Economic Risk

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Economic risk is the situation that affects the investment and economic growth of any nation. Factors that can lead to economic risk include political instability, exchange rate, war, and government policies. In the article (Business, n.d.), the author discussed one such factor which may lead to economic risk in America. The article is about the trade war between America and China which brought economic risk not only for both the nations but also for other nations that are connected to America or China for trade. In the article, the author claimed that trade war is increasing the risk for the economy due to consumer spending. Trade highly depends on the political relationship between two nations and when the policies and regulations in trade get strict then complications arise. In the case of America and China, Trump administration applied tariff and other trade barriers on China. In response, China also imposed a similar value of tariff and barrier to America's goods and services. According to the survey, fall of 125.1 has been observed in the consumer sentiment index. The escalation in tariff and trade between the two nations is the big factor for this fall said by senior director of the economic indicator. Not only this, equity market is also showing weaknesses due to the future thread. In addition, due to the economic risk an increase in gasoline price is recorded. America's economy is highly dependent on consumers account and if their confidence and trust become weaker then it is alarming for the nation. This is the first American sentiment measure which shows the negative trend due to the trade war between the two nations. In the month of August largest drop in the consumer sentiment has been recorded which is threatening for economy. The author claimed that consumer confidence will remain law unless the issue between America and China is get resolved.

**References**

Business, A. T., CNN. (n.d.). The trade war keeps weighing on consumer confidence. And that’s a risk for the US economy. Retrieved October 1, 2019, from CNN website: https://www.cnn.com/2019/09/24/economy/consumer-confidence-trade-war/index.html