

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point on the assignment.

If the due date is too early in the week, we can change it.

We will be meeting during my office hours on Monday. Come by some time between 3:00 and 5:00 to discuss this homework assignment and the material you are reading.

This assignment covers pages 86 - 121.

- 1) (15 points) Why is it important to know how the different statistics like the CPI are calculated?
  - 2) (15 points) It is not uncommon, nor is it common, to find that the CPI and the PPI are going different directions. What could explain that?
  - 3) (25 points) Which two of the interest rates on page 96 do you think that are the most followed? Why did you choose those? You will be graded on your reasons, not your accuracy.
  - 4) (15 points) Why do we care about the amount of consumer credit?
- The table on page 115 is normally done as  $GDP + \dots - \dots = GNP$  etc. If you wanted to write the table in that format, change all of the “plus” to “less” and vice versa.
- 5) (15 points) Which of GDP, GNP, NNP, and NI do you feel is the most accurate for measuring how well off the firms are? Why did you choose that one?
  - 6) (15 points) Why do we care if we have a high capacity utilization rate?