<table>
<thead>
<tr>
<th>Asset</th>
<th>Something of monetary value owned by an individual or organization.</th>
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</thead>
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<td>Bond</td>
<td>A certificate of indebtedness issued by a government or publicly held corporation, promising to repay borrowed money at a fixed rate of interest and at a specified time.</td>
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</table>
Budget Deficit

Referring to national budgets, it occurs when government spending is greater than government income in a given year.

Business Cycle

A period during which production or economic activity expands, then contracts for several quarters or more, and then expands again; usually measured by real gross domestic product (GDP).
Central Banking System

A nation's central bank that is established to regulate the money supply and oversee the nation's banks. The Federal Reserve is the central bank of the United States.

Collateral

Something of value (often a house or car) pledged by a borrower as security for a loan. If the borrower fails to make payments on the loan, the collateral may be sold by the lender to pay the debt.
Command Economy

An economy in which most economic issues of production and distribution are resolved through central planning and control.

Comparative Advantage

The ability of a producer or a country to produce a good or service at a lower opportunity cost than some other producer or country.
Compound Interest

Interest that is earned not only on the original sum but also on the interest accumulated.

Consumer Price Index

A price index that measures the cost of a fixed basket of consumer goods and services and compares the cost of this basket in one time period with its cost in some base period.
Credit Report
A report about a person's credit history, including his or her ability and willingness to repay debts, based on how reliably he or she has repaid debts in the past.

Deflation
A sustained period of decrease in the average price level of all goods and services produced in the economy.
Discount Rate

The percentage rate used to calculate the present value of an investment. The "required discount rate" is the rate of return required by the investor.

Dividend

A share of the company's net profits paid to stockholders.
Economic Growth

The percentage increase in real output as measured by real GDP or per capita real GDP.

Economic Way of Thinking

A reasoning process that involves considering opportunity costs as well as benefits in making decisions.
Equilibrium Price

The price at which the quantity demanded by buyers equals the quantity supplied by sellers.

FDIC

Federal Deposit Insurance Corporation; a federal agency that regulates banks and guarantees depositors’ savings up to $250,000 per account in most commercial banks, savings banks and savings associations.
Factors of Production

Productive resources required to produce the goods and services that people want, such as natural resources, human resources, capital goods and entrepreneurship.

Federal Reserve Discount Rate

The interest rate the Federal Reserve charges commercial banks for loans.
Fiscal Policy

Decisions about spending and taxation levels by the federal government made to promote full employment and output or reduce inflation.

Gross Domestic Product

The market value of all final goods and services produced in a country in a calendar year.
Human Capital

A person's health, education, experience, training, skills and values.

Income Tax

Payment made by individuals and corporations to the federal government (and to some state and local governments) based on earned and unearned income received.
Inflation

A rise in the general or average price level of the goods and services produced in an economy.

Insurance

An arrangement whereby a company provides a guarantee of compensation for specified forms of loss, damage, injury or death. People pay premiums to buy insurance policies.
Labor Force

The people in a nation who are 16 or over and are employed or actively looking for work.

Liability

Responsibility for a debt or payment.
Market Economy

Economy that relies on a system of interdependent market prices to allocate goods, services, and productive resources and to coordinate the diverse plans of consumers and producers.

Monetary Policy

Changes in the supply of money and the availability of credit initiated by a nation's central bank to promote price stability, full employment and reasonable rates of economic growth.
Money Supply
Currency in the hands of the public plus the public's demand deposits at financial institutions.

National Debt
The total amount owed by the national government to those from whom it has borrowed to finance the accumulated difference between annual budget deficits and annual budget surpluses.
Net Worth

The current value of a person’s assets minus liabilities.

Open Market Operations

The buying and selling of government bonds by the Federal Reserve which affects interest rates, bank reserves and the money supply.
Productivity

The amount of output (goods and services) produced per unit of input (productive resources) used.

Rate of Return

Earnings from an investment, stated as a percentage of the amount invested.
Recession

A decline in the rate of national economic activity, usually measured by a decline in real GDP for at least two consecutive quarters (six months).

Reserve Requirements

The fraction of a bank's deposits that they are required by law to keep on hand or with the Federal Reserve.
Revenue

The money a business receives from customers who buy its goods and services.

Stock

An ownership share or shares of ownership in a corporation.
Stock Market

A market in which the public trades stock that someone already owns.

Tariff

A tax on an imported good or service.
Time Value of Money

The idea that a dollar received in the future has less value than a dollar received today because a dollar received today can earn interest over time.

Traditional Economy

An economy in which customs and habits from the past are used to resolve most economic issues of production and distribution.
Word Bank:

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