

# Extensive growth of real gross domestic product in the u.s

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## Extensive Growth of Real Gross Domestic Product in the U. S

In the article titled ' U. S third-quarter growth raised to 3. 9 %' by MarketWatch indicates that the economy has reported a fastest growth within a period of 6 months since the year 2003. That is the fastest growth in the year 2014. Market watch reports that the second and third quarters indicate the best growth making U. S enter its final quarter with a good momentum. The gross domestic product of the US increases to 3. 9 percent and not 3. 5 percent. The second quarter had a gain of 4. 6 percent growth. Combination of the two quarters growth, made U. S report the best growth within a continuous period of six months. There has never been such a gain in the gross domestic product since the middle quarter of the year 2003. The accelerated growth during the spring and summer period is an indicator that the economy has reached a stronger sustained growth point. In addition, this growth is the best reported after five years since the end of the Great Recession of the U. S. Gross domestic product considers the value of all goods and services produced by the U. S and the best measure of the economic health of the nation. Increase in consumer's expenditure, investments in business equipment and the increase in the inventories were reported to be higher than the formers estimates. Therefore, the increased investments, inventories and consumer expenditure accounted for the upward growth in the third quarter of the year 2014 (Market Watch, 2014). The surprising growth in the U. S economy resulted to a slight lift to the stock market. Actually, most of the economists polled by the MarketWatch expected the government to report a decreased growth of around 3. 3 percent from the previous. Increase in consumer expenditure or spending

reflecting more than two thirds of economic activity of the U. S increased to 2. 2 percent from the first read that was 1. 8 percent. Households spent more money at retail stores and on auto fuels than in the previous report. One major source of the extensive growth was the increased investment in business equipment which rose from 7. 2 percent to 10. 7 percent. Companies' inventories rose from \$62. 8 billion to \$79. 1 billion. Despite the fact that the overall growth was high in the third quarter, growth in exports reduced from 7. 8 percent to 4. 9 percent. The decline shows that the light growth in Asia and Europe is taking a part of the U. S economy. Imports of the U. S reduced at 0. 7 percent annual rate a compared to the estimated growth of 1. 7 percent. Inflation in the U. S has reduced to 1. 3 percent annual rate in the third quarter and that is down from the 2. 3 percent annual rate reported in the second quarter. However, the corporate profits in the U. S showed a slow sharp decline. Pretax earnings of the government increased at 2. 1 percent annual rate, which is down from the 8. 4 percent rate reported in the second quarter (Trading Economics, 2014)

The following is a graph showing the rate of growth in the Real GDP of the U. S.

In conclusion, the extensive growth indicated by the second and third quarters is an indicator that the fourth quarter will show an improved growth in the gross domestic product of the country. The employment rates and other factors of economy will show a significant improvement.

#### References

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