Economic trends in the United States

The characteristics of American economic cycle are obvious. When the economy is in decline, the market will be cleaned up, the enterprises with low productivity will be thrown out of the market, and new efficient enterprises will be produced. In addition, with the improvement of market efficiency, the ability of price raising and pricing will be enhanced, and the reduction of production cost and the increase of demand brought by price decline, these enterprises will have higher return on capital through increasing investment Capital drives economic recovery

When the economy goes up, inflation, collateral price goes up, credit of financial institutions expands, and forms positive feedback with the economy going up; when the economy goes down, deflation, collateral price goes down, credit of financial institutions shrinks, and forms negative feedback with the economy going down. If the unexpected impact leads to the deterioration of corporate profits, the process will be accelerated. Finally, the debt crisis and economic crisis broke out.

So even a big economic country like the U.S. will face a shortage of materials in the face of the epidemic. The U.S. stock market hit its biggest daily decline since 1987 on Monday. Before the new crown epidemic triggered potential chain effects, the possibility of economic recession in the United States was as high as 70%.

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