

**Econ 231 – Macroeconomics - Homework N3**  
**4 points total.**

**N1 (2 points)** Below are the yearly average values of the Dow Jones Industrial Average. The Consumer Price Index for each year (on a base of 1982-84=100) can be found on the back of this assignment. Show the real stock market prices of the Dow Jones (fill in the empty cells). Do real stock prices always rise every decade? \_\_\_\_\_

Year	Dow Jones Industrial Average	Real Dow Jones
1970	753	
1980	891	
1990	2,679	
2000	10,735	

**Show your calculations.**

**N2 (2 points)** Average hourly earnings in the U.S. economy:

	2001	2002	2003	2004
Nominal earnings	15.75	16.2	16.3	16.8
Real earnings				

Use the CPI numbers **to calculate the real wage** (in 1982-1984=100 dollars) for each of these years (fill in the empty cells). Which year has the highest hourly wage?

\_\_\_\_\_ Which year has the lowest hourly wage? \_\_\_\_\_

**Show your calculations.**