



QUIZ

Understanding Inflation

NAME: _____

TOTAL
/ 3 pts

MULTIPLE CHOICE

Directions: **CIRCLE** the best possible answer to each question.

1. What is inflation?
 - a. Inflation refers to the rate of change or increase in the average prices of goods and services typically purchased by consumers
 - b. The amount added to the cost of goods to cover overhead and profit
 - c. A financial gain, especially the difference between the amount earned and the amount spent in buying, operating or producing something

2. What does the consumer price index track?
 - a. It tracks the gross domestic product (GDP) of a country
 - b. It tracks the percentage change in the prices of a basket of 80,000 goods and services
 - c. It tracks the health of a country's economy

3. Investing can help you counteract the negative effects of inflation when...
 - a. You put your money in high-risk and potentially high-return investment vehicles
 - b. You ignore the inflation rate and hope for the best
 - c. Your rate of return is greater than the inflation rate

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