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Discussion One

Predicting the future of the economy is very important. Most economists apply leading indicators to forecast possible future changes in the economy. Hence, leading indicators are significant in predicting economic conditions since they are the fundamental models used.

The leading indicators, also known as the leading economic Index, are critical informal forecasting tools for the economy. Economists apply it to foretell the direction of the future financial situation. According to Berge (2015), the leading indicators index is a macroeconomic tool that predicts the business cycles. Notably, the investors and business persons can use the Index in planning their activities after predicting economic performance.

The Phillips curve is an essential economic predictor as it indicates a clear relationship between inflation and unemployment. According to Eser et al. (2020), the Phillips curve enables a relationship between inflation and unemployment in a strict and tight labor market. Therefore, by allowing various unemployment alterations in restricted slack markets, there is a steady decline below the natural rate and points above it.

The given macroeconomic information from the Phillips curve and the leading indicators Index is critical in making business decisions. For instance, watching the trends such as government expenditure and interest rates will enable a business person to forecast the future of sales. Furthermore, since the Phillips curve predicts inflation rate and unemployment rate, there is likely a change in inflation as the economic environment changes.

Discussion Two

The given tables show that economically stable countries are becoming richer with a doubling amount of stock prices. The constant rising in stock prices denotes investors are purchasing more stock to increase share prices. Consequently, a rise in share prices indicates

higher interest rates, which is much safer for the investments. Besides, there are higher annual returns of investments facilitated by the stocks' purchases and the mutual funds. However, there are risks associated with the investments and even possible losses.

Economic freedom is indicated by a stable money supply, increased free trade, and significantly steady economic growth. According to the tables' illustration, there is no financial stability since there are a sudden rise and fall in stock market and investments, directly influencing economic freedom. According to Bujancă & Ulman (2015), productivity, commercial equilibrium, and objective implementation are indicators of economic freedom that are not evident in the tables given. Unfortunately, less financial freedom is likely to trigger more competition in the United States with some countries.

Political decision making involves government decisions that mostly protect the property rights of the businesses and the individuals. Moreover, political decision making is useful where there is an unsuitable economic model. The decision makings are also critical in carrying the normative implications, which are often crucial tasks to be left in the hand of mere policymakers (Dawson, 2015). Also, most of these government decisions on corporate affairs influence accounting and reporting.

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