

## Statistics of the country

Leonardo Bich\*

Department of Cornell Center for Research on End-of-Life Care, Weill Cornell Medicine, New York, NY, USA

leonardo.bich@ehu.es

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### Introduction

Within the field of economics, there are a number of competing, opposing, or even complementing ideas and schools of thought.

There are a variety of research methodologies used by economists. Mathematics and deductive reasoning are used in economic theory to examine the consequences of various human actions from a "means-end" perspective. Individuals or organisations who specialise in particular forms of labour and then trade to meet their other needs or goals benefit more from this style of economics than those who try to create all they need or want on their own.

### Indicators of the economy

According to economic indicators, a country's success in a certain sector may be determined. Publications such as these are generally made on a regular basis by government agencies or commercial groups, and they often affect equities and foreign exchange markets when they are made public. Investors can also use them to determine how economic conditions will affect the markets and to make investment decisions based on that information.

The following are some of the most important economic reports and indicators used in fundamental analysis in the United States.

### Brutto-Inland-Profit (GDP)

GDP is often regarded as the most comprehensive indicator of a country's economic success. All final goods and services produced in a particular year or another timeframe are included (the Bureau of Economic Analysis issues a regular report during the latter part of each month).<sup>3</sup> Instead of the final annual GDP report, many investors, analysts, and traders rely on the two reports released a few months before: the advance GDP report and preliminary data. There are several reasons for this, including the fact that the final GDP number is often regarded a lagging indicator that can confirm a trend but can't reverse it.

### Production of industrial goods and services

Every month, the Federal Reserve releases the Industrial Production Report which details changes in U.S. production of factories, mines, and utilities. In this study, capacity utilisation ratio is one of the most widely monitored indicators. This ratio assesses how much of the economy's productive capacity is really being employed, rather than being dormant.<sup>5</sup> Growing production and capacity utilisation are desirable for a country. "Tight" means that the capacity utilisation is between 82 and 85 percent, which might lead to price hikes or supply shortages in the near future. Usually, levels below 80% are considered low.

Data on the number of employees. Non-farm payrolls is a monthly report released by the Bureau of Labor Statistics on the first Friday of the month.

Increases in employment are a sign that the economy is doing well. In the same way, if large reductions occur, contractions may be approaching. Even if these are just broad patterns, it's crucial to keep in mind where we're at in the economic cycle. An increase in employment data, for example, might lead a country's currency to appreciate if the country has recently experienced economic difficulties since the increase could be a sign of economic health and recovery. On the other hand, excessive employment in an overheated economy can also contribute to inflation, which is a problem.

### Indicator of Consumer Price Change (CPI)

Inflation is measured by the Consumer Price Index (CPI), which is also published by the Bureau of Labor Statistics. With the use of a basket of products and services indicative of the economy, the CPI compares price variations from month to month and year after year.<sup>7</sup> One of the most significant economic indicators, the release of this report has the potential to enhance volatility in the equities and fixed income market, as well as the FX market. It's considered a sign of inflation when prices rise faster than predicted. This means the underlying currency will likely fall.

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**Conflict of interest**

