



## How a professional investor looks at economic data

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Your success. Our priority.

It's important for us to get a sense of growth, to get a sense of impact of growth on spending, on incomes, on how we think that might affect companies, their sales, their hiring, their profits, and ultimately how that would affect the stock market.

A very simple measure of growth is something called GDP or the Gross Domestic Product. That's one standard measure of measuring across the world for every country, how their economy is expanding. Unfortunately GDP's only released by the government once a quarter. But as investors we are impatient. We need to get a sense of where we are headed in terms of growth more frequently.

So we look at a host of different metrics. There are monthly releases of other measures, weekly releases of data, which can paint a picture for us of the direction in which an economy is headed.

So for example, in the U.S., we break it down by different sectors of the economy. Let's look at labor markets. We get monthly payroll reports, and that gives us a sense of how many people are getting hired. If more people are getting hired, then perhaps the economy is growing because there's a need for more labor. We can get weekly jobless claims data. If that number is going up, then that's a cause for concern. Then we look at industrial production measures. We look at sentiment measures to gauge are the people who are engaged in that sector feeling that there will be demand for their products? And are they therefore likely to produce more goods in the future? We look at inflation measures to see will that eat into growth, or will that be supportive of growth? And we then also look at ultimately income measures to see if people's incomes are growing. So there are various ways of getting a sense of how an economy is growing.

I find following the growth data extremely interesting. I don't necessarily think everyone has the time to follow all this information, but that's something we love doing and has an impact on performance of the markets.

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