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RECESSION IN UK ECONOMY

UK economic activity contracted at its fastest pace in almost two years in October, suggesting the country has fallen into a recession during a period of political uncertainty and high energy and borrowing costs.



The gloomy outlook comes amid domestic political uncertainty, with Rishi Sunak on course to become prime minister after Liz Truss resigned last week.

The economy “therefore looks certain to fall in the fourth quarter after a likely third-quarter contraction, meaning the UK is in



recession.” In this connection it can be suggested that instead of some

unnecessary tax-cuts policy the government should take some real policies that will really help the economy to recover from recession . As Rishi becomes PM we surely know of how well he has taken his policies in his tenure as Financial Minister during Boris Johnson’s Governance.

During this period, the bank of England raised interest rates to 3% on Thursday from 2.25% , its biggest rate rise since 1989, but it pushed back against expectations for further steep hikes.

The pound slide briefly below \$1.12 after the decision as the central bank said “might” raise interest rates again because of a “Very challenging” economic outlook.



Further increases in Bank Rate might be required for a sustainable return of inflation to target. But looking at the current economic situation it won’t be so easy task of the Government as well as the Central Bank of UK.

USA FACES AN DEVASTATING INFLATION AND BREAK DOWN OF THE ECONOMIC SYSTEM.

The economic policy – making community is in the midst of a heated debate that may seem irrelevant and confusing to the General public.



USA is heating towards long term recession. Now many Americans now feel financially burdened. The Essential Head of Economic Research (NBER) defines a recession significant decline in activity spread across the economy, lasting more than few months, visible in industrial production , employment , real income and wholesale, retail trade. Some of the reasons which is landing USA economy towards recession is many economists monitor that total number of people who seek unemployment benefits each week, which indicates whether pay-offs are worsening. Weekly applications for jobless aid in the USA averaged over the past four weeks, are just below a 50,000. The highest level since last November. Many economists also monitor changes in the interest payments, or yields on different bonds for a recession signal known as an ‘Inverted

Yield Curve’. Trouble is longer that inflation remains so high above 2% target, the greater the danger of it becoming entrenched. In a new report to clients, Citigroup economists warn there are already signs of changing behavior. The horrifying thing is that the economy could revert to the pattern seen in the final decade and a half of the 20th Century, when statistical analysis shows that inflation was frustratingly persistent.



So just we could hope about recovery of the economy in future from this humiliating inflation and affordability and purchasing power of the people gets increased significantly. As a result, peoples standard of living will also increase and we will see a quite increase in the happiness index in the US Economy.



