



اَوْنُوْرَسِيْتِي تِي كُوْلُو كِي مَارَا
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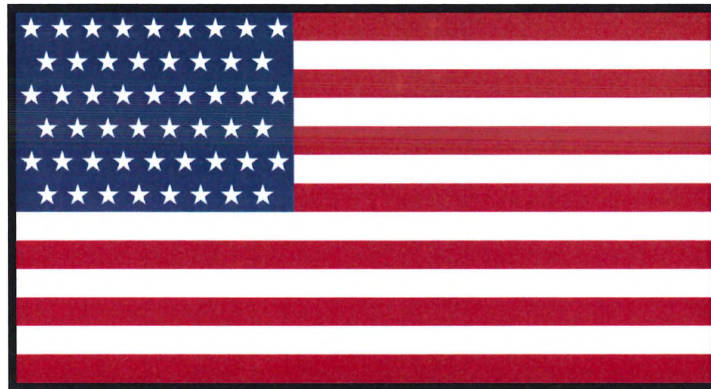
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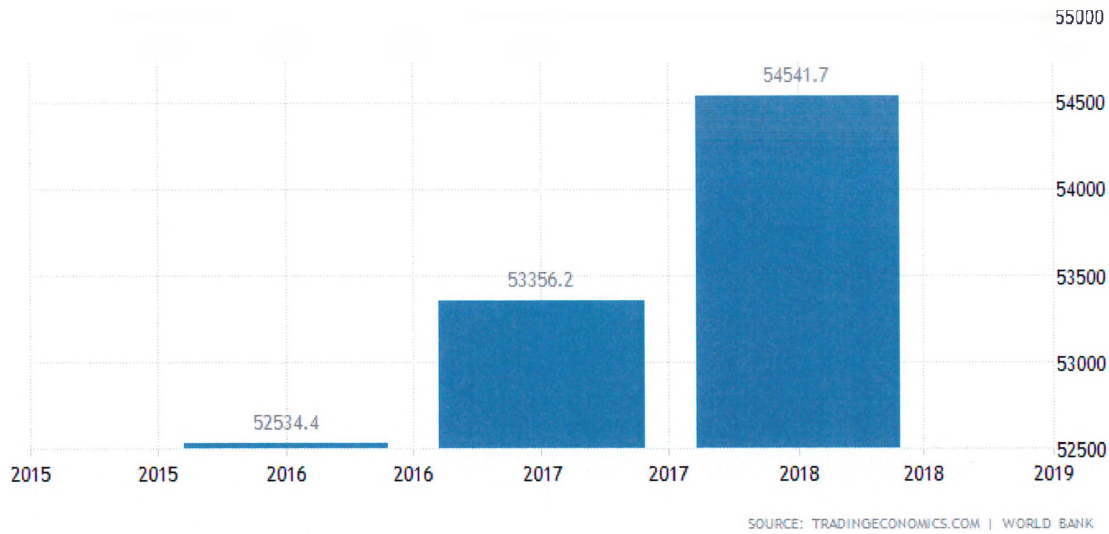
Economic Analysis of First World Country - United States of America (USA)



United States of America is known as the United States (U.S) or America. The United States is the world's third largest country by total area. It has the population of 329,742,464 people which represents 4.27% of the population in the world. Even though the total population is high, the overall population is still considered as low in density. United States of America has one of the fastest growing economy in the world as it leads the economic trend. However, the growth of the economy slows down as written by the BBC News. This might be because of several issues that rises after the election a few years ago.

Recently, the mass media was shaken by the news of US-China trade war. Both countries have set tariff for exports and imports. US has recently charged tariff on Chinese imports such as shoes and foods. However, China respond by also setting tariff on US's crude palm oil. In this issue, it could affect US's economy if this trade war is still going on. This trade war has affected many brands, imports and exports. For example, this trade war has caused US to blacklist Huawei as the brand is leading in the technology industry since there are rumours that 5G technology will be implemented in the product of the company. This trade war has also caused the nation of both countries to suffer. This is because, increase in tariff means increase in tax. When the percentage of tax increase, the price of goods will also increase and it will eventually make consumer's spending to decrease, hence, slow economic growth. This issue is very crucial for both countries as it has already affected the nation and economies as well as the world since both countries are market leaders.

Gross Domestic Product (GDP) Per Capita of United States of America (USA)



Year	GDP Per Capita (USD)
2016	52 534.4
2017	53 356.2
2018	54 541.7

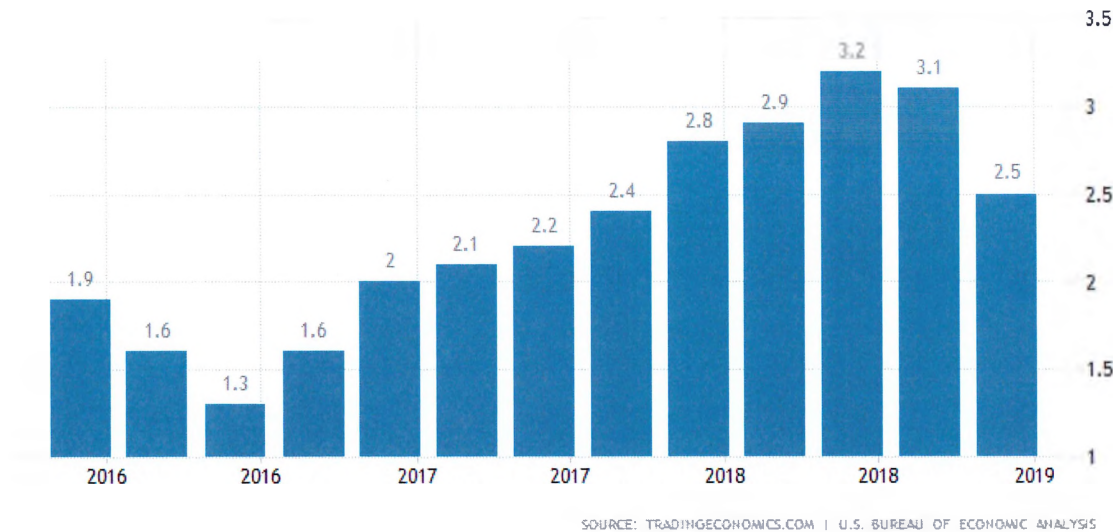
According to Investopedia, it states that the industries that contribute the most in GDP are healthcare, technology, retail, construction and nondurable manufacturing. According to the article, those industries have helped the economy to rise again after great recession stage in 2008.

The data for our GDP per capita is obtained from tradingeconomics.com. GDP per capita formula is by dividing the country's gross domestic product, adjusted by inflation, by the total population.

From the graph above, we can see that the GDP per capita of 2016 is 52 534.4 USD and continue to rise for the following years 53 356.2 USD for 2017 and 54 541.7 USD respectively.

We can conclude that the GDP per capita of the United States of America continue to rise and expand year by year.

Gross Domestic Product (GDP) Growth Rate of United States of America (USA)



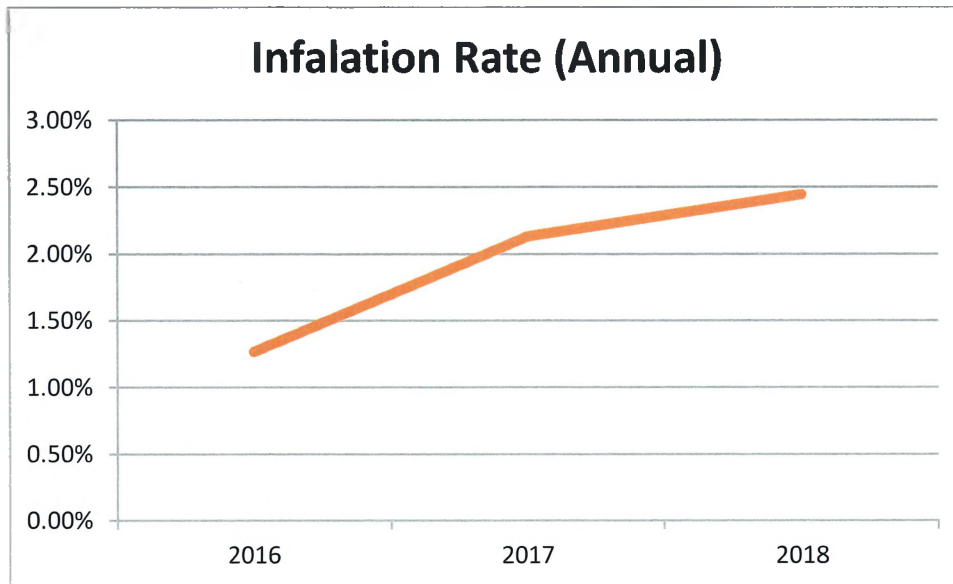
Quarter	2016	2017	2018
Q1 (%)	1.9	2.0	2.8
Q2 (%)	1.6	2.1	2.9
Q3 (%)	1.3	2.2	3.2
Q4 (%)	1.6	2.4	3.1

The GDP annual growth rate is an indication on whether or not the country economy is growing. The data are usually published in quarterly basis and analyse by investors and economist alike.

The GDP annual growth rate for USA for the year 2016 is 1.9% for the first quarter and it drop to 1.6% for the second quarter. As for the third quarter the GDP annual growth rate drop again to 1.3% and bounce back to 1.6% for the fourth quarter. For the following year 2017, the GDP annual growth rate increase to 2.0%, 2.1%, 2.2% and 2.4% respectively. In 2018, the GDP annual growth rate continue to increase as the first quarter was at 2.8% followed by 2.9%, 3.2% for the second and third quarter. However, for the fourth quarter the GDP annual growth rate dropped to 3.1%.

From this, we can conclude that for the three year period from 2016 to 2018, the GDP annual growth rate of USA were currently at an uptrend as the effect of the trade war has not came into effect yet.

Inflation Rate of United States of America (USA)



SOURCE: THE WORLD BANK

Year	Inflation Rate (%)
2016	1.26
2017	2.13
2018	2.44

Inflation can occur to any country regardless how the economy of the country is doing. Inflation that is faced by most countries is normally caused by increased in production cost or increased in demand for products and services. Both situations will result to increase in price especially in necessity needs. Inflation can have negative impact on society as it can decrease the purchasing power in the country.

To compare with other countries, USA's inflation rate is considered low. Even though it is safe to say that the nation will not face difficulties in buying necessity needs, they have higher risk to face deflation where price and wages are declining on average.

In 2016, the inflation rate is 1.26% which is considered low but is exposed to deflation risk. In 2017 and 2018, the inflation rate rose to 2.14% in year 2017 and 2.44% in year 2018. This situation has reversed a bit from facing deflation as the percentage below 2% is most likely to face deflation.

In our opinion, USA needs to maintain their inflation rate and avoid being below 2% as it can cause deflation to the economy.