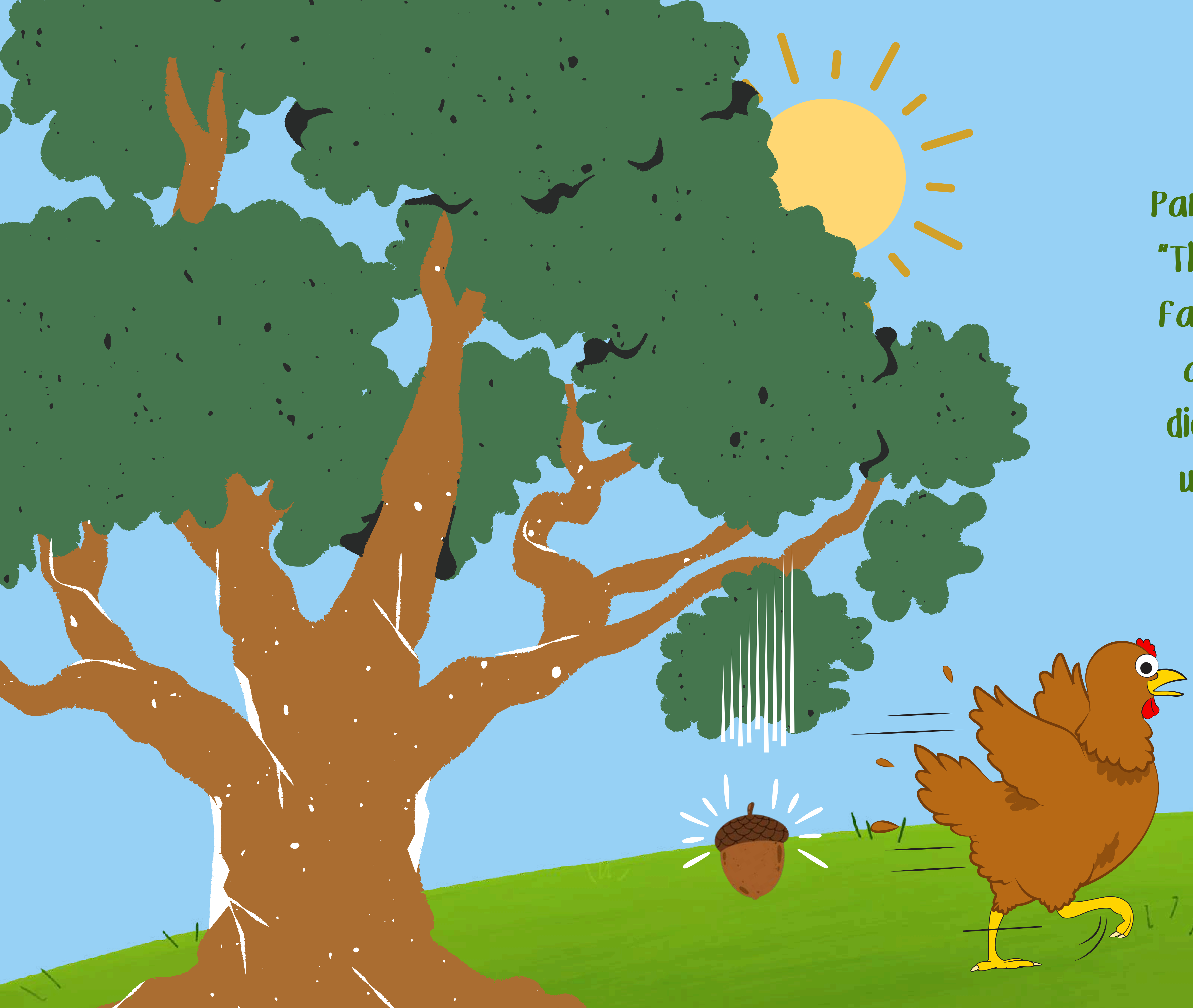
Forecasting with Chicken Little

WORD BANK

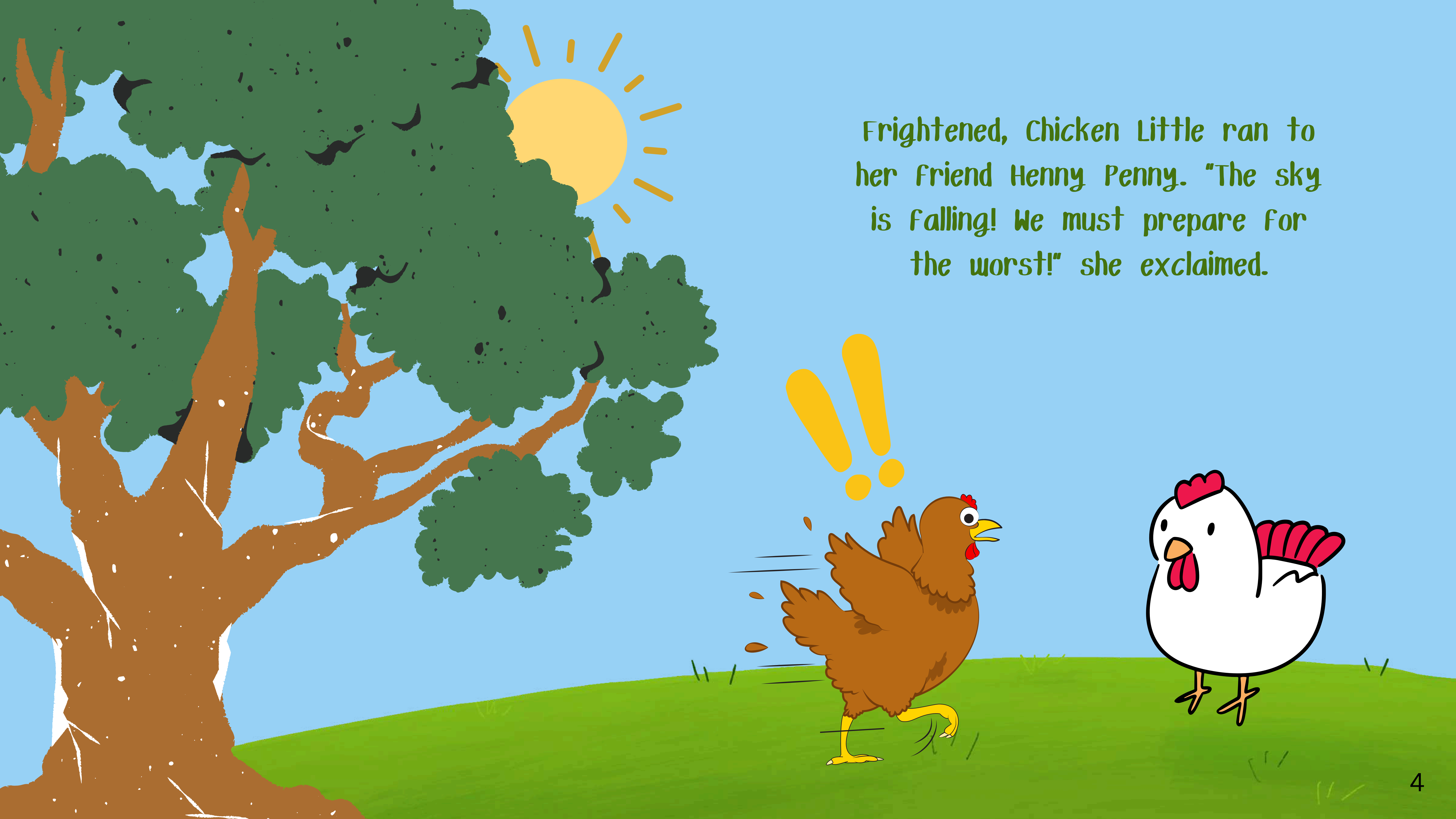
- <u>Forecasting</u>: Predicting the future by using patterns and facts to plan better.
- <u>Savings</u>: Setting aside money for future needs.
- <u>Spending</u>: Using money to buy things now.
- <u>Investing</u>: Using money to grow more money in the future.
- <u>Budgeting</u>: Planning how to balance earning, spending, and saving.
- <u>Jumping to Conclusions</u>: Making decisions without enough information.
- <u>Resources</u>: Things like money or time that help you achieve goals.
- <u>Risk</u>: The chance of losing money when making decisions.
- <u>Earning</u>: Money you get from work or investments.

Once upon a time, there lived a little chicken named Chicken Little. One bright day, as she was strolling under a big oak tree, an acorn fell and hit her on the head.

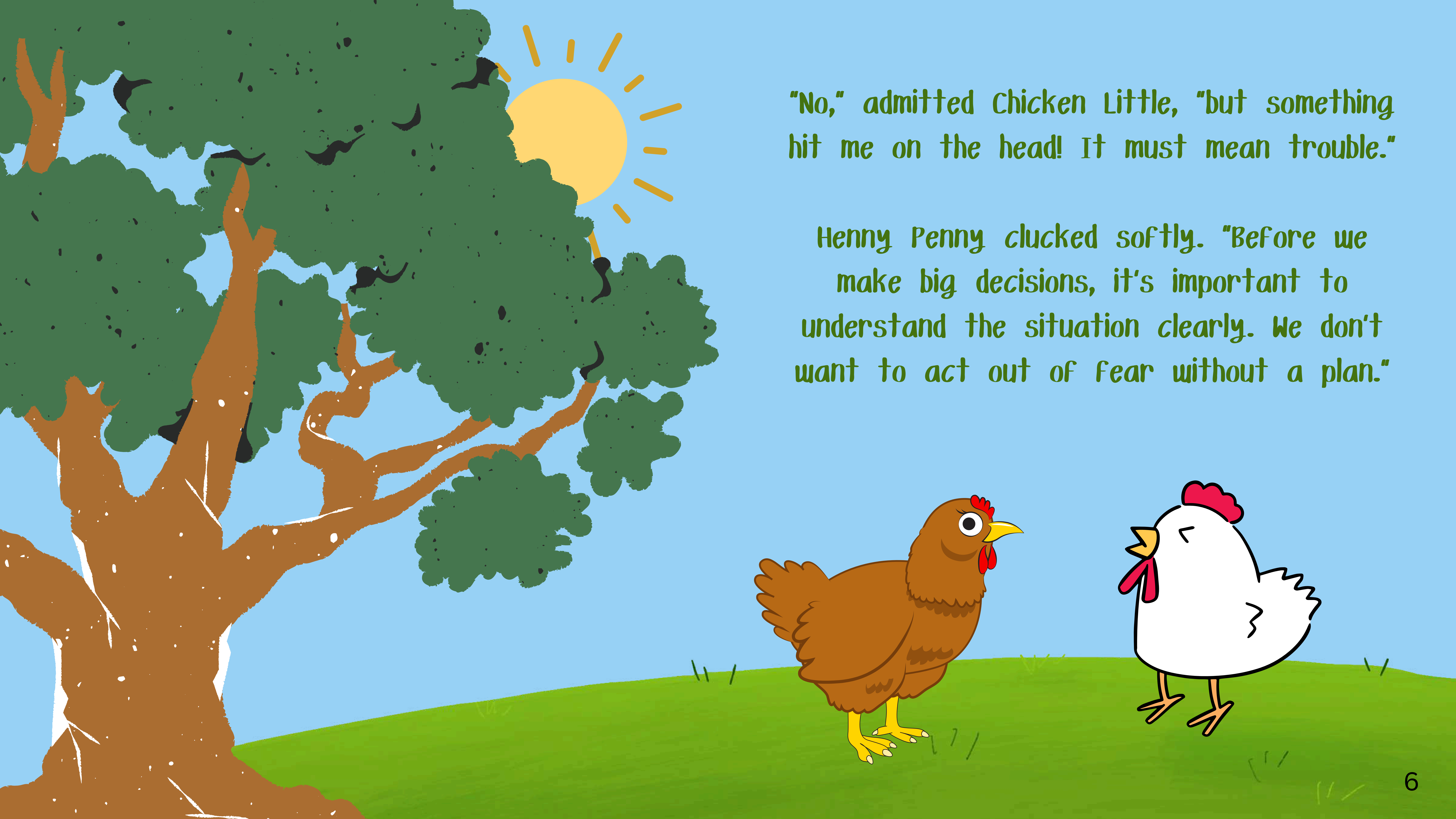


Panicked, Chicken Little shouted, "The sky is falling! The sky is falling!" She was so sure that a disaster was coming, she didn't stop to think or check what had actually happened.

Frightened, Chicken Little ran to her friend Henny Penny. "The sky is falling! We must prepare for the worst!" she exclaimed.



Henny Penny tilted her head thoughtfully and asked, "But how do you know the sky is falling? Did you see it happen?"

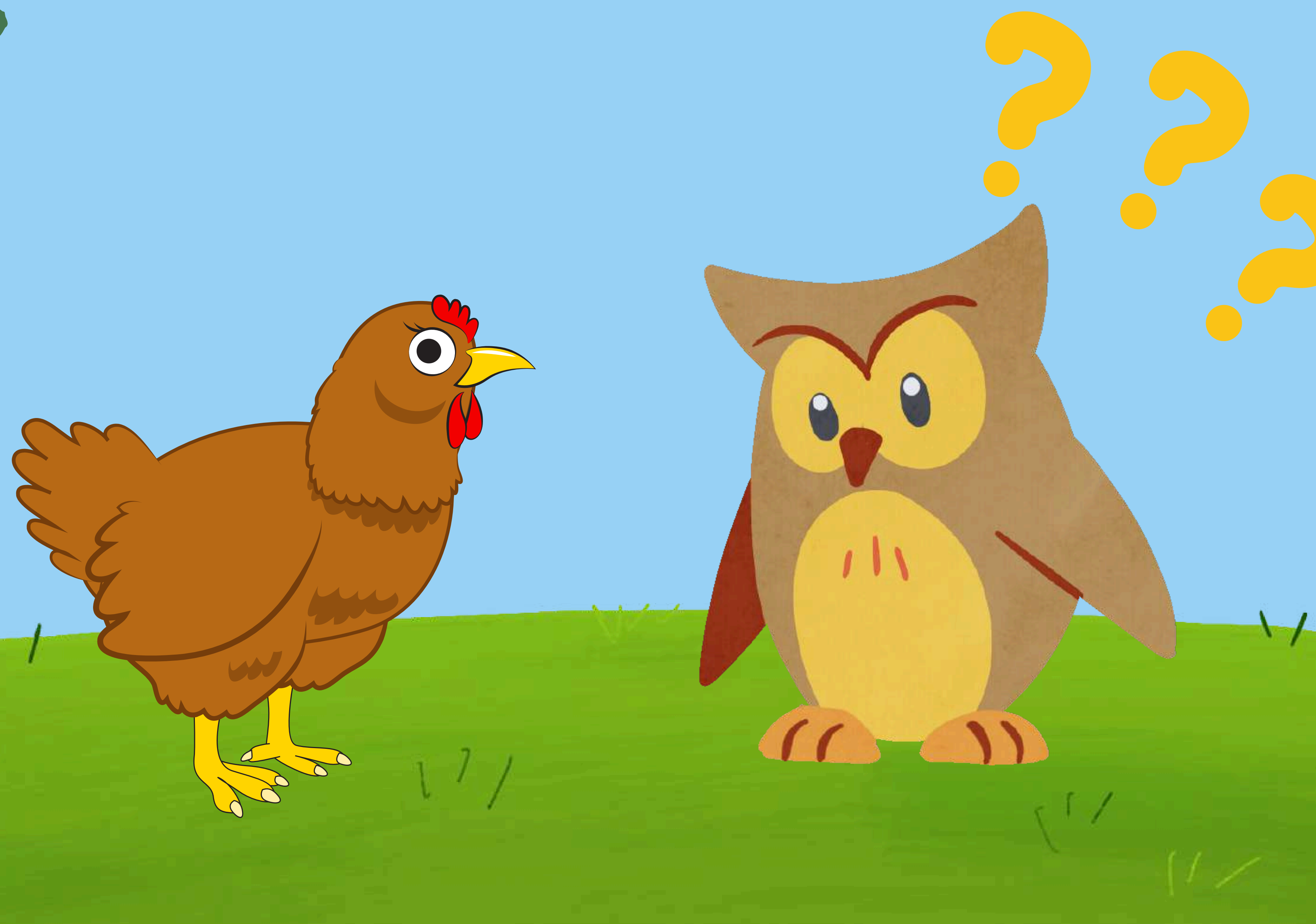


"No," admitted Chicken Little, "but something hit me on the head! It must mean trouble."

Henny Penny clucked softly. "Before we make big decisions, it's important to understand the situation clearly. We don't want to act out of fear without a plan."

As Chicken Little ran to spread her warning, she met Owl Wise. "The sky is falling! We must prepare for the worst!" she exclaimed.

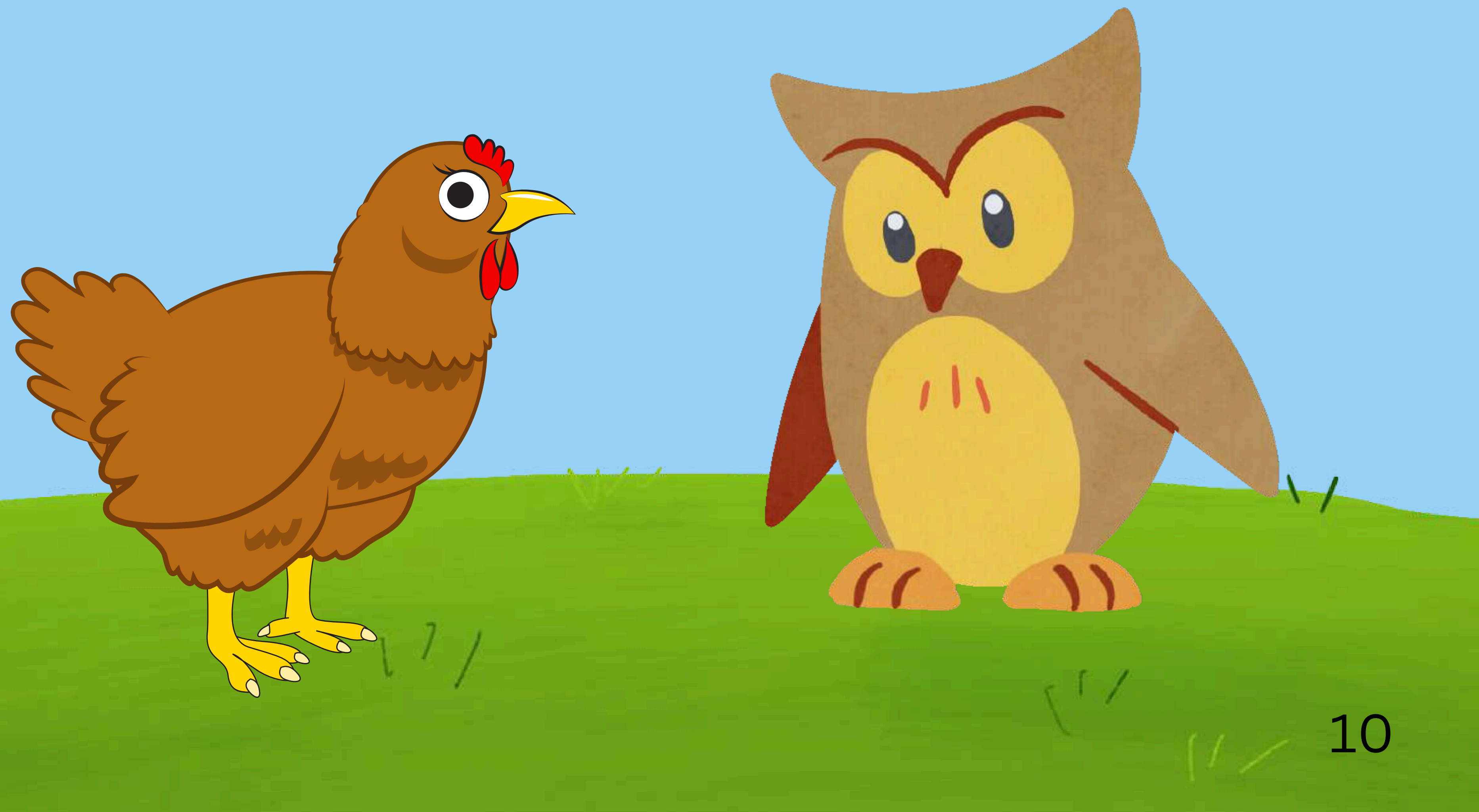
Owl Wise listened patiently to her story, then said, "Chicken Little, you're worried because you think a disaster is coming. But did you stop to gather all the facts?"



Chicken Little shook her head. "No, but I'm sure something bad will happen!"

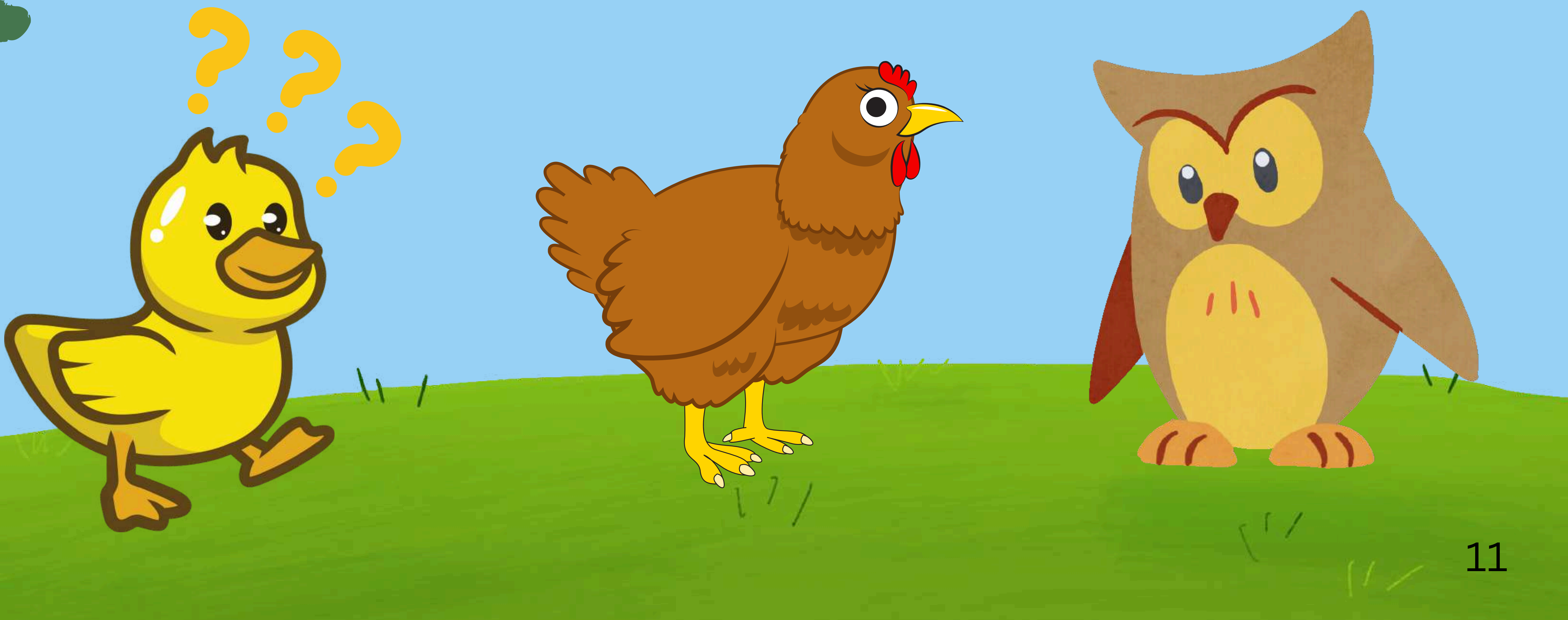
"That's called jumping to conclusions," Owl Wise explained, "that's bad, we should never do that when we don't have any facts."

The wise owl explained to Chicken little, "In the world of finances, we call this kind of planning '<u>forecasting</u>.' It's about looking at all the information we have now to make smart predictions about the future."

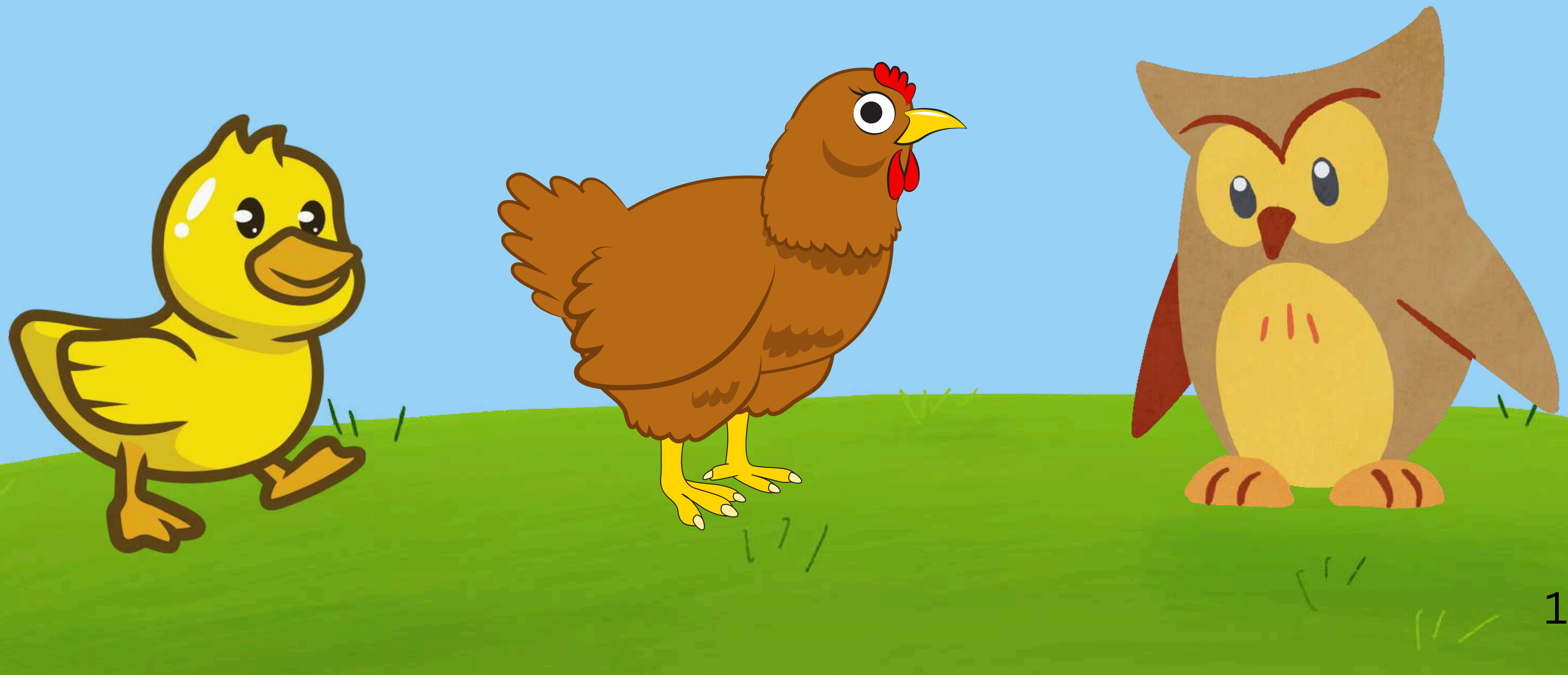


"Why is forecasting important?" asked Ducky, who had been listening nearby.

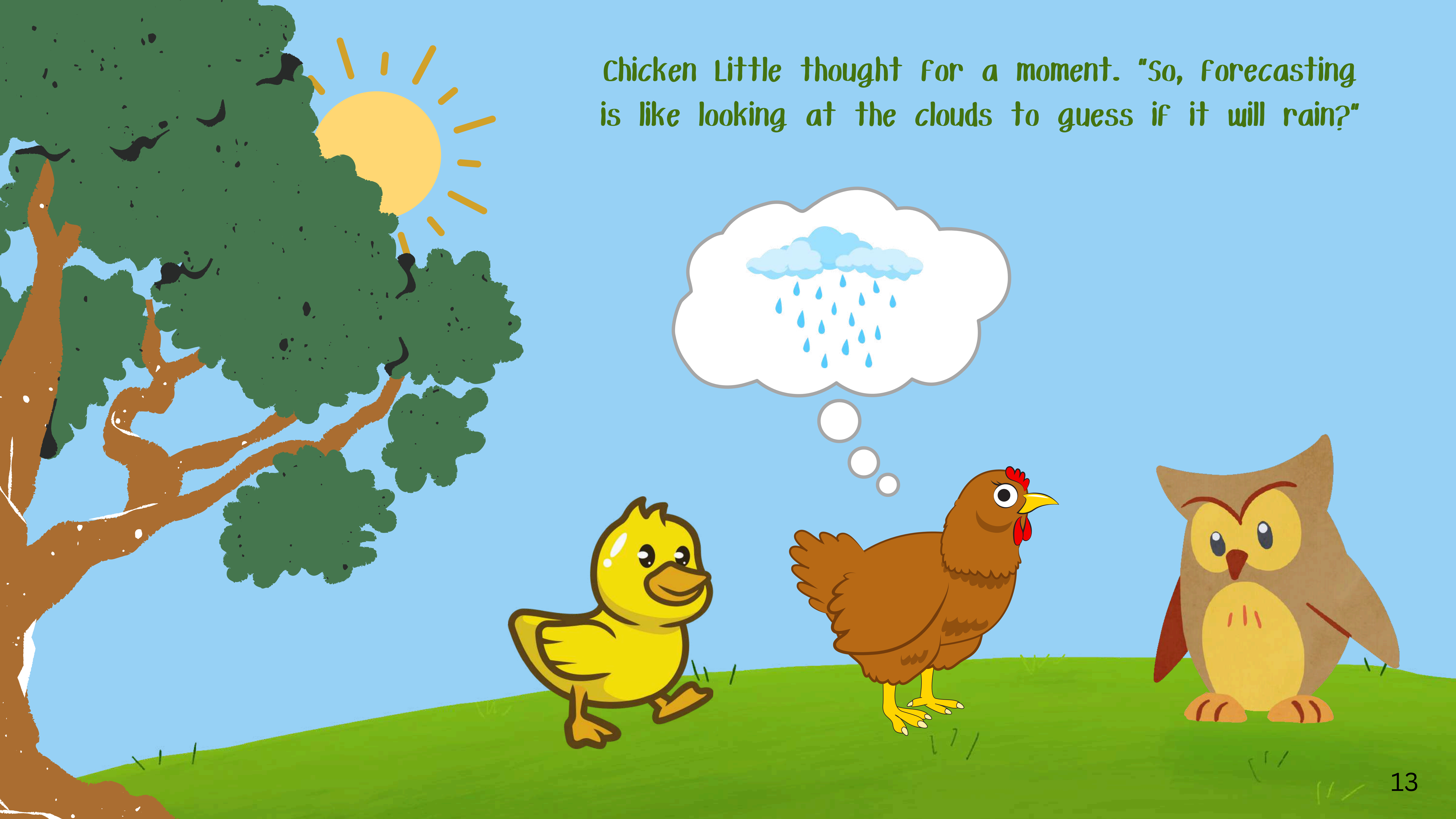
"Forecasting helps us prepare for what might happen," said Owl Wise. "Instead of guessing, we use patterns, observations, and past data to make decisions. That way, we can avoid unnecessary <u>risk</u> and make smarter choices."



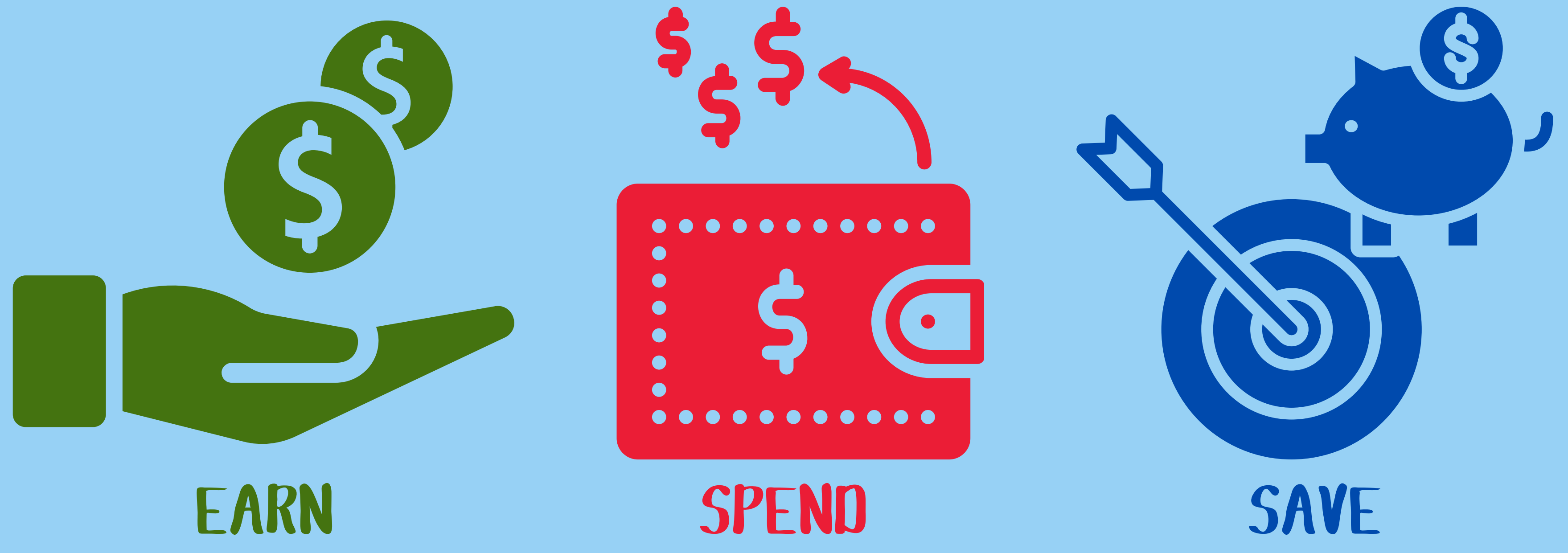
Owl Wise continued, "Let's say a farmer is deciding whether to plant more crops. If the farmer forecasts that next year might have a drought, they may choose to plant less and save their seeds and money instead of taking a big risk. Similarly, people forecast their finances to decide how much money to save, spend, or invest."



Chicken Little thought for a moment. "So, forecasting is like looking at the clouds to guess if it will rain?"



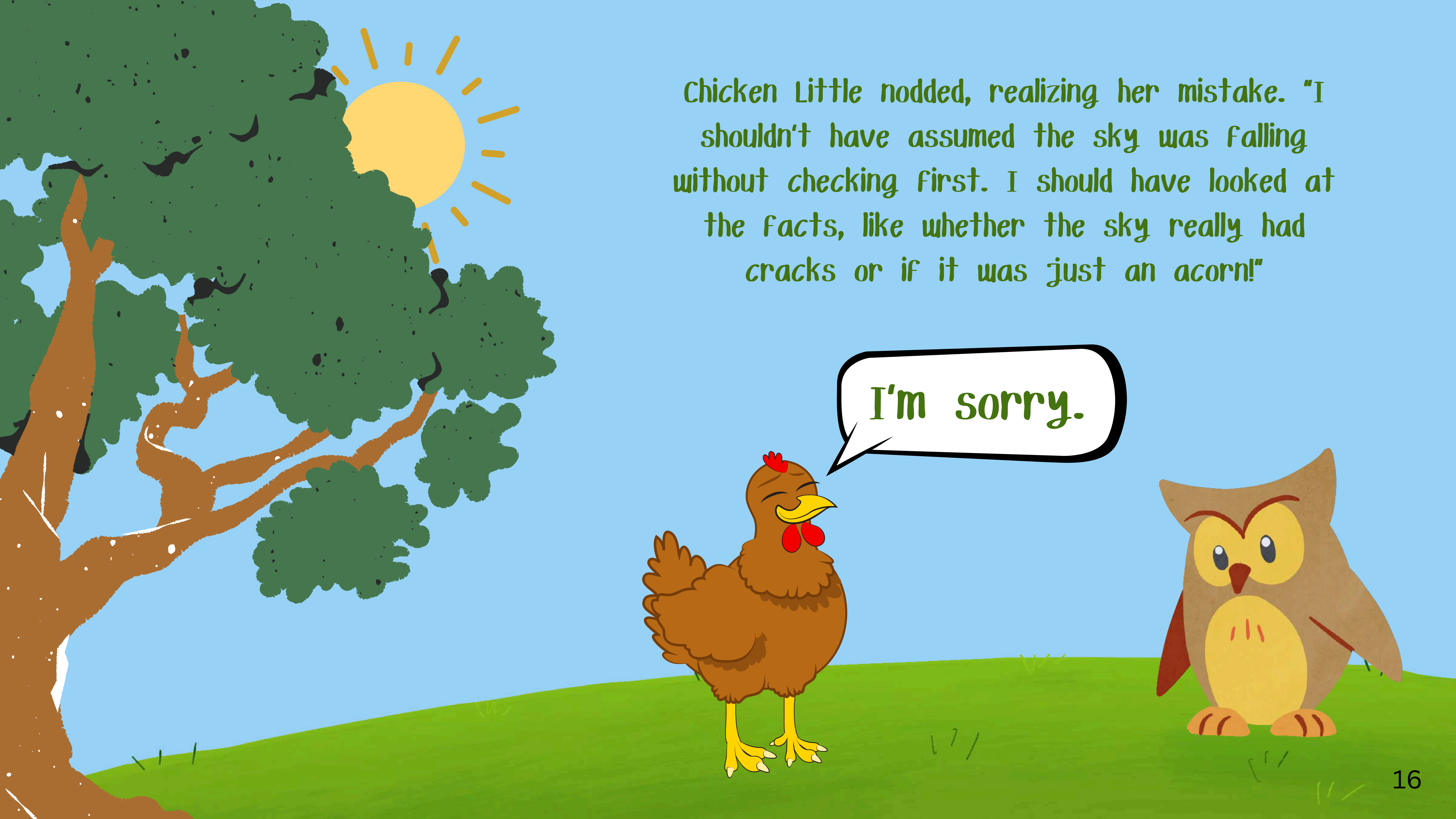
"Exactly!" Owl Wise said. "In finances, you might look at how much money you've earned, how much you've spent, and how much you need to save for the future. You don't just guess—you gather facts and think carefully."



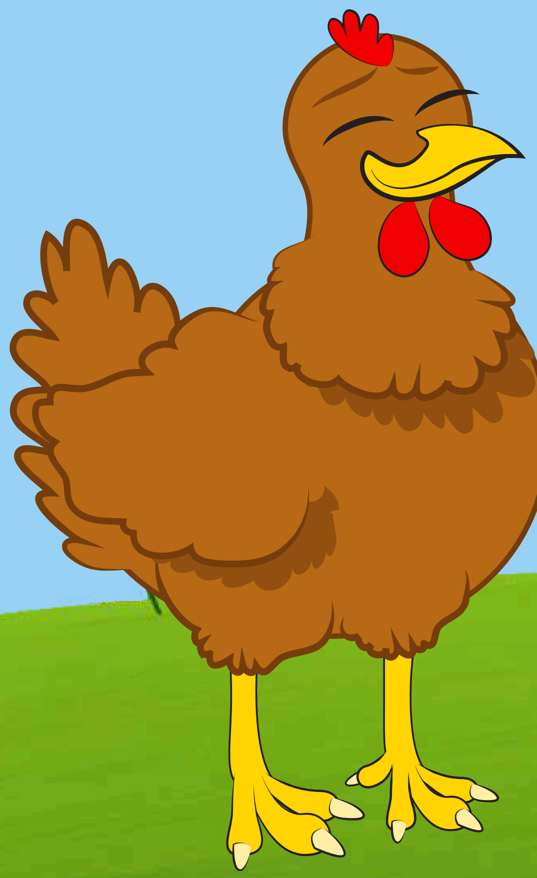
"But what happens if you don't forecast?" asked Ducky.

"If you act without planning, you could lose your resources or miss opportunities," Owl Wise explained. "For example, if you spend all your money now without thinking about next month's rent, you might find yourself in trouble. Forecasting helps prevent that."

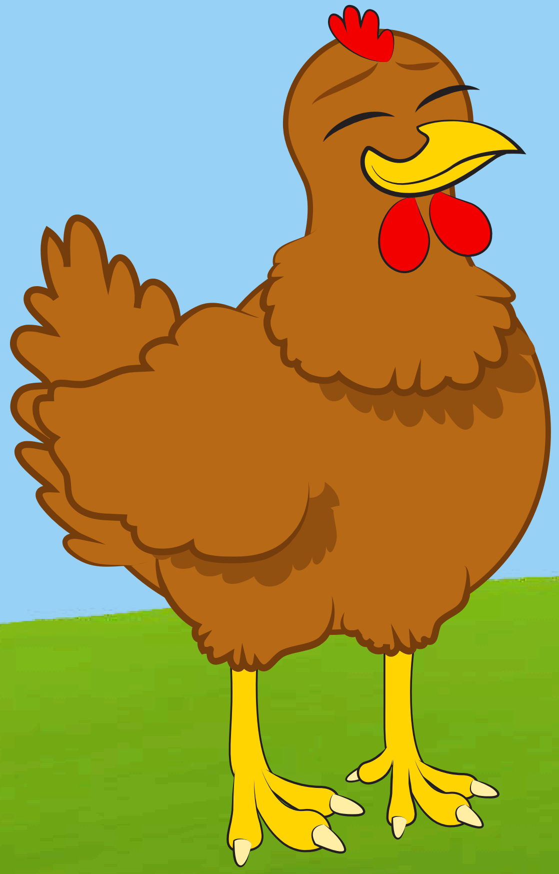
Chicken Little nodded, realizing her mistake. "I shouldn't have assumed the sky was falling without checking first. I should have looked at the facts, like whether the sky really had cracks or if it was just an acorn!"



Owl Wise smiled. "That's right. Financial forecasting is about taking the time to understand your situation, predict what might happen, and prepare for it. It's a skill everyone needs."



From that day on, Chicken Little practiced forecasting. She observed, gathered facts, and made careful predictions about her future. She even started saving seeds for rainy days, inspired by her new understanding of how to plan ahead.



QUIZ TIME

1. What is the purpose of financial forecasting?

A. To make decisions quickly without thinking.
B. To predict and prepare for future financial situations by using current information.
C. To ignore risks and focus only on spending.
D. To avoid thinking about the future altogether.

2. What does jumping to conclusions mean?

A. Making decisions based on careful analysis.
B. Taking action too quickly without enough information.
C. Saving money for future needs.
D. Investing resources for long-term benefits.

QUIZ TIME

3. What would have happened if Chicken Little practiced forecasting before panicking?

A. She would have realized the acorn was not a disaster.
B. She would have continued running without thinking.
C. She would have ignored Owl Wise's advice.
D. She would have assumed the sky was falling even more.

4. What lesson did Owl Wise teach about making decisions?

A. Always act quickly without thinking.
B. Avoid making decisions to stay safe.
C. Decisions should be based on careful observation and facts.
D. Ask others to make decisions for you.

QUIZ TIME

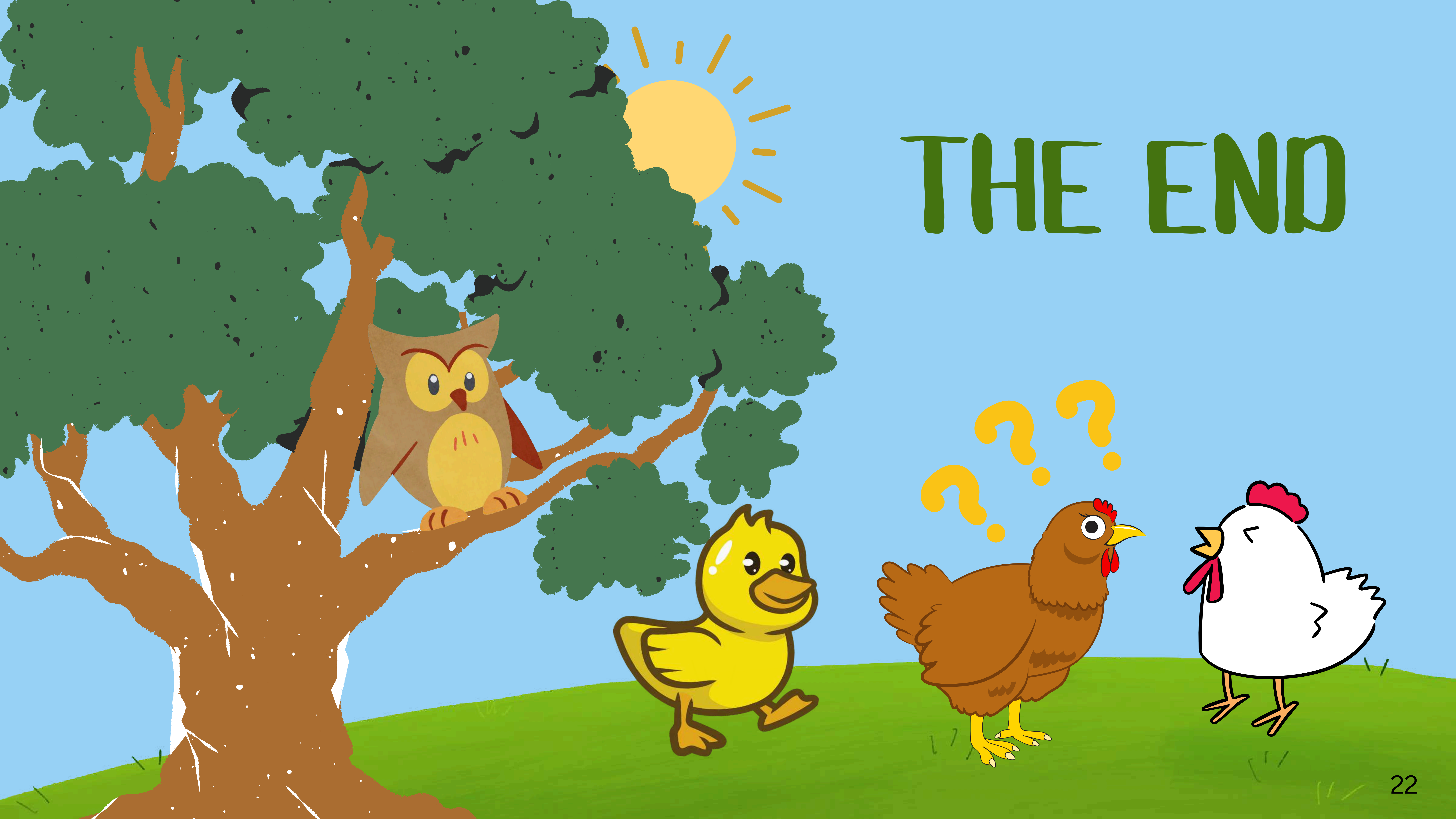
5. How is forecasting connected to budgeting?

A. Budgeting doesn't require forecasting.
B. Budgeting is the opposite of forecasting.
C. Forecasting only applies to big investments, not budgeting.
D. Forecasting helps you predict future expenses to plan your budget effectively.

6. What can we learn about forecasting from Owl Wise's explanation?

A. It is a careful process of analyzing facts and patterns.
B. It is a way to guess without any evidence.
C. It always guarantees perfect outcomes.
D. It is unnecessary for financial decisions.

ANSWERS: 1B, 2B, 3A, 4C, 5D, 6A


THE END

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A heartfelt thank you to my parents and family for their endless support, encouragement, and belief in me. This book would not have been possible without your love and guidance.

To my readers—thank you for joining this journey of learning and discovery. I hope this story helps you understand important financial lessons in a fun and meaningful way.

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