x100

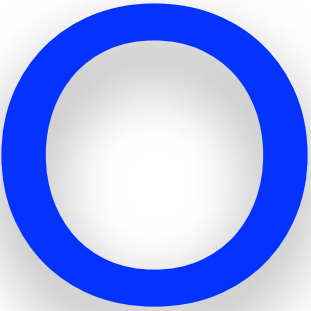
Nominal GDP

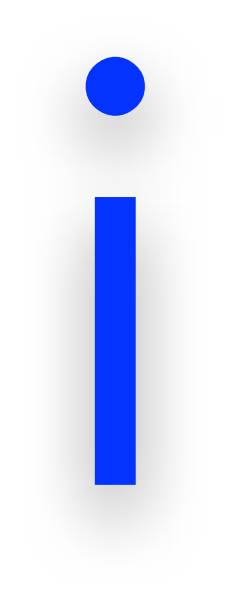
Real GDP

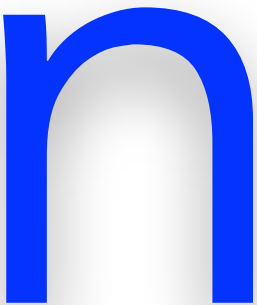
$22,000

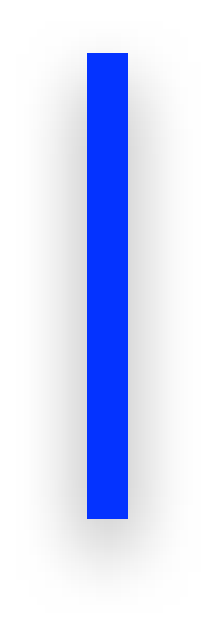
$11,000

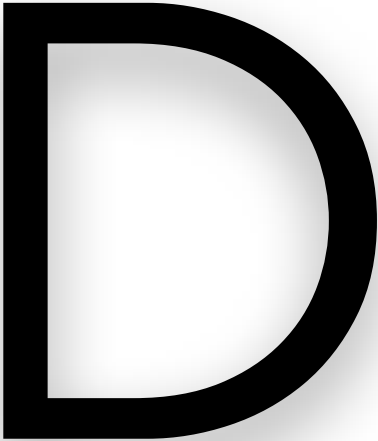
Nominal GDP is
twice as large as
Real GDP

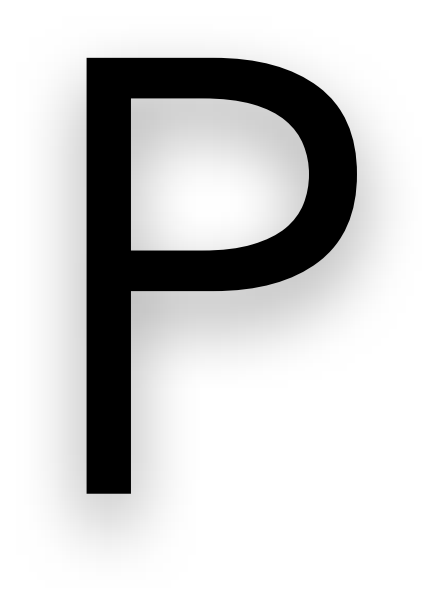


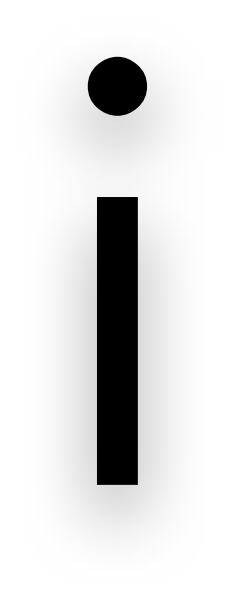


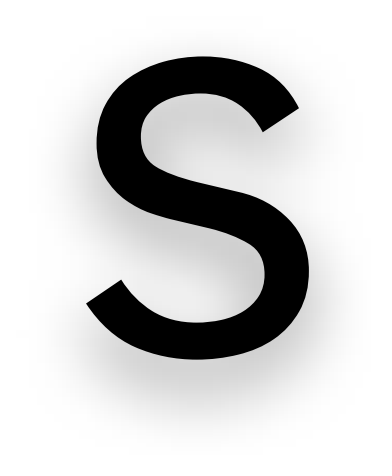


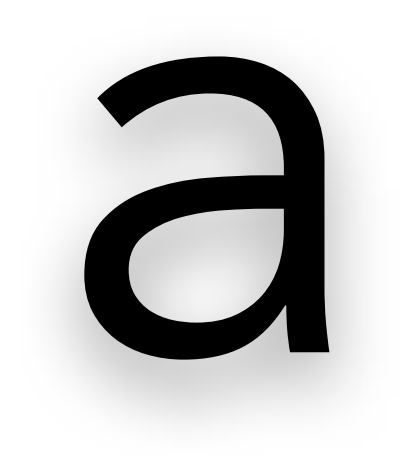








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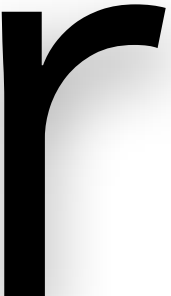

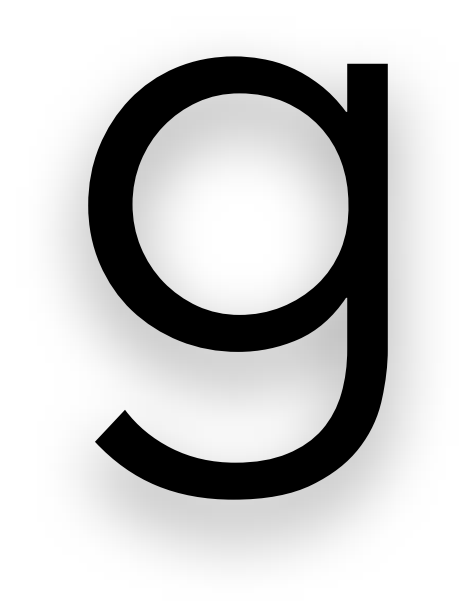

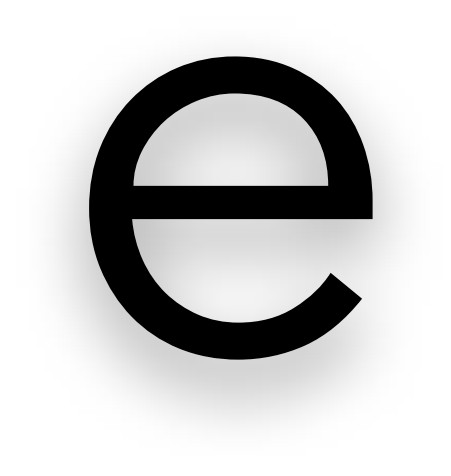

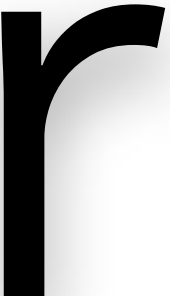

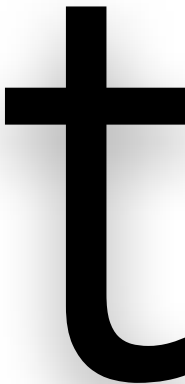

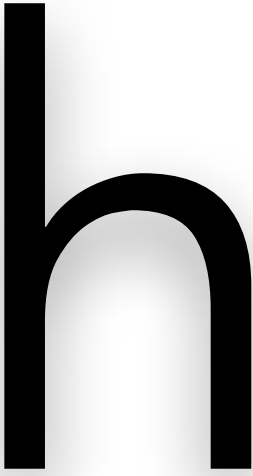

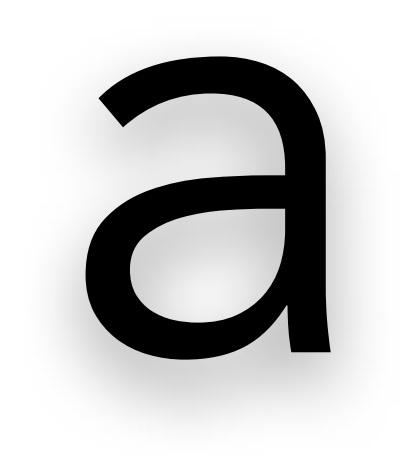
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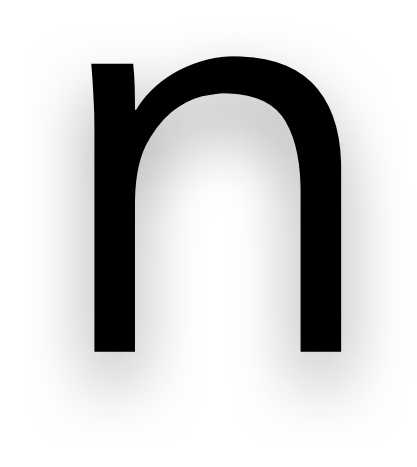

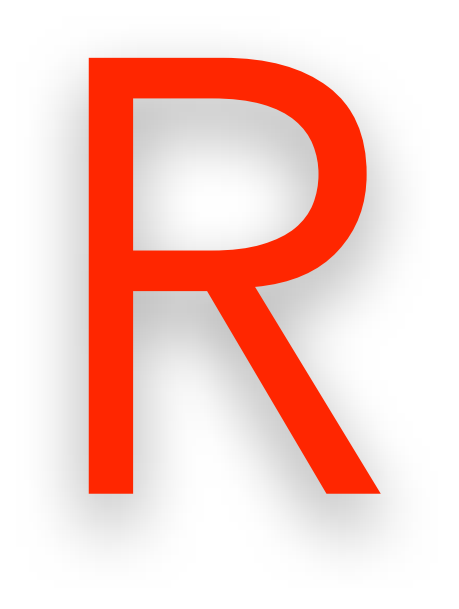
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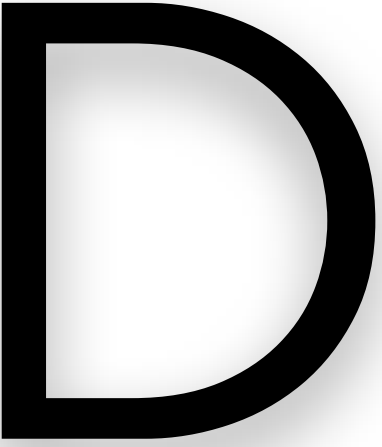

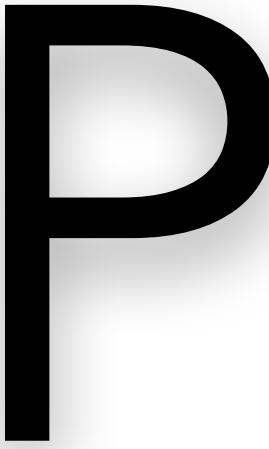

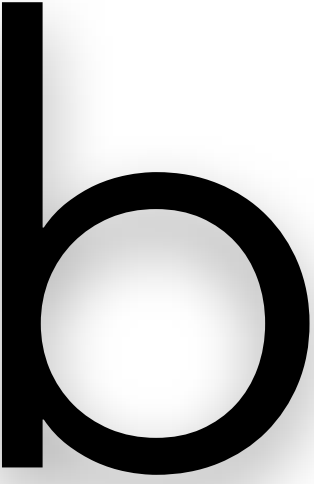

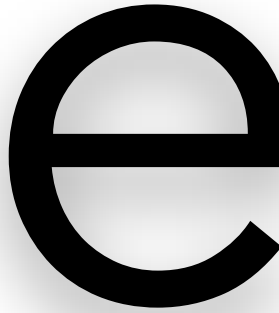

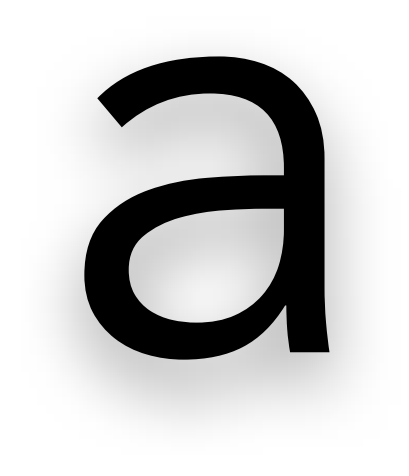
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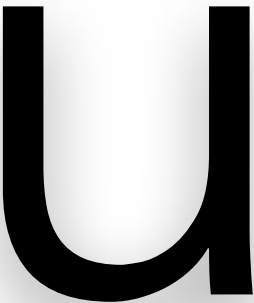

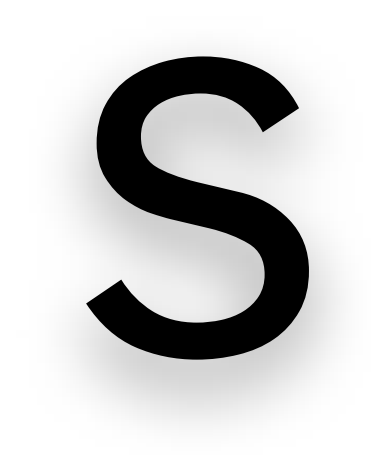

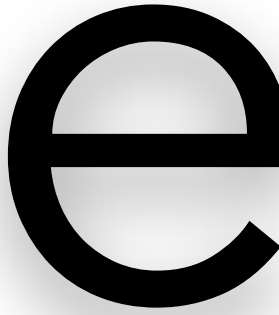

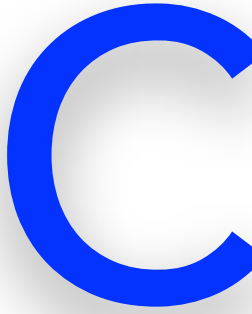

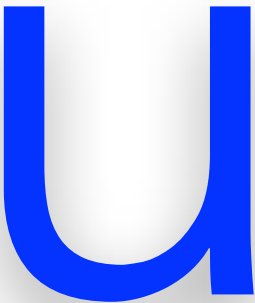

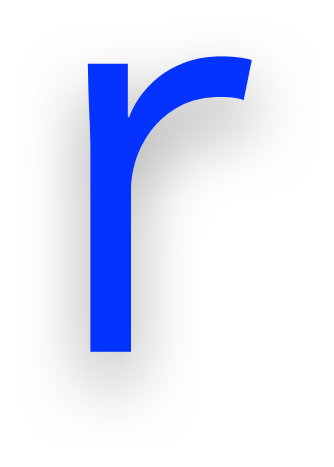

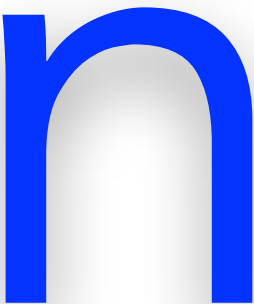

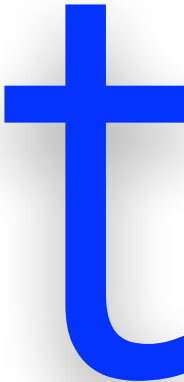

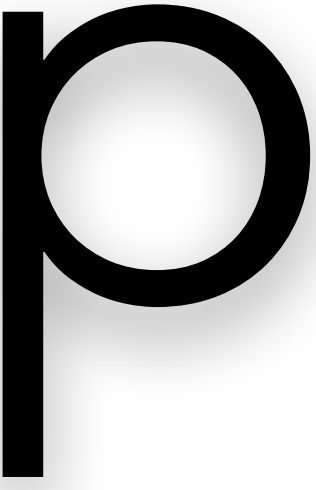

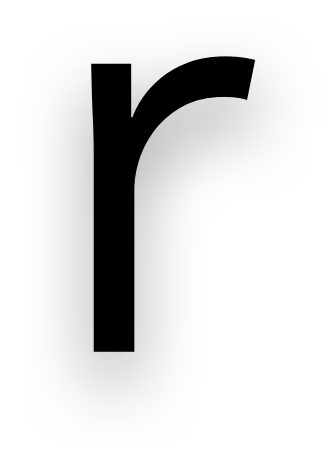

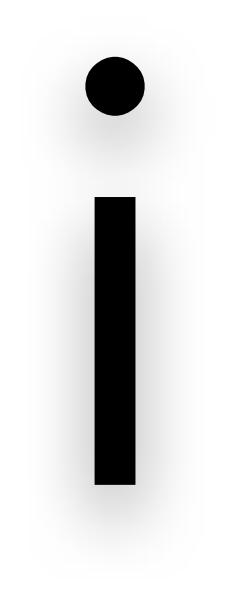

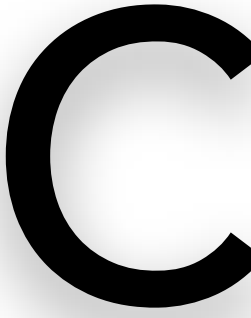

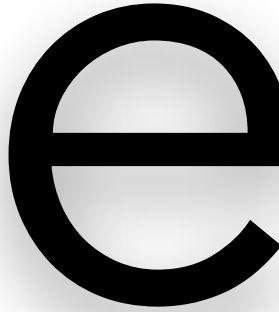

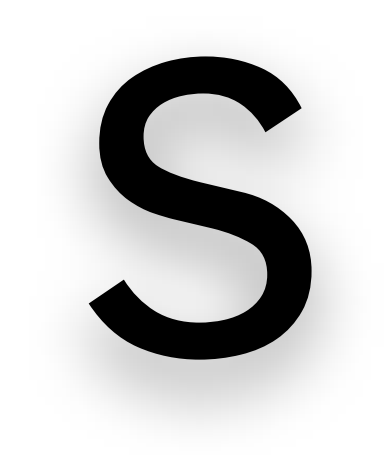

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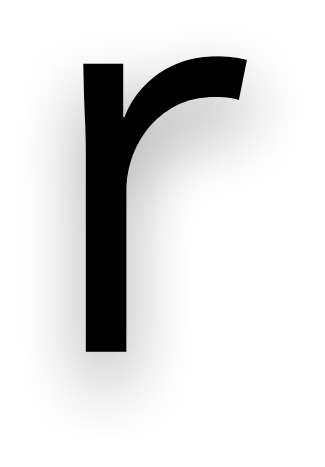

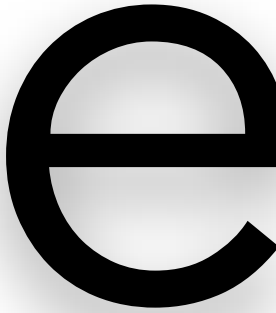

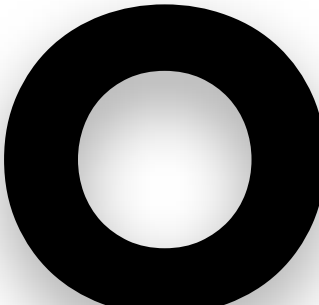

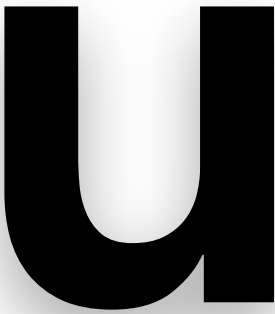

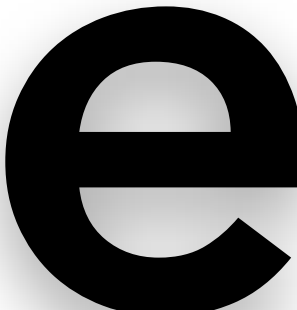

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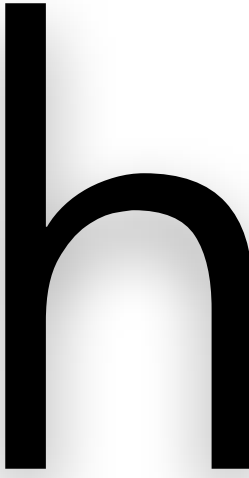

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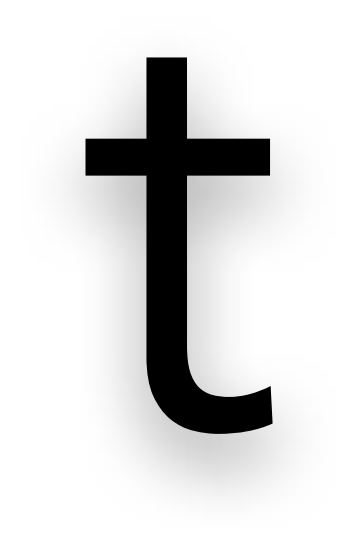

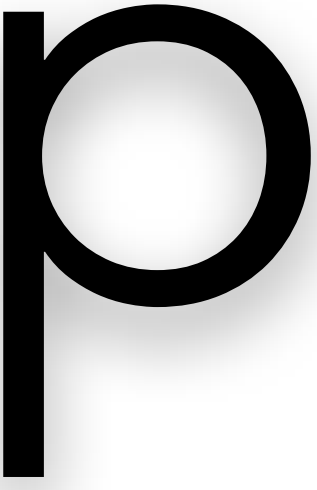

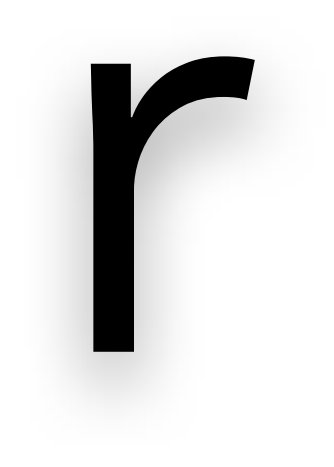

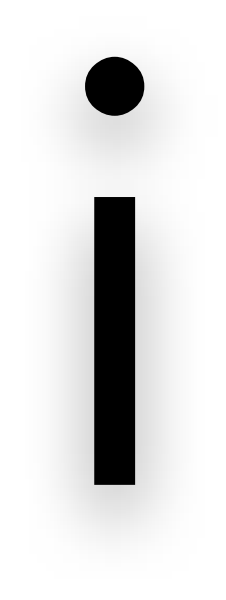

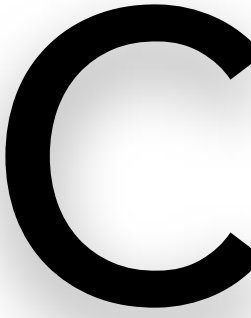

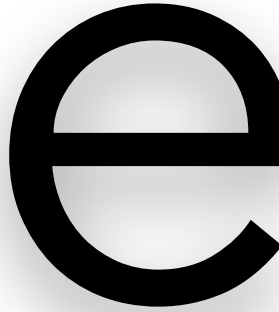

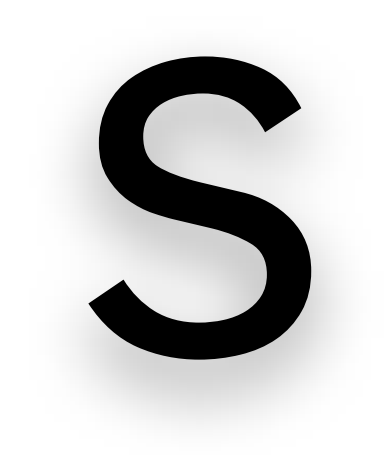

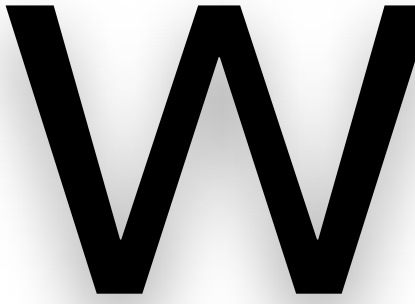

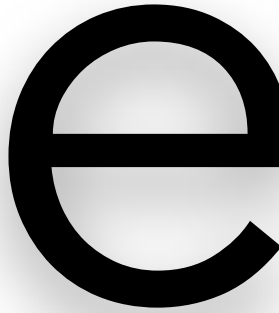

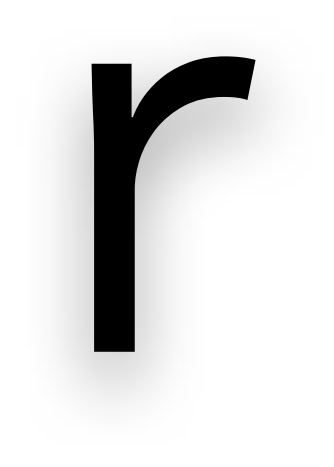

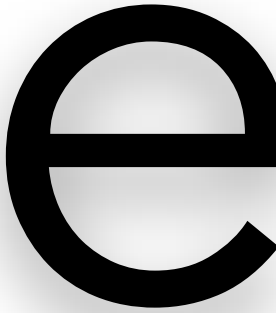

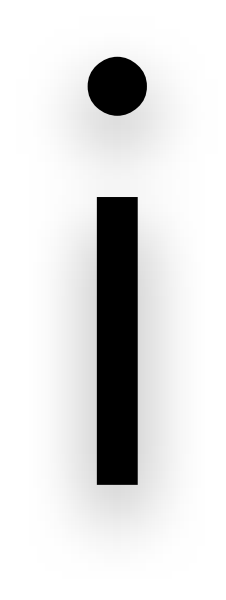

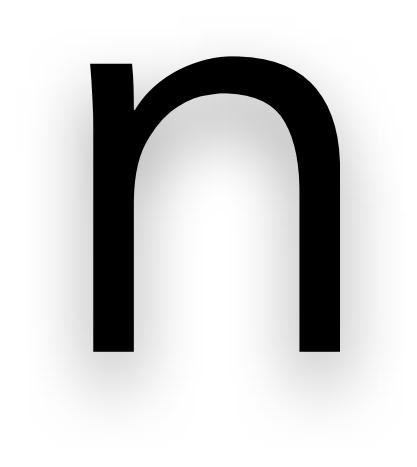

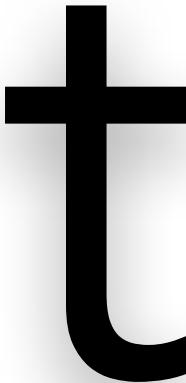

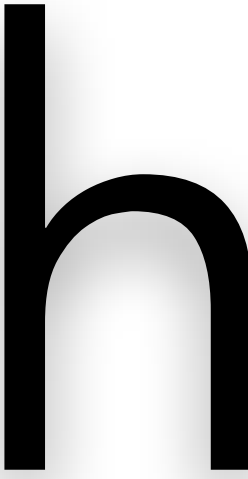

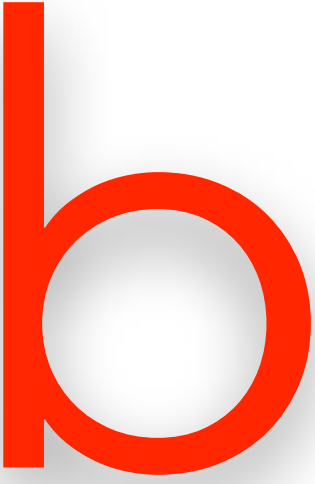

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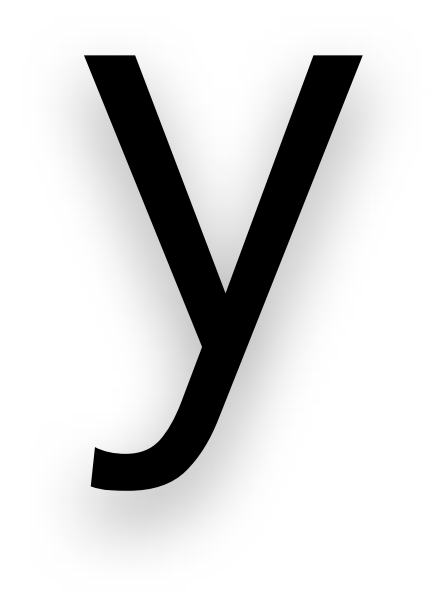

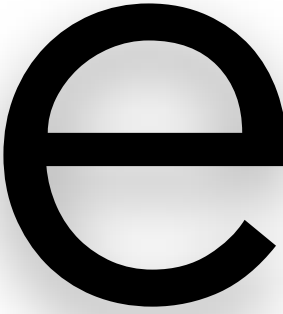

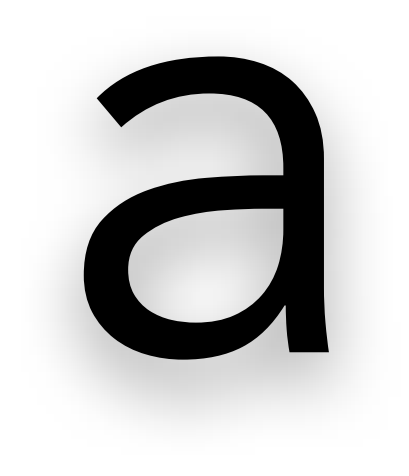
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GDP Deflator=

x100

GDP Deflator for 2019 = 200

Nominal GDP is larger than Real GDP because current prices are **double** what prices were in the base year

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GDP Deflator for 2019 = 200

Nominal GDP is **twice** as large as Real GDP

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100 = \frac{\$22{,}000}{\$11{,}000} \times 100 = 2 \times 100$$

GDP Deflator for 2019 = 200

Nominal GDP is **twice** as large as Real GDP

2 x 100