

Prices rose. Inflation slowed.

Activity 1 / 5-8 minutes / Introductory economics readers

Goal: distinguish a price level from its rate of change. This is a fictional basket; the numbers are **not official CPI observations**.

Period	Basket cost	Change from prior period
Start	\$100.00	-
Period 1	\$103.00	3%
Period 2	\$105.06	2%

Try it before reading the answers

1. Did inflation slow in Period 2? Did prices fall?
2. What is the total percentage increase since the start?
3. Would a 2% price fall from \$103 return the basket to \$100?
4. Why might a household grocery bill change differently?

Your notes: _____

A label check for real CPI comparisons

Before comparing figures, record the reference period, monthly or annual change, headline or core measure, seasonal-adjustment status, geography/population and release date. Do not treat a monthly rate as an annual rate.

Answer key

1. Inflation slowed from 3% to 2%; the basket still became \$2.06 more expensive.
2. The cumulative increase is 5.06%: $(1.03 \times 1.02 - 1) \times 100$.
3. No. $\$103 \times 0.98 = \100.94 . Percentage changes use different bases.
4. Quantities, product choices and spending shares can change. A spending total alone does not isolate price change or replicate CPI methodology.

Read further

WorldLensia: headline and core CPI explained
Primary reference: BLS Consumer Price Index FAQ

WorldLensia is an independent publisher, not affiliated with BLS. AI assisted preparation. Illustrative arithmetic was checked separately. General education only.

Read the forecast first.

Activity 2 / 8-10 minutes / Global growth and economic headlines

Goal: distinguish a forecast, an output level and a household outcome. Open a specific IMF World Economic Outlook release; complete the source card before discussing its headline.

Source-card field	Fill from the primary publication
Publication date and forecast year	_____
Geography, indicator and unit	_____
Forecast, estimate or observed result?	_____
Earlier release used for comparison	_____
Important assumptions or uncertainty	_____

Discuss

1. Does a global growth rate describe every country?
2. Does GDP growth tell you a household's income change?
3. Is a revised forecast the same as newly measured growth?

Compute a fictional output path

Start with an index of 100. Assume 2% growth, followed by 3% growth. These rates are invented for this exercise, **not IMF forecasts**.

First result: _____ Second result: _____

How does the second result differ from adding five to the starting index?

Answer key

1. No. An aggregate combines components that can differ.
 2. No. Household outcomes also require information such as population, wages, employment and prices.
 3. No. A revision changes an estimate or projection; distinguish it from a later observed outcome.
- Arithmetic:** $100 \times 1.02 = 102$; $102 \times 1.03 = 105.06$. The cumulative change is 5.06%, not 5%. The second rate acts on a larger base.

Read further

WorldLensia: interpreting the October global growth outlook

Primary reference: IMF World Economic Outlook publications

WorldLensia is independent of the IMF. AI assisted preparation. This worksheet creates no forecast and offers no investment recommendation. For current figures, use the dated primary release.