

# Inflation Unemployment Correlation

- To produce a scatter plot select the area containing unemployment and inflation
- Click on insert
- Choose scatter, hover to show then select option for Scatter with only Markers
- Click on chart
- Under chart tools, go to layout, select Chart Title, then Above Chart and change label from “Unemployment” to “1980s”
- Then click on Axis Title, select Primary Horizontal Axis Title, then Title Below Axis rename title to “Inflation”
- Then click on Axis Title, select Primary Vertical Axis Title, then Rotated Title and rename title to “Unemployment”
- To find the regression line and its equation, click on chart, go to layout, choose Trendlines, scroll down to more trend line options, choose linear, automatic, and display equation on chart, hit close
- Select and move equation to side
- To find the correlation ( $r$ ), click on Data, then Data Analysis, scroll down and select Regression. Hit OK.
- Click into the input Y range box, then go back to spreadsheet and select the Unemployment data column of information.
- Click into the input X range box, then go back to the spreadsheet and select the CPI/Inflation data column of information.
- Hit OK and review summary data, multiple R is your correlation coefficient ( $r$ )