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## Two Economic Crises Loom: Which Should the Fed Address First?

### Description

President Donald Trump's economic plans are causing problems for the Federal Reserve. This week, the central bank will meet to discuss these issues.

Trump's trade war could lead to higher prices and more people losing their jobs. The Fed must decide if it should lower interest rates to help jobs or raise them to stop inflation.

Many believe the Fed will keep interest rates steady at 4.25% to 4.5%. Economist Dominic Pappalardo said the next economic data will help the Fed decide.

Trump has criticized the Fed for not lowering rates fast enough. He wants to change the Fed's leadership if necessary.

The economy is currently stable, with low unemployment. However, recent trade issues could change this. The Fed needs more information to make its next move.

Powell, the Fed Chair, has said Trump cannot just remove him without good reason and will hold a news conference soon.

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### Vocabulary List:

1. **Economy** /ɪˈkɒn.ə.mi/ (noun): The system of production distribution and consumption of goods and services in a country.
2. **Inflation** /ɪnˈfleɪ.ʃən/ (noun): The rate at which the general level of prices for goods and services is rising and subsequently eroding purchasing power.
3. **Stable** /ˈsteɪ.bəl/ (adjective): Not likely to change or fail; firmly established.
4. **Criticized** /ˈkrɪtɪ.saɪzd/ (verb): Expressed disapproval of someone or something.
5. **Leadership** /ˈliː.dər.ʃɪp/ (noun): The action of leading a group of people or an organization.
6. **Information** /ˌɪn.fəˈmeɪ.ʃən/ (noun): Data or knowledge communicated or received concerning a particular fact or circumstance.

### Comprehension Questions



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## Multiple Choice

1. What is causing problems for the Federal Reserve according to the text?
  - Option: Trump's immigration policies
  - Option: Trump's economic plans
  - Option: Global warming
  - Option: Technological advancements
2. What action is the Fed considering to address the impact of Trump's trade war?
  - Option: Lowering interest rates
  - Option: Raising taxes
  - Option: Increasing government spending
  - Option: Reducing import tariffs
3. What percentage range do many believe the Fed will keep interest rates at?
  - Option: 2% to 3%
  - Option: 3.5% to 4%
  - Option: 4.25% to 4.5%
  - Option: 5% to 6%
4. Who has criticized the Fed for not lowering rates fast enough?
  - Option: President Trump
  - Option: Economist Dominic Pappalardo
  - Option: Chair Powell
  - Option: Secretary of Treasury
5. What is the current state of the economy mentioned in the text?
  - Option: High inflation
  - Option: Rising unemployment
  - Option: Stagnant growth
  - Option: Stable with low unemployment
6. What did Powell, the Fed Chair, say about Trump's ability to remove him?
  - Option: He can remove him without any reason
  - Option: He cannot remove him without good reason
  - Option: He can remove him only after a vote by Congress
  - Option: He cannot remove him under any circumstances



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### True-False

7. President Trump is satisfied with the Fed's response to his economic plans.
8. The Fed is facing a decision whether to lower or raise interest rates in response to Trump's policies.
9. Many economists agree that the Fed will lower interest rates in the upcoming meeting.
10. The current unemployment rate is high according to the information in the text.
11. Powell is planning to hold a news conference soon to address the issue of Fed leadership.
12. The recent trade issues mentioned in the text are expected to have no impact on the economy.

### Gap-Fill

13. According to the text, what percentage range are many believing the Fed will maintain interest rates at, 4.25% to \_\_\_\_\_ ?
14. President Trump wants to change the Fed's leadership if deemed necessary by him. He believes they should be more \_\_\_\_\_ towards rate cuts.
15. The economy is currently stable with low unemployment, but there are concerns that recent trade issues could disrupt this stability. The Fed needs more information before determining its \_\_\_\_\_ move.
16. Powell, the Fed Chair, stated that President Trump does not have the authority to simply remove him without \_\_\_\_\_ reason.
17. The central bank will meet this week to discuss the problems arising from President Trump's \_\_\_\_\_ plans.
18. Economist Dominic Pappalardo mentioned in the text that the Fed will consider the next economic data



to help them \_\_\_\_\_ their decision on interest rates.

## Answer

**Multiple Choice:** 1. Trump's economic plans 2. Lowering interest rates 3. 4.25% to 4.5% 4. President Trump 5. Stable with low unemployment 6. He cannot remove him without good reason

**True-False:** 7. False 8. True 9. False 10. False 11. True 12. False

**Gap-Fill:** 13. 4.5 14. aggressive 15. next 16. good 17. economic 18. decide

## Vocabulary quizzes

### Multiple Choice ( Select the Correct answer for each question. )

1. Which term relates to the overall health of a country's financial system?

Option: Inflation

Option: Technology

Option: Interest Rates

Option: Economic

2. What is the term used to describe the ability to guide and direct others effectively?

Option: Stocks

Option: Representative

Option: Leadership

Option: Mortgages

3. Which term refers to the funds or revenue of a government or organization?

Option: Investments

Option: Technology

Option: Gasoline

Option: Treasury

### Gap-Fill ( Fill in the blanks with the correct word from the vocabulary list. )

4. In economics \_\_\_\_\_ is the rate at which the general level of prices for goods and services rises and consequently purchasing power falls.

5. \_\_\_\_\_ are individuals or other entities that provide capital to start-up ventures or



support small companies in exchange for ownership equity.

6. The trade war had a significant \_\_\_\_\_ on global markets leading to increased volatility and uncertainty.

**Matching Sentences ( Match each definition to the correct word from the vocabulary list. )**

7. A economy is one that shows minimal fluctuations in growth and is not subject to extreme highs and lows.
8. The company was for its lack of transparency in its financial reporting.
9. The company set a new for quarterly revenue surpassing all previous figures.

**Answer**

**Multiple Choice:** 1. Economic 2. Leadership 3. Treasury

**Gap-Fill:** 4. Inflation 5. Investors 6. Impact

**Matching sentence:** 1. Stable 2. Criticized 3. Record

**CATEGORY**

1. Business - LEVEL2

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