



# 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