

## Macroeconomic Concepts- Student Note Fill In

### SSEMA1 The student will illustrate the means by which economic activity is measured. (Ch. 12.1)

- Economists monitor the macroeconomy using national income accounting; a system that collects statistics on production, income, investment, and \_\_\_\_\_.
- Gross domestic product (GDP) is-
- The expenditure approach-
- The income approach calculates GDP by-
- Nominal GDP is GDP measured in \_\_\_\_\_. It does not account for price level increases from year to year. Real GDP is GDP expressed in constant, or unchanging, \_\_\_\_\_.

Gross National Product (GNP)-

Net National Product (NNP)-

National Income (NI)

Personal Income (PI)

Disposable Personal Income (DPI)

### b. Define Gross Domestic Product (GDP), economic growth, unemployment, Consumer Price Index (CPI), inflation, stagflation, and aggregate supply and aggregate demand. (Ch. 12.1, Ch. 13.1 – 13.2)

Gross Domestic Product (GDP):

Economic Growth:

Unemployment:

Consumer Price Index (CPI): A price index is a measurement that shows-

- The consumer price index (CPI) is computed each month by the \_\_\_\_\_.
- The CPI is determined by measuring the price of a standard group of goods meant to represent the typical "market basket" of an urban consumer.
- Changes in the CPI from month to month help economists measure the economy's inflation rate.
- The \_\_\_\_\_ is the percentage change in price level over time.

Inflation: Inflation is a general increase in \_\_\_\_\_.

- Purchasing power, the ability to purchase goods and services, is decreased by rising prices.
- Price level is the relative cost of goods and services in the entire economy at a given point in time.

Stagflation:

Aggregate Supply: Aggregate supply is the total amount of \_\_\_\_\_ in the economy available at all possible price levels. As price levels rise, aggregate supply rises and real \_\_\_\_\_ increases.

Aggregate \_\_\_\_\_: Aggregate demand is the amount of goods and services that will be purchased at all possible price levels. Lower price levels will increase aggregate demand as consumers' purchasing power increases.

**c. Explain how economic growth, inflation, and unemployment are calculated. (Ch. 12, 13)**

- The basic measure of a nation's economic growth rate is the percentage change of \_\_\_\_\_ over a given period of time.
- The \_\_\_\_\_ is the percentage change in price level over time.
- A nation's \_\_\_\_\_ rate is an important indicator of the health of the economy.
- The Bureau of Labor Statistics \_\_\_\_\_ a sample of the population to determine how many people are employed and unemployed.
- The unemployment rate is the percentage of the nation's labor force that is \_\_\_\_\_.
- The unemployment rate is only a \_\_\_\_\_ average. It does not reflect regional economic trends.

**d. Identify structural, cyclical, and frictional unemployment. (Ch. 13.1)**

**Frictional Unemployment**

- Occurs when people \_\_\_\_\_, get laid off from their current jobs, take some time to find the right job after they finish their schooling, or take time off from working for a variety of other reasons
- \_\_\_\_\_ Unemployment
- Occurs when workers' \_\_\_\_\_ do not match the jobs that are available. \_\_\_\_\_ advances are one cause of structural unemployment

**Seasonal Unemployment**

- Occurs when industries slow or shut down for a \_\_\_\_\_ or make seasonal shifts in their production schedules

**Cyclical Unemployment**

- Unemployment that rises during economic \_\_\_\_\_ and falls when the economy improves

**e. Define the stages of the business cycle, include peak, contraction, trough, recovery, expansion as well as recession and depression. (Ch. 12)**

A business cycle is a macroeconomic period of \_\_\_\_\_ followed by a period of \_\_\_\_\_. There are four main phases of the business cycle: expansion, \_\_\_\_\_, contraction, and \_\_\_\_\_.

**Expansion**

- An expansion is a period of economic \_\_\_\_\_ as measured by a rise in real GDP. Economic growth is a steady, long-term rise in \_\_\_\_\_.

**Peak**

- When real GDP stops rising, the economy has reached its peak, the height of its economic \_\_\_\_\_.

**Contraction**

- Following its peak, the economy enters a period of contraction, an economic \_\_\_\_\_ marked by a fall in real GDP. A \_\_\_\_\_ is a prolonged economic contraction. An especially long or severe recession may be called a \_\_\_\_\_.

**Trough**

- The trough is the lowest point of economic decline, when real GDP stops \_\_\_\_\_.