HOW HEALTHY IS THE ECONOMY OF THE UNITED STATES OF AMERICA ?

Statistics, released last Tuesday (Washington D.C. time), coupled with other statistics, produced by key departments of the United States of America, give one a mixed picture of the economy of the world's largest and most-important, single economy.

The US Bureau of Economic Analysis, a branch of the US Department of Commerce, announced that '*total March exports of $*(US)*193.9 billion and imports of $*(US)*234.3 billion resulted in a goods and services deficit of $*(US)*40.4 billion, down from $*(US)*41.9 billion in February, revised March exports were $*(US)*3.9 billion more than February exports of $*(US)*190.0 billion …*'.

The Bureau went on to state that the value of March imports was $US2.50 billion more than February's imports, amounting to about $US231.80 billion.

It has been held that the strength of an economy can often be measured in the monetary value of its imports, rather than the monetary value of its exports.

The theory goes that the buying power of the consumer of a country/territory represents, to a great extent, the amount of disposable income that is available.

Consumer spending in the US accounts for about 60 percent of the **G**ross **N**ational **P**roduct (**GNP**) **–** the total market value of the final goods and services, produced by a nation's economy, during a specific period of time (usually a year), computed before allowance is made for the depreciation or consumption of capital, used in the process of production.

Official statistics, compiled by the US Government, indicated that real **G**ross **D**omestic Product (**GDP**) growth slowed in the first quarter of 2014.

> GDP differs from GNP by virtue that the latter does not include the income, accruing to a nation's residents from investments abroad (minus the income earned in the domestic economy, accruing to non-nationals from abroad). GNP, however, is a convenient indicator of the level of a nation's economic activity **– TARGET ()**.

A slowdown in exports was reflected in the valuation of the real GDP in respect of the first quarter of this Fiscal Year, the US Government has stated.

Real GDP increased by about 0.10 percent in the first quarter of 2014. In the fourth quarter of 2013, the value of GDP grew by 2.60 percent, Quarter-On-Quarter.

Highlights of 2014 first quarter GDP included:

- **A downturn in exports**. Exports of industrial supplies and materials as well as foods, feeds, and beverages declined after increasing in the fourth quarter of 2013;

- **A downturn in business investment**. Spending on transportation equipment fell after rising significantly in the fourth quarter of 2013. Spending on computers and peripherals also fell in the first quarter of 2014, relative to gains in the fourth quarter of 2013;
- **A larger increase in inventory investment**. Inventory investment by retail trade companies (mainly motor-vehicle dealers) declined significantly after an increase in the fourth quarter of 2013; and,
- **A slowdown in consumer spending**, mainly on non-durable goods, notably clothing and footwear, as well as food and beverages. These movements were partly offset by faster growth in utilities and healthcare.

The above statistics do not appear to be cohesive with the fact that, in the first quarter of 2014, real **D**isposable **P**ersonal **I**ncome (**DPI**) – Personal Income, adjusted for inflation and taxes – increased 1.90 percent, compared with 0.80 percent in the fourth quarter of 2013.

Further, personal savings, as a percent of current-dollar DPI, was 4.10 percent, compared with 4.30 percent with regard to the fourth quarter of 2013.

The Bureau of Labour Statistics Latest Report

Last Wednesday (May 7, Washington D.C. time), The Bureau of Labour Statistics reported that there had been a decrease in the first quarter of 2014 with regard to nonfarm, business sector labour productivity: It decreased by a 1.70-percent annual rate.

The Bureau of Labour Statistics said that the *'decrease in productivity reflects increases of 0.3 percent in output and 2.0 percent in hours worked. (All quarterly percent changes in this release are seasonally adjusted annual rates.)'*.

Comparing the fourth quarter of 2013 with the first quarter of 2014, The Bureau of Labour Statistics said that productivity increased 1.40 percent as output and hours worked rose 3.20 percent and 1.70 percent, respectively.

Thus, unit costs of labour in nonfarm businesses increased by about 4.20 percent in the first quarter of 2014, '*due to both the decline in productivity and a 2.4-percent increase in hourly compensation. Unit labour costs increased 0.9 percent over the last four quarters'*.

In the manufacturing sector of the US economy, The Bureau of Labour Statistics said that there had been an increase of 3.30 percent in the first quarter of 2014 '*as output increased 1.8 percent and hours worked decreased 1.4 percent. Productivity increased 3.6 percent in the durable goods sector and increased 2.5 percent in the nondurable goods sector. Over the last four quarters, manufacturing productivity increased 2.2 percent, as output increased 2.4 percent and hours increased 0.2 percent*'.

The unemployment rate in the US, stood at about 6.30 percent in April, a fall of about 0.40 percentage point, Month-On-Month.

The number of unemployed persons in April came in at about 9.80 million, representing a decline of about 733,000 persons.

Over the past four months, there appears to have been little change.

Over the past year, the unemployment rate and the number of unemployed persons declined by 1.20 percentage points and 1.90 million, respectively.

As for part-time employment in the US, the number of persons, at 7.50 million in the month of April, was little changed.

The Bureau of Labour Statistics remarked in respect of part-time employees:

'These individuals were working part time because their hours had been cut back or because they were unable to find full-time work.'

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