

Subject: The Nightmare of Inflation**I. Match the highlighted words with their synonyms.**

cost • economic • fuel • observed • general

- Put simply, inflation is the financial term used to describe rising prices. Noticed the total of your weekly shopping bill going up lately, or the price of a tank of petrol? That's inflation.
- The specific way in which inflation is calculated varies subtly between different countries, but the broad principles are similar. In the United Kingdom, financial authorities systematically check the prices of a range of goods and services each month.

Answer key: financial – economic; noticed – observed; petrol – fuel; broad – general; prices – cost

II. Which verbs collocate with the following words in the article?

charge • keep • import • set • devalue • increase

- prices
- production
- under control
- goods
- interest rates
- currency

Answer key: charge, increase, keep, import, set, devalue

III. Match the words and phrases with their definitions.

- a. self-fulfilling prophecy
- b. oversupply
- c. to feel the pinch
- d. to outstrip
- e. double-whammy

- 1. a situation when an originally false expectation leads to its own confirmation
- 2. to experience hardship
- 3. used when two difficult situations happen one after another
- 4. to be greater than something else
- 5. a supply bigger than needed

Answer key: a1/b5/c2/d4/e3

IV. Write questions to the answers.

a. ...?

Put simply, inflation is the financial term used to describe rising prices.

b. ...?

It is up to all of us to be as resourceful, vigilant to savings and deals, and considerate of others as possible.

c. ...?

Disinflation is the name given to the phenomenon when prices lower but remain inflationary, so a temporary slow down in the rate of inflation, while deflation occurs when prices lower beyond 0%, increasing the purchasing power of money, but also leading to economic slowdown, as people feel empowered to set money aside in savings.

Answer key: example questions: a. What is inflation?; b. What can we do to mitigate the negative effects of inflation?; c. What is the difference between disinflation and deflation?

V. True or false.

a. Increased costs of production leads companies to raise the prices of their products and services.

b. Inflation is always the fault of companies overcharging their customers.

c. Controlling inflation is strongly connected to the monetary policy that central banks decide to adopt.

d. The Consumer Price Index is used to calculate the levels of inflation in the United Kingdom.

e. Inflation doesn't affect consumers, but is very damaging for companies.

Answer key: a. true; b. false; c. true; d. true; e. false