



## Measuring Economic Activity

**Directions: Match the Economic Indicators with their definitions**

GDP (Gross Domestic Product)

General increase in the price of goods and services.  
Buying power decreases when this is high.

Unemployment Rate

When a government spends more money than it collects.  
When this get too large, a nation may be unable to borrow  
at reasonable interest rates or at all.

CPI (Consumer Price Index)

The number of people able and willing to work (looking for jobs)  
but cannot find work in a given period. Changes in this show  
whether an economy is picking up or slowing down.

Inflation Rate

The total dollar amount of goods and services  
produced in a country in a given year

Budget Deficit

Statistics used to measure economic performance such as  
whether the economy is growing and how much a country  
produces.

Economic Indicators

A measure of the average change over time in the prices  
paid by urban consumers for a [market basket](#) of consumer  
goods and services. This measures inflation as experienced by  
consumers in their day to day living expenses.

**Leading Economic Indicators** are among the most closely watched pieces of news in the investment world. Leading indicators are those which are believed to change \_\_\_\_\_ of changes in the economy, so they are useful as \_\_\_\_\_ of economic conditions.

**Why are leading economic indicators important to investors?**

**Three major leading indicators are:**

- **Index of consumer expectations**
- **Building permits**
- **Money supply**

**When we play the SMG it is important to know when key economic indicators will be reported. This is a good website resource for Economic Indicators:**

**<http://www.nasdaq.com/markets/us-economic-calendar.aspx>**