Measuring Economic Performance

- **Productivity**
  - The average level of output per worker per hour

- **Economic indicators**
  - **Gross domestic product (GDP)**
    - The total value of all goods and services produced by all people within the boundaries of a country during a one-year period

- **Economic indicators (cont’d)**
  - **Inflation**
    - A general rise in the level of prices
  - **Deflation**
    - A general decrease in the level of prices

- **Unemployment rate**
  - The percentage of a nation’s labor force unemployed at any time

- **Consumer price index (CPI)**
  - A monthly index that measures the changes in prices of a fixed basket of goods purchased by a typical consumer in an urban area

- **Producer price index (PPI)**
  - An index that measures prices that producers receive for their finished goods

Common Measures Used to Evaluate a Nation’s Economic Health

- **Balance of trade**
  - The total value of a nation’s exports minus the total value of its imports over a specific period of time

- **Bank credit**
  - A statistic that measures the lending activity of commercial financial institutions

- **Corporate profits**
  - The total amount of profits made by corporations over selected time periods