A country produces three goods: X, Y and Z

Nominal GDP= $P_xQ_x + P_yQ_y + P_zQ_z$

The following year, prices rise…

Year

1

Year							
1							

$$\frac{\text{Price}}{1} \times$$

Year	Price X						
1	1						

Quantity

X

100

Year	Price X	Quantity X					
1	1	100					

Price

Y

0.5

Year	Price X	Quantity X	Price Y				
1	1	100	0.5				

Quantity

Y

50

Year	Price X	Quantity X	Price Y	Quantity Y			
1	1	100	0.5	50			

Price

Z

0.6

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z		
1	1	100	0.5	50	0.6		

Quantity

Z

10

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	
1	1	100	0.5	50	0.6	10	

Nominal GDP

(1x100)+(0.5x50)+(0.6x10)=

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	(1x100)+(0.5x50)+(0.6x10)=

131

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	(1x100)+(0.5x50)+(0.6x10)= 131

A country produces three goods: X, Y and Z

Nominal GDP= $P_xQ_x + P_yQ_y + P_zQ_z$

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	(1x100)+(0.5x50)+(0.6x10)= 131

The following year, prices rise…