

## Vital Signs - Measuring Economic Health

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_ PD: \_\_\_\_\_

*Directions: Use economic data you were given to answer the following questions.*

**Circle the number of your data set.**    1    2    3    4    5    6

### VOCAB REVIEW

**GDP growth rate:**

---

**Unemployment rate:**

---

**Inflation rate (as measured by the PCE price index):**

---

### SECTION 1 - Data trends

**Write the current and prior projections of the GDP growth rate.**

Current projection: \_\_\_\_\_

Prior projection: \_\_\_\_\_

Based on this, the FOMC thinks GDP growth rate is:

IMPROVING                  WORSENING                  UNCHANGED

**Write the current and prior projections of the unemployment rate.**

Current projection: \_\_\_\_\_

Prior projection: \_\_\_\_\_

Based on these unemployment rates, the FOMC thinks that the job market is:

IMPROVING                  WORSENING                  UNCHANGED

**Write the current and prior projections of the inflation rate (PCE price index).**

Current projection: \_\_\_\_\_

Prior projection: \_\_\_\_\_

Based on this, the FOMC thinks inflation is:

IMPROVING                  WORSENING                  UNCHANGED

**SECTION 2 - Current versus longer run**

**Write the current and longer-run projections for GDP growth rate.**

Current projection: \_\_\_\_\_

Longer-run projection: \_\_\_\_\_

Based on this, the FOMC thinks that GDP growth is currently:

TOO HIGH    JUST RIGHT    TOO LOW

**Write the current and longer-run projections for the unemployment rate.**

Current projection: \_\_\_\_\_

Longer-run projection: \_\_\_\_\_

Based on this, the FOMC thinks that unemployment is currently:

TOO HIGH    JUST RIGHT    TOO LOW

**Write the current and longer-run projections for the inflation rate (as measured by the PCE price index).**

Current projection: \_\_\_\_\_

Longer-run projection: \_\_\_\_\_

Based on this, the FOMC thinks that inflation is currently:

TOO HIGH    JUST RIGHT    TOO LOW

**Given the data in Section 1 and Section 2, which segment of the business cycle (Expansion, Peak, Contraction, Trough) seems to describe current economic conditions? Explain.**

---

---

**Considering the FOMC's dual mandate of maximum employment and price stability, how do you think the FOMC will assess the economic conditions? Circle your answer.**

- a) INFLATION is the primary problem.
- b) UNEMPLOYMENT is the primary problem.
- c) BOTH INFLATION and UNEMPLOYMENT are equally problematic.
- d) NEITHER INFLATION NOR UNEMPLOYMENT are problematic.

**Given this assessment, would you expect the FOMC to increase, decrease, or maintain the target federal funds rate? Explain.**

---

---