

Tutorial Note 1: Measurement of Macroeconomy

Solution to Exercises

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Exercise 1 \$5 million. Note that the \$10 million paid for computers is not part of value added. Note also that the fact that the firm produces an intermediate good doesn't mean that it doesn't contribute to GDP.

Exercise 2 $\$87,000 - \$11,000$ paid for intermediate goods + $\$1000$ change in inventories = $\$77,000$.