**Overview: Macroeconomic Measurements**

**Unit Test:** March 9

**SSEMA1 Illustrate the means by which economic activity is measured.**

1. Identify and describe the macroeconomic goals of economic growth, stable prices, and full employment.
2. Define Gross Domestic Product (GDP) as the sum of Consumer Spending, Investment, Government Spending, and Net Exports (output expenditure model).
3. Define unemployment rate, Consumer Price Index (CPI), inflation, real GDP, aggregate supply, and aggregate demand and explain how each is used to evaluate the macroeconomic goals.
4. Give examples of who benefits and who loses from unanticipated inflation.
5. Identify seasonal, structural, cyclical, and frictional unemployment.
6. Define the stages of the business cycle including: peak, contraction, trough, recovery/expansion, as well as recession and depression.

**Summary:** Macroeconomics examines the nation’s economy as a whole. The 3 most important macroeconomic goals for the US are:

1. Economic Growth Measured by calculating Gross Domestic Product (GDP)
2. Full Employment Measured by calculating Unemployment Rate (full employment = 4%-6%)
3. Stable Prices Measured by calculating Inflation Rate

**Key Terms:**

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| Macroeconomics | Economic Growth | Gross Domestic Product (GDP) |
| GDP Per Capita | Standard of Living | Unemployment |
| Inflation | Consumer spending | Investment Spending |
| Government Spending | Net Exports | Unemployment Rate |
| Consumer Price Index | Real GDP vs Nominal GDP | Aggregate Supply |
| Aggregate Demand | Hyperinflation | Disinflation |
| Stagflation | Frictional Unemployment | Seasonal Unemployment |
| Structural Unemployment | Cyclical Unemployment | Natural Rate of Unemployment (NRU) |
| Business Cycle | Peak | Contraction |
| Trough | Expansion | Recession |
| Depression | Recessionary Gap | Inflationary Gap |

**Graded Assignments**

* Define Key Terms
* Quiz: GDP, Unemployment, and Inflation
* Quiz: Business Cycle
* FRQ: Business Cycle
* Test: Macroeconomic Measurements