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 _________________ 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 _________________ that the average person might buy. This is then calculated as price index known as the ________.

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

D. People on fixed incomes are generally _________________by inflation because their incomes remain the same, but their buying power ________________.

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