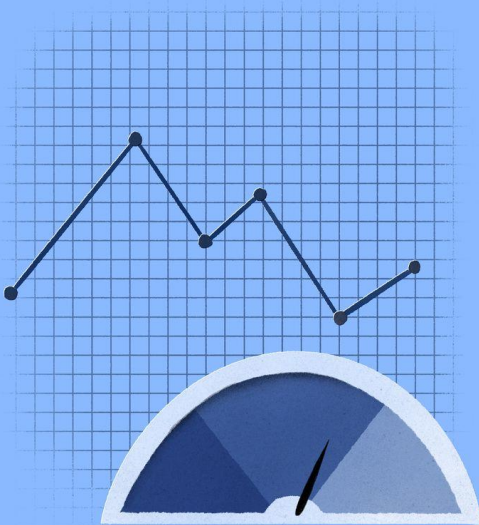


Introduction to Economic Indicators

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What are Economic Indicators?



Economic Indicator

[,e-kə-'nä-mik 'in-də-,kā-tər]

Data used to gauge the health or growth trends of a nation's economy, or of a specific industry sector.

- Economic indicators are statistical measures used for better understanding the health and performance of an economy.
- By analyzing these indicators, economists and policy makers can make informed judgements on an economy.
- For example, if employment numbers are rising, it may indicate that the economy is growing, while a decline in consumer spending could suggest a slowdown.

Economic Indicators impact on Financial Markets

- Economic indicators have a significant impact on financial markets and can be used by investors to make informed decisions about their investments.
- Market participants react to indicators, leading to price changes in stocks, bonds, currencies, and commodities.
- For example, if GDP growth is strong, it may indicate that the economy is doing well and lead to an increase in stock prices. On the other hand, if inflation is high, it may lead to a decrease in bond prices as investors demand higher yields to compensate for the increased risk.

Key Economic Indicators



- GDP - A measure of the total value of goods and services produced within a country's borders in a given period. As an economic indicator, GDP provides insight into the overall health and performance of a country's economy. A high GDP indicates a strong economy with high levels of production and income, while a low GDP suggests a weak economy with lower levels of production and income.



- Inflation - A general increase in the price level of goods and services in an economy over a period of time. High inflation rates can erode the purchasing power of consumers, reduce real wages, and lead to higher interest rates as central banks attempt to control inflation. On the other hand, low inflation rates can indicate weak demand and economic growth, which can negatively affect stock prices.