

# Demographic Analysis

Demographic analysis is the study of populations and how they are changing. It is very useful in stock analysis and particularly in economic analysis. Many analysts and investors might be shocked to discover that many of the trends and even changes in trend that they think are the result of fiscal or monetary policy shifts are actually driven by underlying demographic changes.

By studying demographics, investors can improve their performances. Not only are these underlying demographic forces more directly responsible for the effects that are of interest to them, but many times these forces are easier to forecast. Demographic forces are a function of birth rates, death rates, aging schedules and many other factors that are easily determined.

Every human being is unique and hard to predict. But collectively, human beings act almost like a hive of bees, a herd of buffalo, or even a machine. They are instinctive, mechanical and remarkably easy to predict.

The slow, steady, and almost imperceptible nature of demographic phenomena belies their value, inevitability and usefulness.