

## ***Determining Our Nations Economic Health***

Students will use the economic indicators to determine the health of our economy at this time.

### **Is our nation's economy healthy?**

Using reliable technical sources, write a 300-500 word analysis of our nation's economic health based on the four measures below. Be sure to reference all four measures in your paper.

\*Cite your sources using MLA format.

Essay Starter Example: The economic health of our nation depends on various economic indicators. I will determine how healthy our economy is based off the following leading economic indicators: inflation rate, FED Reserve prime interest rate, unemployment rate, and the Gross Domestic Product.

Inflation- An increase in the general level of prices for goods and services in a country, and is measured as an annual percentage change. Under conditions of inflation, the prices of things rise over time. Put differently, as inflation rises, every dollar you own buys a smaller percentage of a good or service. When prices rise, and alternatively when the value of money falls you have inflation.

Unemployment Rate-The unemployment rate is the share of the labor force that is jobless, expressed as a percentage. It is a lagging indicator, meaning that it generally rises or falls in the wake of changing economic conditions, rather than anticipating them. When the economy is in poor shape and jobs are scarce, the unemployment rate can be expected to rise. When the economy is growing at a healthy rate and jobs are relatively plentiful, it can be expected to fall.

Gross Domestic Product (GDP)- Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Prime Interest Rate-The prime rate is the interest rate that commercial banks charge their most credit-worthy customers. Generally, a bank's best customers consist of large corporations. The prime interest rate, or prime lending rate, is largely determined by the federal funds rate, which is the overnight rate that banks use to lend to one another; the prime rate is also

important for individual borrowers, as the prime rate directly affects the lending rates available for a mortgage, small business loan or personal loan.