

# THE ROLE OF ECONOMIC ANALYSIS IN INVESTMENT PLANS

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## Abstract:

Economic analysis plays a vital role in investment plans by providing investors with valuable insights and supporting informed decision-making. Here are some key roles of economic analysis in investment planning.

**Key words:** Economic analysis, Market assessment, Industry Analysis

## Introduction

Economic analysis helps investors understand the overall economic environment, industry trends, and competitive landscape. This information enables them to identify potential investment opportunities and assess the risks and returns associated with different investments.

Market assessment is a critical step in investment planning, and economic analysis plays a vital role in this process. Here's how economic analysis contributes to market assessment: **Economic Environment Analysis:** Economic analysis examines the overall economic environment, including factors such as GDP growth, inflation, interest rates, and unemployment. By understanding the macroeconomic conditions, investors can assess the potential impact on different industries and investment sectors.

### *Industry Analysis:*

Economic analysis helps investors understand the dynamics of specific industries. Factors such as industry growth prospects, competitive landscape, technological advancements, and regulatory environment are analyzed to identify attractive investment opportunities. **Competitor Analysis:** Economic analysis provides insights into the strengths, weaknesses, and strategies of competitors. By evaluating competitors' financial performance, market share, and product offerings,

investors can assess the competitive intensity of an industry and identify potential threats or opportunities. **Market Size and Growth Potential:** Economic analysis helps investors estimate the size and growth potential of target markets. By analyzing historical data, industry reports, and consumer trends, investors can assess the potential demand for products or services and identify markets with high growth prospects. **Market Segmentation and Targeting:** Economic analysis can help investors identify and segment target markets based on demographics, psychographics, and other relevant factors. By understanding the needs and preferences of different market segments, investors can tailor their investment strategies accordingly. **Risk Assessment:** Economic analysis assists investors in assessing the risks associated with different market segments and industries. By identifying potential economic headwinds, regulatory changes, or technological disruptions, investors can mitigate risks and make informed investment decisions.

Economic analysis provides investors with valuable insights into the economic environment, industry dynamics, and market characteristics. By conducting thorough market assessments, investors can identify potential investment opportunities, assess risks, and make informed decisions that align with their financial goals and risk tolerance.

#### *Risk Assessment:*

Economic analysis helps investors evaluate the potential risks of an investment. By analyzing economic indicators, such as GDP growth, inflation, and interest rates, investors can assess the likelihood of economic downturns or other events that could impact their investments. **Return Forecasting:** Economic analysis can assist investors in forecasting potential returns on investments. By analyzing historical economic data and industry trends, investors can make informed projections about the future performance of different asset classes and investment strategies.

#### *Scenario Planning:*

Economic analysis enables investors to conduct scenario planning and assess the impact of different economic outcomes on their investments. This helps them develop contingency plans and mitigate potential risks. **Investment Selection:** Economic analysis provides investors with a framework for evaluating and selecting investments that align with their financial goals and risk tolerance. By comparing different investment options based on their economic outlook, investors can make more informed decisions. **Portfolio Diversification:** Economic analysis helps investors identify and diversify their investments across different asset classes and sectors. By considering the economic factors that drive the performance of different asset classes, investors can reduce overall portfolio risk and enhance returns. **Long-Term Planning:**

Economic analysis supports long-term investment planning. By understanding the economic cycles and long-term trends, investors can make strategic investment decisions that align with their long-term financial objectives.

Economic analysis is an essential tool for investors in developing and implementing effective investment plans. By providing insights into the economic environment, assessing risks and returns, and guiding investment decisions, economic analysis helps investors navigate the complexities of the investment landscape and achieve their financial goals.

To a certain extent, one factor affects the development of developed countries and the backwardness of an underdeveloped country. Economists call this factor communication, digital economy or information. At this point, we should also dwell on the digital economy. Many may wonder what the digital economy is and what it will bring to the country's economy. Digital economy does not mean only Blockchain technology and its use in international financial markets or cryptocurrencies.

In the current era, every individual, legal entity and legal entity operates for its own benefit. This is explained by the increase in the potential of human capital. People want to participate in various fields and work in fields that are useful for them. One such person is "Investors". Investors are physical, legal and legal entities engaged in investment activities. In the Law of the Republic of Uzbekistan "On Investments and Investment Activities" the investment tariff is given as follows:

"Investment is material and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments, which are invested by the investor in the social sphere, entrepreneurship, scientific and other types of activities on the basis of risk in order to gain profit. . "

In the digital economy, with the help of IT, cost reduction, as a result, optimization and increased efficiency are achieved. According to experts, from 2020, more than 30% of large banks will start using Blockchain technology in their work.

Internet connectivity to the global economy means greater openness to lending and financing sources, suppliers, partners, and investment opportunities. Any talent, any resource, even the smallest, can be monetized on the blockchain. The new platform allows us to change what and how we can do online, who can participate in it, thus creating the technological conditions to solve the most pressing social and economic problems.

### **Main part**

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Blockchain is a distributed data registry in which all data is sequentially recorded and arranged in blocks, where each new block is linked to the previous block by a cryptographic signature;

Licensing activities of crypto-exchanges is carried out by the National Project Management Agency under the President of the Republic of Uzbekistan.

A license to carry out crypto-exchange activities is granted only to foreign legal entities by opening branches or other enterprises in the territory of the Republic of Uzbekistan.

The category that clearly shows the country's investment attractiveness or the country's investment environment is technological development. In this regard, the above-mentioned practical measures by our President increase investment attractiveness and further strengthen the attraction of foreign investors to our country. In order to develop digital technologies in the real sector of the economy, the following measures are implemented:

- to harmonize programs for the introduction of modern information technologies in industrial enterprises with programs for technological re-equipment of these enterprises;
- ensuring automation and management of all stages of enterprise supply, as well as reducing logistics and procurement costs through this;
- improvement of the legal framework for the introduction of innovative automated management systems and software products;
- gradual automation of workplaces and robotization of production processes, as well as introduction of artificial intelligence technologies;
- expansion of markets for the sale of products and services produced by enterprises through the Internet global information network;
- gradual transition to a digital logistics system in order to improve the logistics system and introduce digital technologies;

- organization of robotics and engineering specialties for large industrial enterprises;
- wide implementation of additive technologies in production enterprises.

In order to develop the electronic commerce and electronic payments system, the following measures will be implemented:

- development of remote banking services by introducing information and communication technologies, including remote customer identification systems;
- to improve and update the legal basis for the development of electronic commerce, as well as the existing standards and rules of electronic commerce, in order to comply with international electronic commerce standards and modern information security requirements;
- development of digital infrastructure, increasing the scope and scope of connecting to e-commerce platforms from personal digital equipment by further increasing the coverage and speed of the global information network of the mobile and wired Internet;
- development of cross-border e-commerce and ensuring convenient and timely export of products of local producers;
- increase the scope and quality of remote banking services (internet banking, bank-client, SMS-banking, etc.), including mobile applications, by commercial banks;
- making it possible to receive payments for goods and services of e-commerce entities in modern and convenient remote ways by introducing QR payment technology and NFC technology, including accepting payments through mobile devices.

While the whole world is developing technologically, mechanical structures remain an integral part of our life. Nowadays, a lot of electronic markets and exchanges are being organized, especially through mobile communication tools, and new terms are appearing in the modern language. At the same time, countries are attracting foreign investors by showing the investment attractiveness of their territory. Of course, foreign capital plays an important role in the sustainable development of the economy. At the same time, on the initiative of the President of our country, many opportunities and privileges are given to foreign investors. These privileges are included in the legislation of the country, their operation is guaranteed. As e-commerce develops in the country, it will include the following:

Internet banking is a service that allows you to manage your bank account via the Internet. To work effectively in the Internet banking system, it is enough to have a computer connected to the Internet and an Internet browser.

The next step in the development of the non-bank payments sector was mobile payment systems.

In conclusion, we can say that the rapid development of information technologies is not without its reflection in the economy. Today, the basis of the achievements in the economy, especially in the field of entrepreneurship, lies in the highly developed and effective use of various segments of information technologies. The economy of Uzbekistan is certainly not an exception. As a clear example, a number of segments of information technologies, such as data transmission networks, Internet information resources and electronic document exchange between them, business and commerce are developing steadily. For Uzbekistan, the development of information technologies is of great importance in ensuring new economic relations. But this process takes place only when there is a certain level of informational readiness of the society, which arises as a result of the increase of educational standards in the field of information technologies, the modernization of national telecommunication networks, and the formation of the legal framework.

As a result of the gradual development of the economy of Uzbekistan, the importance of new principles of conducting business activities, especially electronic commerce, has greatly increased.

To date, every Internet user has tried to understand the meaning of the word e-commerce.

. In the current era, working electronically requires more profit and less time, and creates many conveniences for the investor.

In order to accelerate the development of information and communication technologies in the country and increase the understanding of the population, it is necessary to introduce mandatory subjects related to electrical engineering and robotics in schools, colleges, lyceums and higher education institutions. It is necessary to introduce various clubs and activities focused on financial literacy and modern professions in the minds of students.

### **Conclusion**

Economic analysis is an essential tool for investors in developing and implementing effective investment plans. By providing insights into the economic environment, assessing risks and returns, and guiding investment decisions, economic analysis helps investors navigate the complexities of the investment landscape and achieve their financial goals.

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