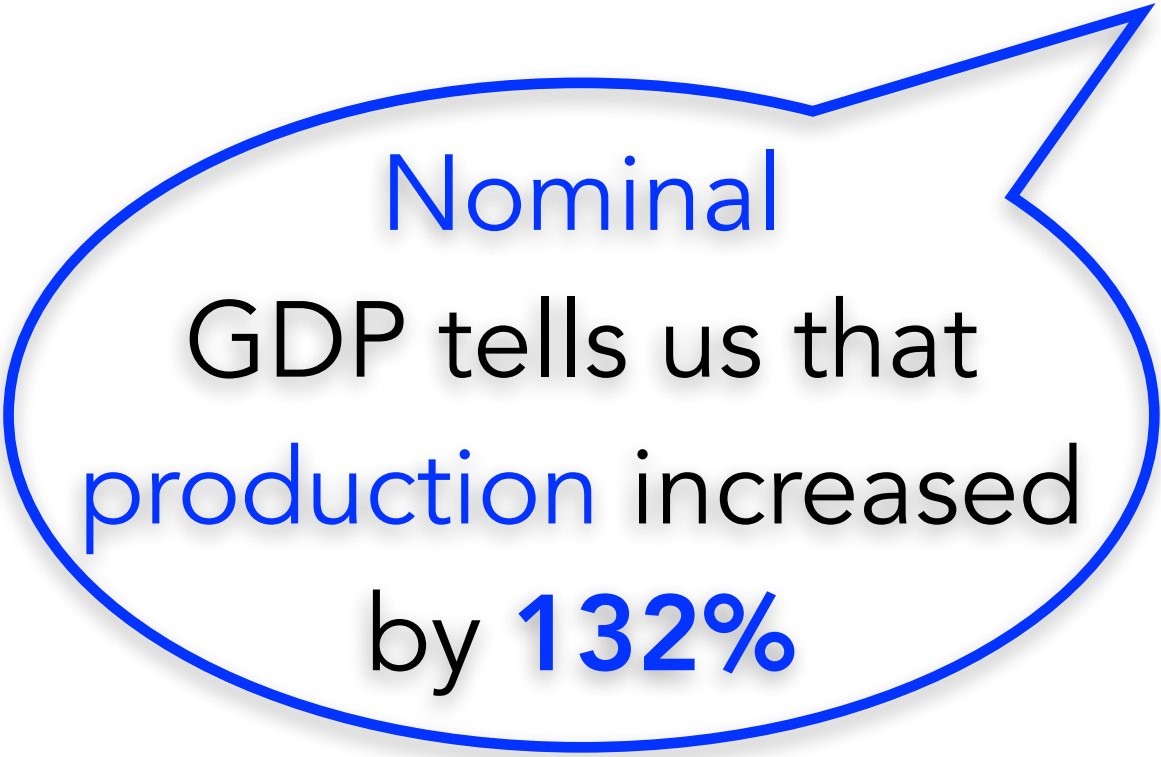




Comparing Real and Nominal GDP

Year
1
2
3
4





Nominal  
GDP tells us that  
production increased  
by **132%**



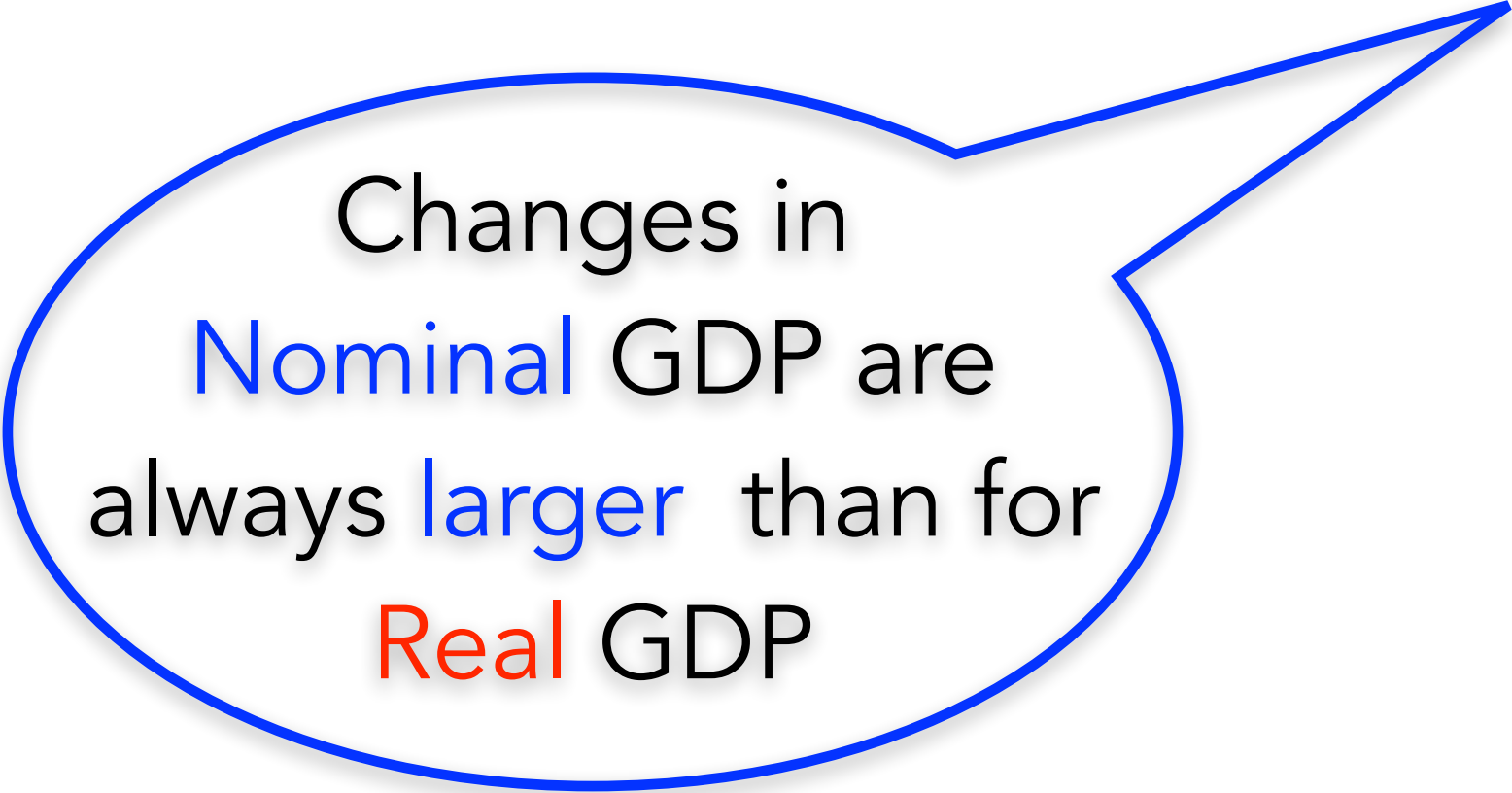
Real GDP tells us  
that production  
increased by 16%

In fact, the **combined**  
increase in **both** prices and  
quantities was **132%**

Since we keep prices the  
**same**, the increase in  
quantities **alone** was **16%**



Real GDP gives us an accurate measure of the actual change in quantities without the distorting effect of prices

A blue speech bubble with a tail pointing towards the top right corner. Inside the bubble, the text reads: "Changes in Nominal GDP are always larger than for Real GDP". The word "Nominal" is blue, "larger" is blue, and "Real" is red.

Changes in  
Nominal GDP are  
always larger than for  
Real GDP





Changes in **Nominal** GDP reflect  
the **combined** change in **both**  
prices and quantities

Changes in Real GDP  
reflect changes in  
quantity only

Year
1
2
3
4

# Nominal GDP

131

304

692

1,552



Year	Nominal GDP
1	131
2	304
3	692
4	1,552

# % Increase Nominal GDP

132.1

127.6

124.3

Year	Nominal GDP	% Increase Nominal GDP
1	131	
2	304	132.1
3	692	127.6
4	1,552	124.3

Real GDP
131
152
173
194

Year	Nominal GDP	% Increase Nominal GDP	Real GDP
1	131		131
2	304	132.1	152
3	692	127.6	173
4	1,552	124.3	194

# % Increase Real GDP

16.0

13.8

12.1

Year	Nominal GDP	% Increase Nominal GDP	Real GDP	% Increase Real GDP
1	131		131	
2	304	132.1	152	16.0
3	692	127.6	173	13.8
4	1,552	124.3	194	12.1

# Comparing **Real** and **Nominal** GDP

Changes in **Nominal** GDP reflect  
the **combined** change in **both**  
prices and quantities

Changes in **Real** GDP  
reflect changes in  
quantity only

Year	<b>Nominal</b> GDP	% <b>Increase</b> <b>Nominal</b> GDP	<b>Real</b> GDP	% <b>Increase</b> <b>Real</b> GDP
1	131		131	
2	304	132.1	152	16.0
3	692	127.6	173	13.8
4	1,552	124.3	194	12.1

Changes in  
**Nominal** GDP are  
always **larger** than for  
**Real** GDP

**Real** GDP gives us an **accurate** measure of the actual  
change in quantities **without** the distorting effect of prices



# 200 Countries, 200 Years

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