

# MACROECONOMICS

## COURSE PAPER

### Topic

Each student will act as an economic forecaster for the United States economy. Accordingly, each student will prepare a report including a forecast for the United States economy. The forecast will include what you expect the performance of the economy will be in the first and second quarters of 2022. As a forecaster, you will use indicators from the data sets that are available in the course web page. Some of these indicators are released on a daily, weekly or a monthly basis before the end of a quarter. Forecasters use these indicators to forecast the performance of the economy in that specific quarter.

You will use various indicators for production, income, consumption, investment, inventory, housing, inflation, unemployment, wages, interest rates, exchange rates, stock prices, bond prices, oil prices, the trade balance, and others. The indicators are available in the web page and will be discussed in class. You will use these data to forecast the economic conditions in the United States in the first and second quarters of 2022. In addition, you will explain the impact of the adopted monetary policy and fiscal policy on the economy. In your forecast, you will describe how the economy is expected to perform. This is based on the information available in 2021 and 2022, and your knowledge about policy decisions. You need to use your understanding of macroeconomic theory to explain and support your forecast.

Your forecast will be divided into seven sections. The first section will include a forecast of gross domestic product. This section will include a forecast of the components of national income including consumption spending, investment spending, government spending, and net exports. The second section will include a forecast of inflation, core inflation, energy prices, and food prices. The third section will include a forecast of the labor market which includes unemployment, underemployment and wages. The fourth section will include a forecast of asset prices. The fifth section will include a discussion on your prediction of the business cycle. The sixth section will discuss the effect of the conduct of monetary and fiscal policy on the economy. The seventh section will forecast the value of the currency.

Your grade will depend on the sufficient and appropriate use of data and indicators. Your grade will also depend on the ability to link economic theory and intuition to the analysis.

### **Indicators**

The indicators are available in the following webpage:

<https://business.fullerton.edu/faculty/sherif-khalifa/Data>

### **Format**

The paper needs to be typewritten. The first page is a cover page that only includes your name and your ID. The analysis should be included in a maximum of 6 pages. Any bibliography or other material, such as tables and graphs, should be included afterwards. The font should be no less than 12, and the format is single spacing.

### **Deadline**

The deadline is included in the syllabus. No late papers will be accepted.