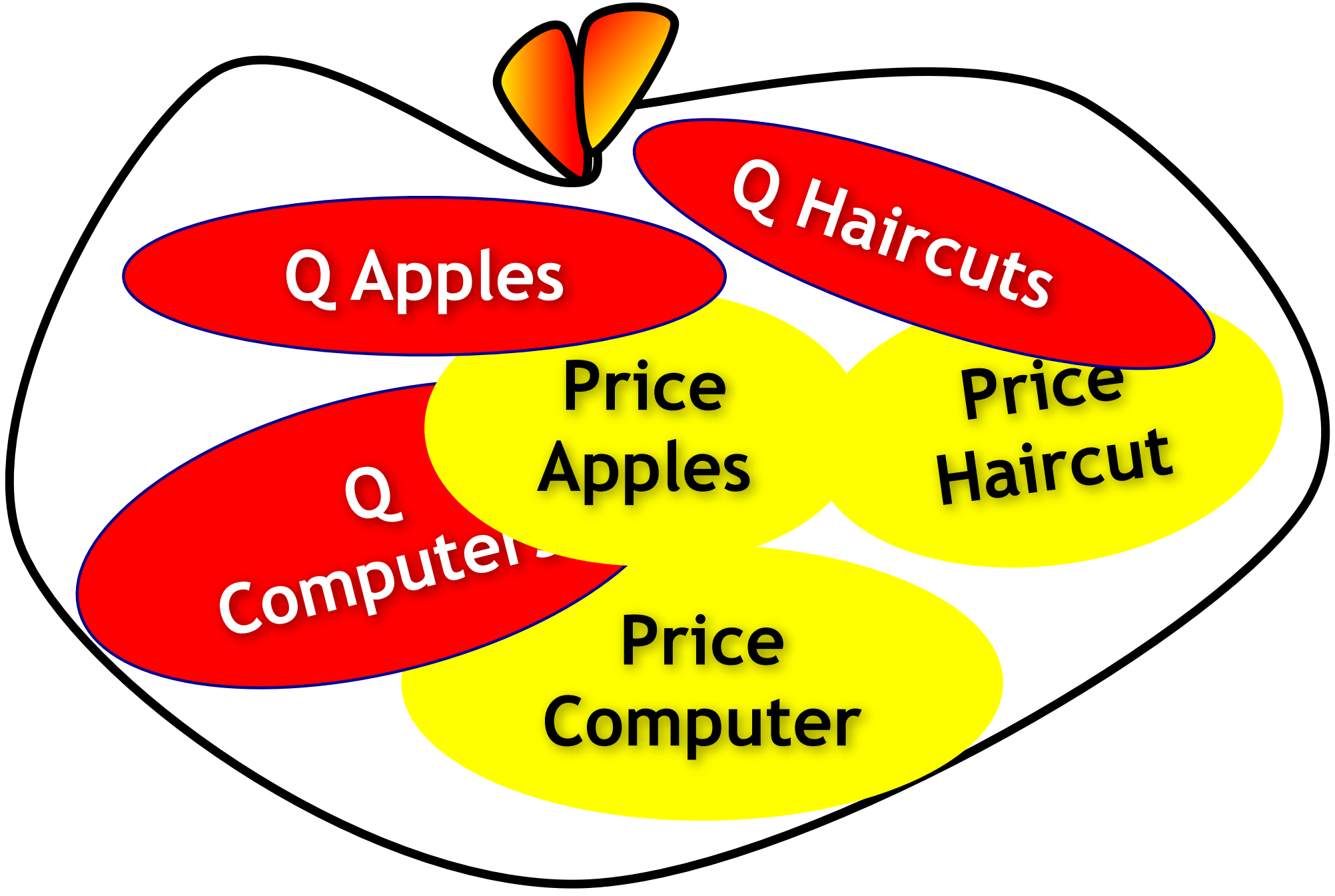
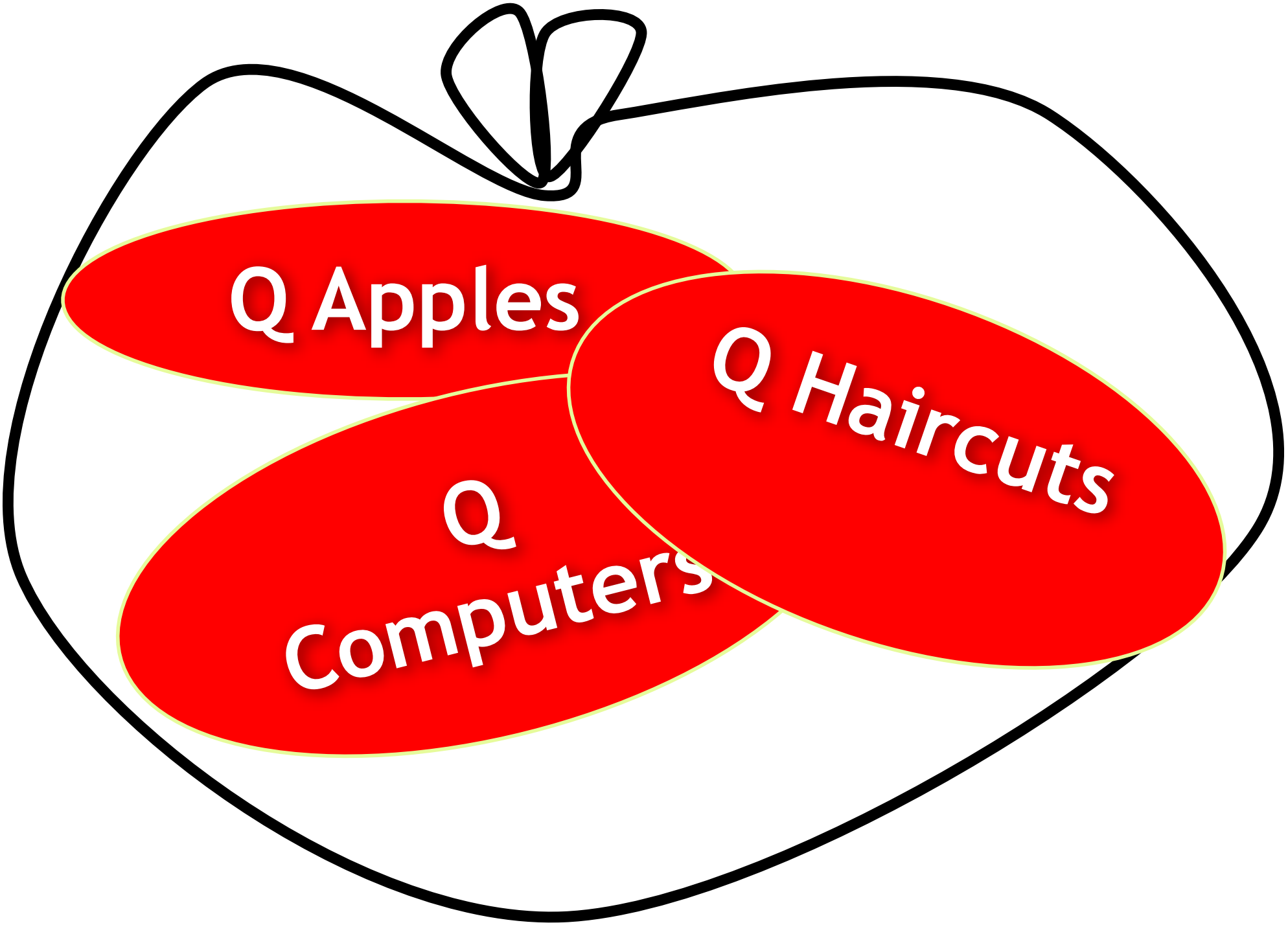
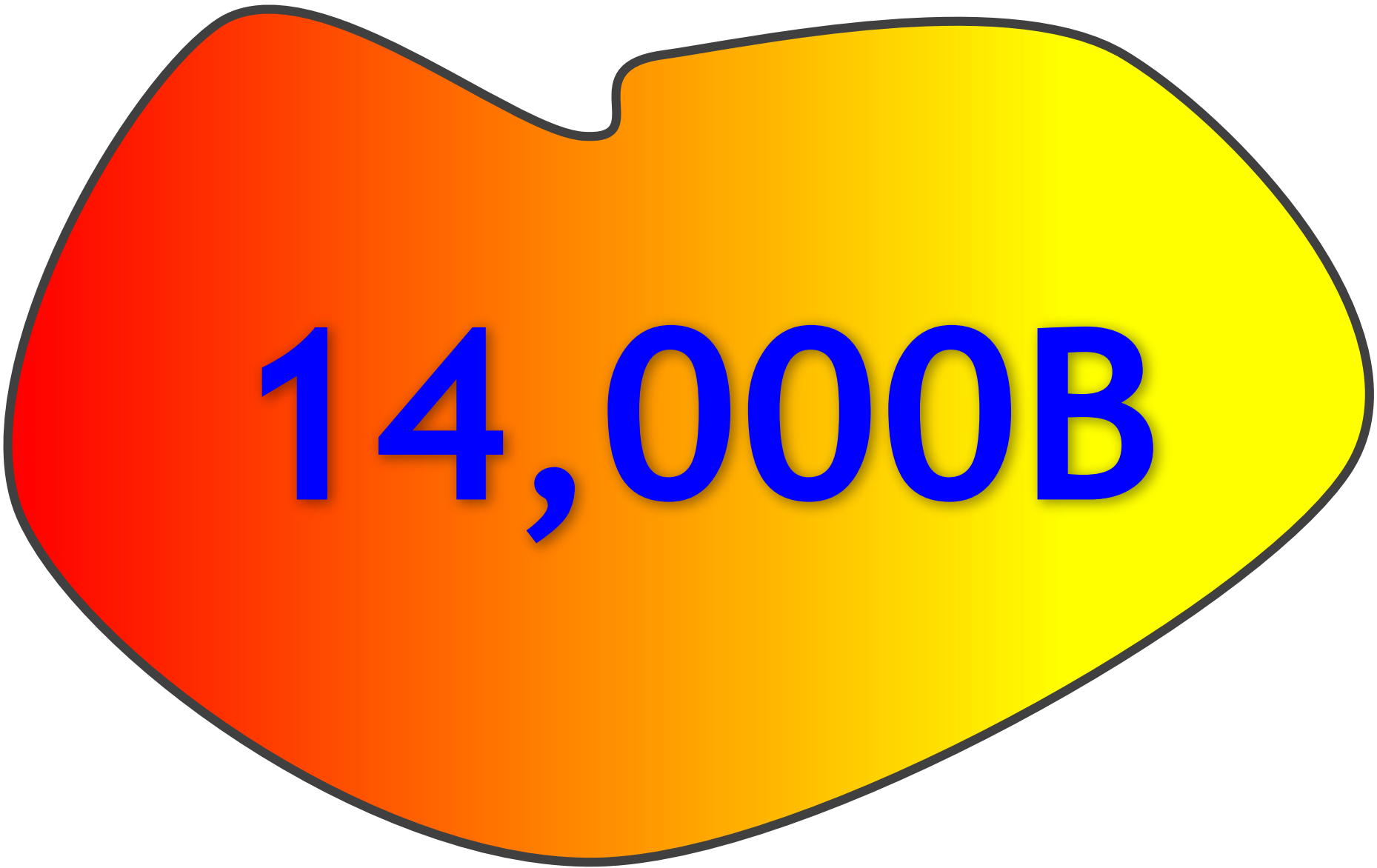
Nominal GDP


Q Apples
Q Haircuts
Price Apples
Price Haircut
Price Computer

Real GDP

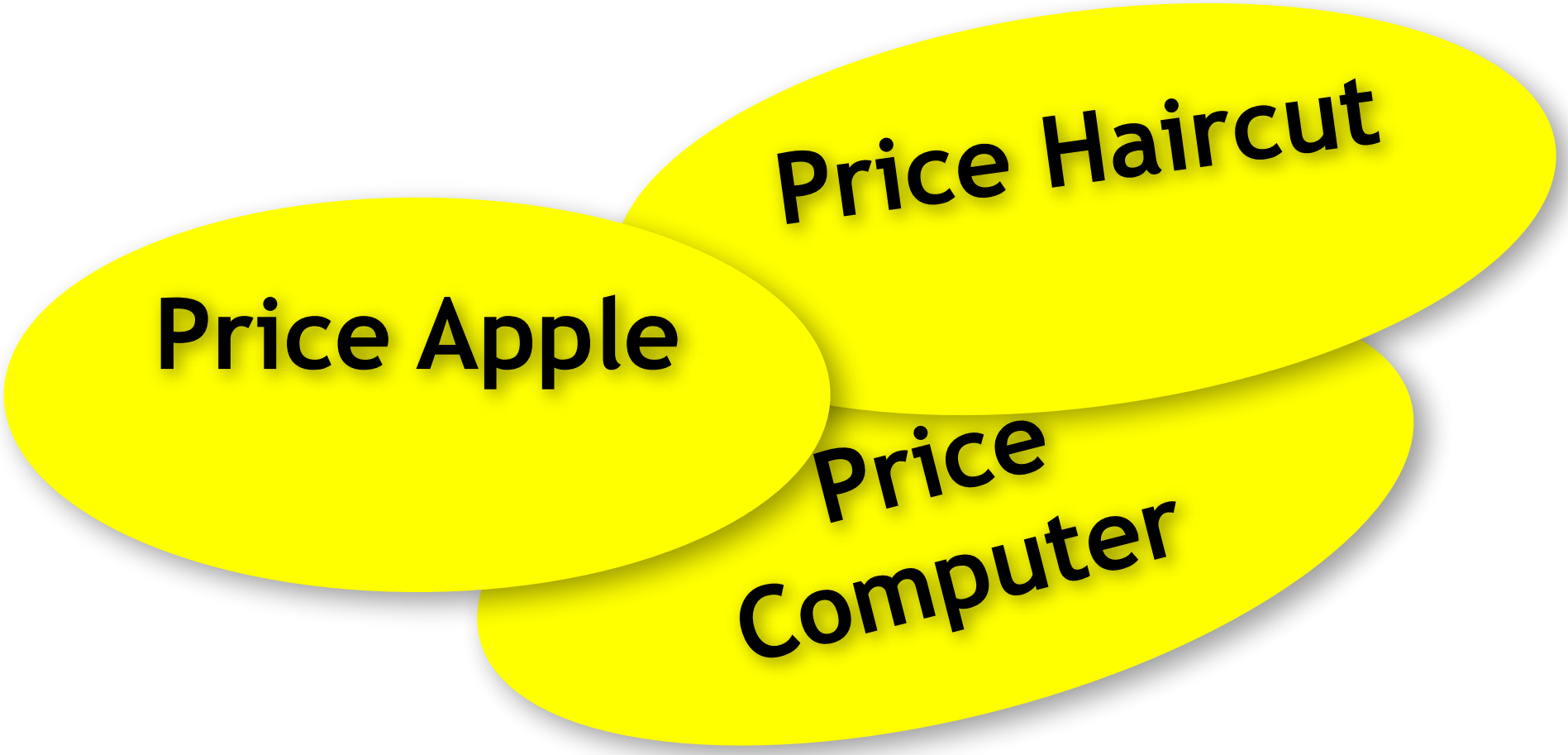

Q Apples
Q Haircuts
Q Computers


14,000B

7,000B

X 100

200

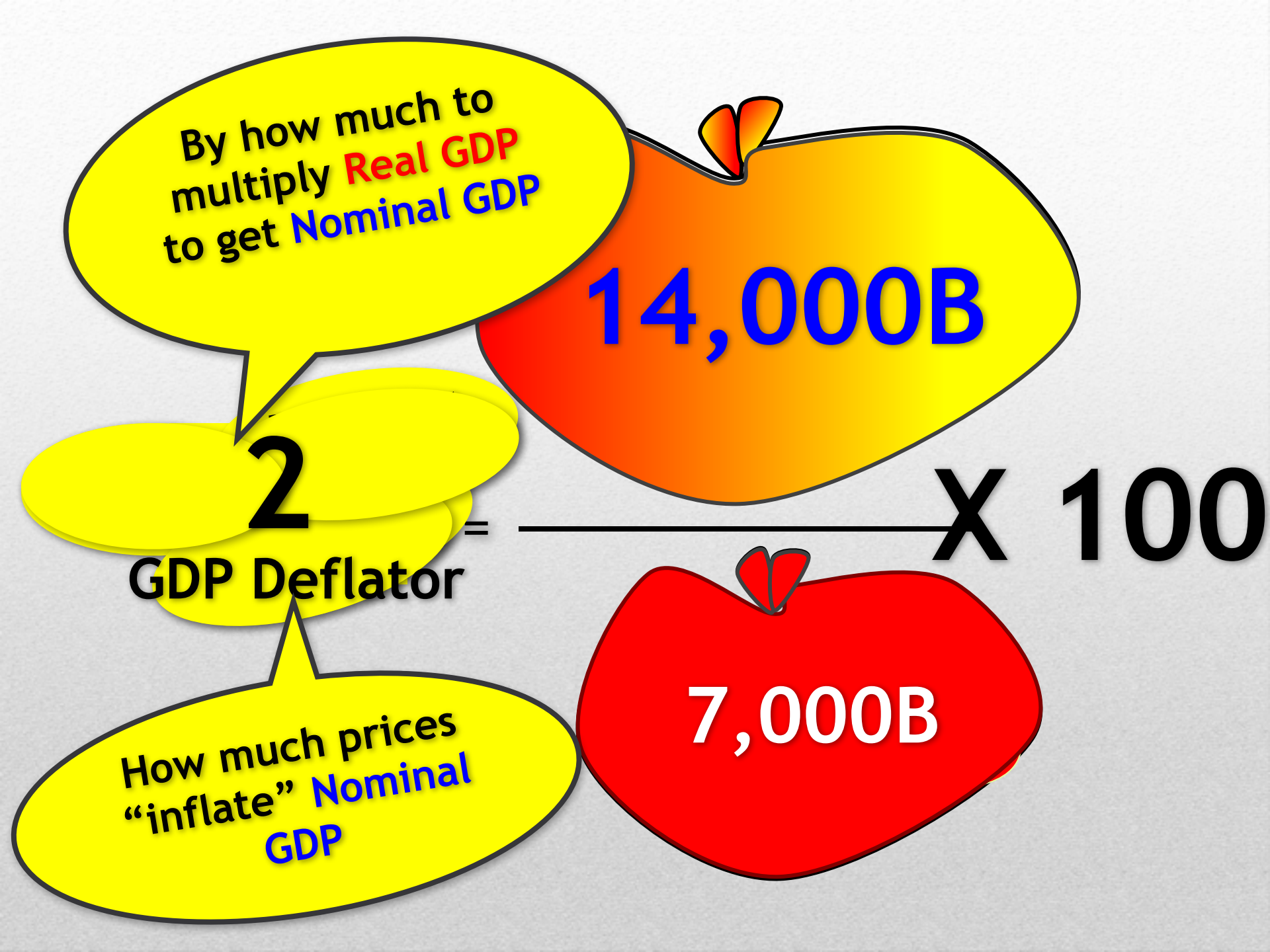

Price Haircut
Price Apple
Price
Computer

2

By how much to
multiply Real GDP
to get Nominal GDP

GDP Deflator

How much prices
“inflate” Nominal
GDP


By how much to multiply Real GDP to get Nominal GDP
14,000B
2
GDP Deflator
=
X 100
How much prices "inflate" Nominal GDP
7,000B

Price index

ONE number that represents all prices for a given period of time