

Nominal Value:

Is the value that is measured using the current price of that year (it does not remove inflation)

For example:

In year 2023 A chocolate costs 2 euros and by the year the same chocolate cost 3 euros

Then here the nominal value increased from 2 euros to 3 euros

The quantity of chocolate didn't change

IMPORTANT: Nominal value can increase even when output stays the same.

Real Value:

Is the value after removing the effect of inflation

For example:

Year back price of chocolate is 2 euros and now the current price is 3 euros

In real term the chocolate worth 2 euros and 1 euro extra is removed as it's a price influenced by inflation

IMPORTANT: A real value did not increase

Nominal GDP:

Is the total value of goods and service produced in a country measured using current prices

Real GDP: is measured using constant prices like real value