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The Effect of Financial Securities on the Growth of U.S Economy

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The Effect of Financial Securities on the Growth of U.S Economy
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U.S. economy is a subtotal of various kinds of operational organizations whose operative structure fuels the growth of the economy. On the other hand these organizations require extensive capital to operate smoothly and to get a substantial return on their investment. Financial securities extrinsically raise capital, but intrinsically elevate the growth of the economy through the bottom line expansion of these organizations. The market of securities depends on the confidence investors has on it. Theoretically people spend more when the economy is in a better condition that creates a ripple effect which is manifested by investors investing more, organizations earning more and higher GDP. This paper focuses on how different types of financial securities have a positive correlation with economic growth. Historical data analysis of economic downturn and upturn, and the causal impact of stocks, bonds and such securities on such fluctuations have helped to generate a credible correlative relationship. Also a comparative mathematical analysis of the current economic scenario has helped to reach a conclusion. It is expected that this paper will be able to link the world of financing with the world of macroeconomics in a more definitive approach.