

Effects of inflation

- **Creditors Lose:** Net creditors are individuals or businesses that have more savings than debt. A net creditor receives interest and, therefore, receives a reduced real interest rate.
- **Debtors Gain:** Net debtors are individuals or businesses that have more debt than savings. A net debtor pays interest and, therefore, pays a lower real interest rate when there is unanticipated inflation.

Questions:

Give the definition of Inflation?

List the indicators that Measures of inflation?

Give the definition of the following concepts

- a. deflation.
- b. disinflation.
- c. hyperinflation.
- d. stagflation.
- e. reflation.

List the types of inflation?

True r falls:

- a. Demand pull inflation means inflation from low demand for goods and low unemployment.
- b. Cost push inflation caused by sudden increase in the supply of goods, which would increase goods prices.
- c. Anticipated means Prices rise because people expect them to rise
- d. Deflation means a general rising level of prices.

e. Stagflation, a combination of inflation and rising unemployment.

Translate the following paragraph:-

Calculate the Inflation Rate

The Inflation Calculator uses monthly consumer price index (CPI) data from 1914 to the present to show changes in the cost of a fixed "basket" of consumer purchases. These include food, furniture, clothing, transportation, and recreation. An increase in this cost is called inflation.

The calculator's results are based on the most recent month for which the CPI data are available. This will normally be about two months prior to the current month.

The following article explains how to calculate the current inflation rate, if you know the Consumer Price Index. If you don't know it, you can find it here.