

Answer to Question#40093 – Economics – Macroeconomics

Assignment

What are the implications of gross domestic product?

Solution

GDP is the main indicator of the national economy. GDP has a significant impact on stock indices and monetary policies of the central bank and the government.

Despite the fact that GDP is a key to understanding the macroeconomic situation in the country, direct publication of this index has a limited impact on the market. This is due to the fact that the components included in the calculation of the indicator are available earlier and addressed to the marketplace, which makes it quite accurately predict the current value of GDP.

With a focus market participants pay on growth or decline of the GDP to the previous quarter or the corresponding quarter of the previous year.

GDP growth is accompanied by the rise of the economy and outpacing its growth compared to GDP growth in other countries talk about the benefits of investing in the economy of this country. GDP growth leads to an increase in the national currency and also has a significant impact on the movement of the stock market.