Inflation Related Terms

1. **Deflation**: Deflation is another problem of the economy. Deflation is the opposite of inflation. Deflation is a situation in which the value of money is raising and the price level is falling.
2. **Reflation**: inflation deliberately undertaken to relieve depression is called reflation. In other words reflation is a type of controlled inflation.
3. **Stagflation:** The word stagflation is the combination of two words like stagnation and inflation. So the simultaneous existence of high rate of inflation and high rate of unemployment is called stagflation.
4. **Hyper Inflation:** If inflation continues unchecked, it may become very severe, when it reaches an extreme stage there is said to be hyperinflation. Avery high rate of inflation is called hyperinflation.
5. **Disinflation:** disinflation is a process to reduce inflation without creating unemployment or reducing output. So disinflation aims at reducing the price level when they are abnormally high.
6. **Agflation:** the word Agflation is derived from two words “Agriculture” and “Inflation” An increase in the price level of Agricultural products and food products that occurs as a result of increased demand from human consumption and use of alternative energy resources.
7. **Hoarding:** The illegal stock of goods by businessmen for profit making purpose is known is hoarding.
8. **Inflation Hedge**: it is an investment with intrinsic value such as oil, natural gas, gold, farm land, and to a lesser degree commercial real estate. Typically most hard assets are an excellent inflation hedge. In general, commodities/hard assets are negatively correlated to both stocks and bonds. In other words, when stocks and bonds decline, commodities tend to appreciate.
9. **GDP Deflator**: It is a measure of the price of all the goods and services included in Gross domestic product (GDP). The US commerce department publishes a deflator series for US GDP, defined as its normal GDP measure divided by its real GDP measure.
10. **Philips Curve**: it is a historical inverse relationship between the rate of unemployment and the rate of inflation in an economy. Stated simply, the lower the unemployment and the rate of inflation. While it has been observed that there is a stable short run trade-off between unemployment and inflation, this has been observed in the long run.