**EXHIBIT 1**

***WRITTEN ASSIGNMENT***

***The Great Recession – Impact on RGDP and the Unemployment Rate***

*You are the economic aid to one of the Governors of the Federal Reserve Board of Governors. The Board is holding a meeting in 2 weeks and your boss asks you to write a report. The report will include an analysis of the current state of economic output and its effect on unemployment. Below are the instructions for you to follow:*

***STEP 1*** *- Use the RGDP and Unemployment Rate data available at the St. Louis Federal*

*Reserve Bank FRED Economic Data database (*[*http://research.stlouisfed.org/fred2/*](http://research.stlouisfed.org/fred2/)*):*

* 1. *For the RGDP data series, use GDPC1 (Billions of Chained 2005 Dollars)*
  2. *For the Unemployment Rate data series, use UNRATE (Civilian Unemployment Rate.)*

***STEP 2*** *- Download data to Excel.*

***STEP 3*** *- Select the period of time corresponding to the Great Recession:*

1. *The RGDP is quarterly data, and students will select the period between Q1-2008 through Q2-2009, both included.*
2. *The Unemployment Rate data is monthly, so students will have to find the quarterly average for the Great Recession period, starting with January 2008 and ending on June 2009, both included.*

***STEP 4 -*** *Plot both series on the same graph using EXCEL.*

***STEP 5*** *– Complete the analysis by answering the following questions:*

* 1. *RGDP:*
     1. *Calculate the growth rate of RGDP between quarters.*
     2. *Analyze the Business Cycle during the Great Recession (i.e. what happens to RDGP, level of employment, level of income). Be specific!*
     3. *How do you think companies will react to the outcomes of your analysis in terms of the hiring and investing decisions? Why? Please, elaborate on your answer!*
  2. *Unemployment:*
     1. *Is the unemployment rate moving with RGDP (i.e. direction, time frame, intensity)?*
     2. *What type/s of unemployment do you think is/are more prevalent during this period? Why? Please, make sure that you elaborate on your answer!*
     3. *How does the economic situation affect the number of discouraged workers? Is the unemployment rate more or less overestimated or underestimated because of that?*
     4. *What other decisions might be expected from households given the outcome of this analysis?*
  3. *What are some of the economy’s opportunity costs of the Great Recession? Why? Please, make sure that you elaborate on your answer!*