Reading the Economy's Dashboard

GDP, CPI, and the unemployment rate: three gauges, three different stories.

Name: _____ Date: _____

OBJECTIVE

Describe how GDP, the Consumer Price Index, and the unemployment rate measure the economy, distinguish the four types of unemployment, and sequence the stages of the business cycle.

1. Three gauges

Gauge	What it measures	Rising = ?
GDP		growth
CPI		inflation
Unemployment rate		job losses

2. Match the unemployment type

____ 1. Seasonal

____ 2. Structural

____ 3. Cyclical

____ 4. Frictional

A. A factory worker loses their job permanently when robots replace the assembly line

B. A ski instructor is out of work every summer

C. A recent graduate spends three weeks searching for the right first job

D. Construction workers are laid off across the board during a recession

3. Sequence the business cycle

Number these stages 1-4 in order, starting anywhere, then draw an arrow showing the cycle repeats.

Order	Stage
___	Peak
___	Contraction (or recession, if severe)
___	Trough
___	Recovery / expansion

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TRACK IT

Look up today's actual numbers: current U.S. GDP growth rate ___, CPI inflation rate ___, unemployment rate ___. Based on those three real numbers, where is the U.S. economy right now on the business cycle you sequenced above?

4. If the unemployment rate is falling but CPI is rising fast, what tradeoff is the economy facing?