

Name: _____

Date: _____

Activity 1: Video Questions

Directions: As you watch the video, fill in the blanks in the notes below.

- A. Inflation is a rise in the general or average price level of all the goods and services produced in an economy.

- B. We can't measure what happens to all prices; therefore we measure what happens to a basket of goods that the average person might buy. This is then calculated as price index known as the (CPI).

- C. When the average level of prices increases the buying power of the dollar decreases.

- D. People on fixed incomes are generally hurt by inflation because their incomes remain the same, but their buying power decreases.

- E. Borrowers are helped by inflation because they pay back money that will buy less than when they borrowed it. Lenders are hurt get paid back with lowered valued money. Savers are hurt by inflation because their savings are worth less.