MGT703 703 solved GDB

"Despite of all the revolutionary measures adopted by US corporations in late 1970, why the corporations still failed to improve their overall diminishing profits?"

Please get Idea don't copy past

Profit is so very fluctuating that the person who carries on a particular trade cannot always tell you himself what the average of his annual profit is. It is affected not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his customers, and by a thousand other accidents to which goods when carried either by sea or by land, or even when stored in a warehouse, are liable. It varies, therefore, not only from year to year, but from day to day, and almost from hour to hour. To ascertain what is the average profit of all the different trades carried on in a great kingdom must be much more difficult; and to judge of what it may have been formerly, or in remote periods of time, with any degree of precision, must be altogether impossible. But though it may be impossible to determine, with any degree of precision, what are or were the average profits of stock, either in the present or in ancient times, some notion may be formed of them from the interest of money. It may be laid down as a maxim, that wherever a great deal can be made by the use of money, a great deal will commonly be given for the use of it; and that wherever little can be made by it, less will commonly be given for it. According, therefore, as the usual market rate of interest varies in any country, we may be assured that the ordinary profits of stock must vary with it, must sink as it sinks, and rise as it rises. The progress of interest, therefore, may lead us to form some notion of the progress of profi

The dollar has lately been defying expectations of a rise, weakening at a time when the betting had been on strengthening as the U.S. economy outpaced other major regions.

If the weakness continues, the dollar could become a help instead of a hindrance for companies that rely heavily on selling goods and services abroad, particularly if Europe shows additional signs of improvement and China's pace of growth becomes stable.

A pick-up in overseas sales would be boon for U.S. multinationals, whose second-quarter results fell short for companies that derive more sales from the United States.

"A headwind that they're expecting in the multinationals might not be there," said Paul Mendelsohn, chief investment strategist at Windham Financial Services in Charlotte, Vermont.

S&P 500 companies have made their complaints about the dollar loud and clear this earnings season.

Kimberly-Clark's chairman referred to a "more negative currency environment" while Procter & Gamble pointed to dollar strengthening and DuPont cited increased headwinds for diminished results.

A Reuters analysis of about 250 S&P 500 companies found that one of four this quarter cited their competitive disadvantage in selling abroad when the dollar is strong.

A negative currency effect is a particular worry among companies for the second half of the year - Colgate-Palmolive , among others, cut its full-year outlook due to the dollar's strength.

And it's no wonder many companies have that view. Most economists are forecasting the greenback will strengthen this year, with a Reuters poll released Aug. 9 forecasting the euro will fall to $1.260 in six months. As of Friday, the euro was at $1.333. The dollar is expected to rise to 104 yen six months from now; it is currently at 97.59 yen.

Even though the dollar has shown a lot of volatility, it hasn't gained much this year, weakening recently against the euro, yen and pound. The U.S. dollar index is down 2.2 percent so far in the third quarter, and it is up just 2 percent since the start of the year.