardless of the surplus of goods and services in the US, containment of inflation has not been achieved beyond its potential rates that upshot continuous imbalances to the economy. It has been designated that expansionary fiscal guidelines can impinge on

the equilibrium actual interest rate, sustainable productivity levels as well as neutral level of policy tool that cannot be easily calculated in terms of the impacts they produce.

Recession bears significant effects on various elements of GDP that produce totally dissimilar trends than GDP. Policy makers ought to consider the chief inflation upshots in making their estimates concerning the prospect upshots as well as structural unemployment. They also have to amend these estimates constantly to fit current the period within the economy.

References

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