

1.2- Macroeconomic Indicators

Analyze elements and identify indicators of the business cycle and economic growth.

By: Carter Greene



Kickoff



- ❖ Go to Google Classroom and complete the assignment “9/4- K0”
 - In one paragraph, describe what a *thriving* United States economy would look like. Use as many economic vocabulary terms as you know to describe this economy.
- ❖ **Roll Call:** Favorite Holiday

Announcements

- ❖ **9/9- Quiz**
 - Questions from class and readings
 - Have Module 3 read by class
- ❖ First test will either be next week (Thursday/Friday), or the week following (Monday/Tuesday)
- ❖ NFL starts tonight!!!



ZOO TYCOON - ~20 MINUTES TO FINISH

- ❖ You have 20 acres of land to build your zoo. Each attraction requires a predetermined amount of space.
- ❖ Must have at least 2 entry/exit gates
- ❖ At the bottom of the sheet tally up how many acres you spent on each attraction
- ❖ Write a half page to one page paper describing why you designed the zoo the way that you did.
 - Reasoning for attractions you chose, who you were trying to attract, rationale for why you located attractions in specific places in the park, etc.
- ❖ What is the goal of the Zoo?

REFLECTION:

- ❖ What incentive drove all of your decisions?
 - Therefore, what were some of the most important things to add to your zoo?
- ❖ How did you decide which attractions you needed the most of?
 - Did you target a specific audience?
- ❖ What are some other scarce resources you would have had to consider if you were actually developing your own zoo?

ZOO PLAN

WINNERS

1.2- Introduction to Macroeconomics

Analyze elements and identify indicators of the business cycle and economic growth.

Why is it important as microeconomist to understand basic macroeconomic principles.

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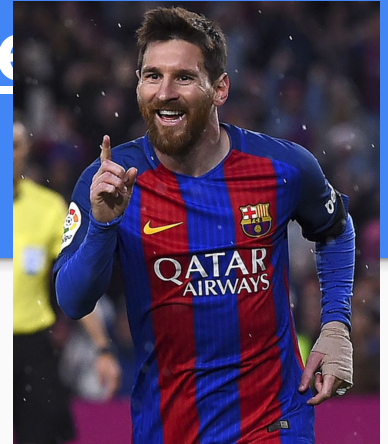


“Do what you love and you’ll never work a day in your life.” -some liar

- ❖ Employment- people working
- ❖ Unemployment- looking for work, but without a job
- ❖ Total employed + total unemployed =
 - Workforce
- ❖ Unemployment Rate =
 - unemployment/workforce



How do we measure how much an economy puts out?



- ❖ Output- quantity produced
- ❖ Aggregate = total
- ❖ Aggregate output- an economy's total production for a given period
 - GDP, GNP, GDP Per capita, Real GDP

Speaking of Inflation...



- ❖ Inflation- rise in price level
- ❖ Deflation- drop in price level
- ❖ Inflation rate- % change in CPI per year
- ❖ CPI- Consumer Price Index
- ❖ Price stability- slow change in price levels



$$\text{Rate of Inflation} = \frac{CPI_{x+1} - CPI_x}{CPI_x}$$

$CPI_x = \text{Initial Consumer Price Index}$



The Business Cycle



- ❖ Recession (Contraction)
 - Rising unemployment rate, declining aggregate output, deflation
- ❖ Trough- Rock Bottom
- ❖ Expansion
 - Falling unemployment rate, increasing aggregate output, inflation
- ❖ Peak

The Business Cycle

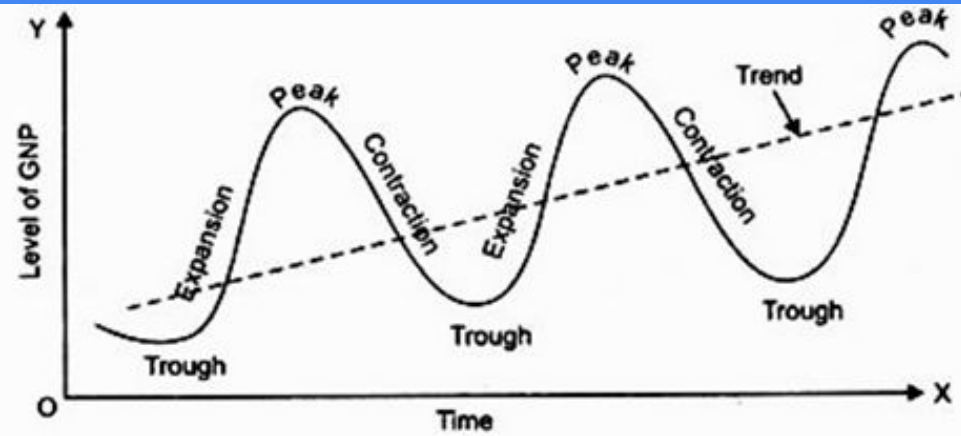


Fig. 13.2. Cycles with Trend (i.e., Growth)

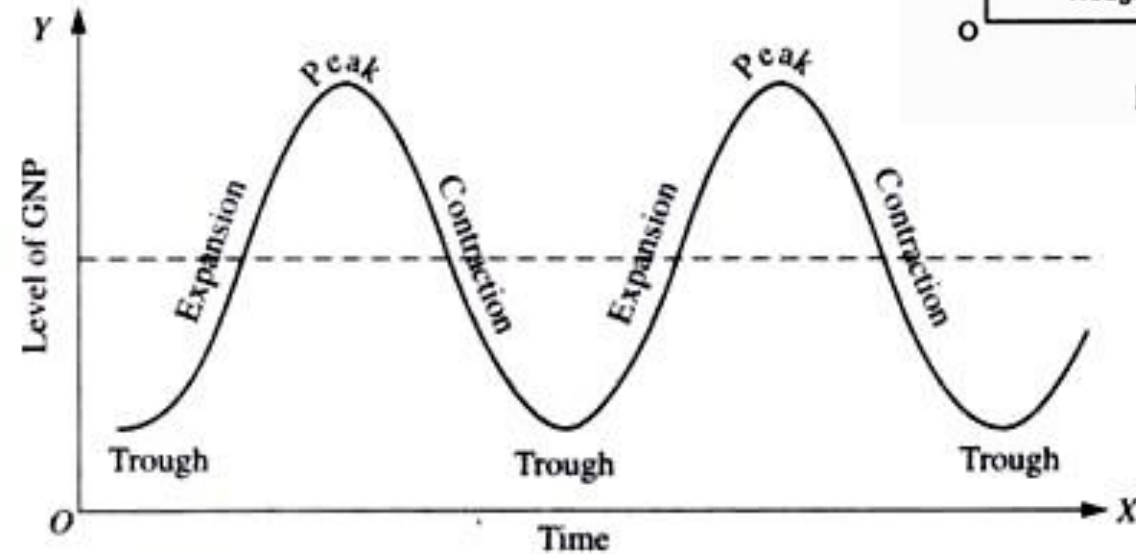


Fig. 27.1. Four Phases of Business Cycles without Growth Trend

In it for the long haul...

- ❖ Economic growth- Increase in maximum amount of goods and services an economy can produce
- ❖ Who are some people/bodies in charge of overall economic growth?
- ❖ What may be some causes of economic growth in a country?
 - Technological advances, better healthcare, political stability, etc.

“Fake it till you make it...”

- ❖ Wind tunnels, jugs machine, paper planes, car crash simulator, manikin
- ❖ Model- simplified representation of more complex event/situation
 - Graphs, Algorithms, Equations
 - Model of a market for... of an economy...
- ❖ Ceteris paribus- all other things equal

PPC Model... What is it?

- ❖ Answer the questions on Google Classroom “PPC- Pre Notes Research”
- ❖ These are due by the beginning of class Friday
- ❖ You may use your textbook or any other, non classmate source
- ❖ You must come to class with a knowledge of the PPC on Friday
 - Will be part of your quiz

Closure

- ❖ Go to Google Classroom and complete the assignment **“9/4- KO”**
 - Why is it important for a microeconomist to understand basic economic principles of the business cycle and economic growth. Give a few SPECIFIC examples of when an individual, a family, a small business, etc, may use this knowledge to make important decisions.