

**ECONOMICS
HOMEWORK ASSIGNMENTS
DUE FRIDAY, MARCH 13, 2009**

I. Unit Tests on Tuesday and Friday

The quiz that was planned for last Friday is now scheduled for **Tuesday, March 10th**. It will count as part 1 of a test that will be completed on Friday. The topics that will be covered are goods, services, productive resources, capital, scarcity, opportunity cost, trade, money, specialization, and the law of supply and demand. The quiz on **Friday, March 13th** will cover opportunity cost, price, market, the law of supply and demand, profit, costs, inflation, gross domestic product (GDP), and real gross domestic product.

II. Easy ways to keep grocery costs down

It's no use crying over spilt milk, the old saying goes. But with the price of milk these days, crying might be an understandable reaction.

In the past year, the supermarket price of whole milk has risen almost 20%, according to the Bureau of Labor Statistics. Nationally, grocery prices in general are up almost 5% from December 2007. The increase is tied to demand from China, an anemic (*sickly*) dollar and crops being grown for fuel instead of for food.

"Milk used to be, maybe, \$2 a gallon on sale," said Sylvia Fossen of Farmington Hills, adding that prices have pushed her grocery bill to an average of about \$700 a month.

But the mother of three recently found a way to trim that by about \$250 to \$350 a month by paying attention to deals and clipping coupons.

"During these hard times, this is what I need to do in order to balance out and stretch the single income we having coming in," she said.

"I also recycle coupons with my neighbors. They might use a coupon I didn't clip out, and vice versa."

Fossen said coupon clipping and saving are not activities she enjoys.

"I absolutely, positively hate doing it. But the savings is undeniable," she said.

A typical American family -- two adults and two young children -- will need almost \$800 a month for groceries, even if they spend moderately, according to the U.S. Department of Agriculture's Center for Nutrition Policy and Promotion. With older children and more-liberal spending, that figure rises to \$1,100 a month.

With food inflation the worst since 1990, according to the Bureau of Labor Statistics, here are some things consumer advocates recommend to save money.



Planning and clipping

Smart shopping begins before you enter the store. Investing 30 minutes in menu planning helps focus your trips and reduce unnecessary purchases.

Planning can also mean coupon clipping. According to ICOM, a leading consumer survey and research firm, U.S. manufacturers issued 300 billion coupons in 2007; Americans redeemed less than 10% of them. That is akin to leaving money on the table, said Peter Meyers, ICOM's vice president of marketing.

"If consumers use coupons effectively, they can save 20% to 30% on their grocery bills," he said.

Store selection

Some shoppers on tight or fixed incomes shop several stores to hit every sale.

Experts are divided on whether the savings that result from this approach are negated by the time and fuel expended. Some suggest shopping only at one or two stores -- really getting to know their coupons, products and price fluctuations -- as the best way to economize.

Teri Gault, founder of the consumer Web site TheGroceryGame.com, recommends people "determine which market is good for stockpiling and which one is good for need shopping." Stockpiling markets -- such as Costco or Sam's Club -- sometimes will offer rock-bottom sale prices on essentials; need markets simply will have the lowest everyday prices.

Beating the system

No matter which supermarkets you frequent, it's important to remember they're designed to make you put as many items as possible into your cart, said Erin Huffstetler, the frugal-living guide for About.com. She offered these tips:

- Carry a calculator to compute unit costs (*how much an item costs taking into consideration its size/amount, in order to make accurate price comparisons*).
- Don't assume the ends of the aisles always offer sale items.
- Watch for manager's specials or closeout items nearing their expiration dates.
- With meat, the most-expensive packages tend to be on top; it pays to dig.
- Try store brands. A recent Consumer Reports study found many to be of the same or better quality as name brands.
- For deals on meat, produce, spices and household cleaners, check out ethnic markets.

By Johnathan L. Wright of the Reno Gazette-Journal. Free Press staff writer Halston Herrera contributed to this report.

III. Questions

Answer the following question on a separate sheet of loose-leaf paper.

1. Why are food prices increasing?
2. What are some strategies that Ms. Fossen uses to decrease her food costs?
3. How much does your typical American family need per month for groceries?
4. Why does menu planning reduce costs?
5. What does Mr. Meyers recommend for saving money on food and how much can it save?
6. Why is it good to go to more than one store?
7. Look up frugal in the dictionary or on-line, and define it.