

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10) = 131$
2	2	110	1	60	1.2	20	$(2 \times 100) + (1 \times 50) + (1.2 \times 10) = 304$
3	4	120	2	70	2.4	30	$(4 \times 100) + (2 \times 50) + (2.4 \times 10) = 692$
4	8	130	4	80	4.8	40	$(8 \times 100) + (4 \times 50) + (4.8 \times 10) = 1,552$



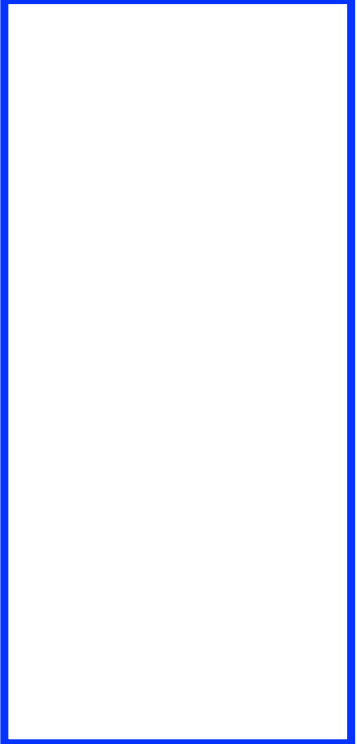
Produced more



Nominal GDP

tells us that production

increased



If Prices rise

If Prices **rise**

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP	
1	1	100	0.5	50	0.6	10	$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10) =$	131
2	2	110	1	60	1.2	20	$(2 \times 100) + (1 \times 50) + (1.2 \times 10) =$	304
3	4	120	2	70	2.4	30	$(4 \times 100) + (2 \times 50) + (2.4 \times 10) =$	692
4	8	130	4	80	4.8	40	$(8 \times 100) + (4 \times 50) + (4.8 \times 10) =$	1,552

Produced **more**

Nominal GDP
tells us that production
increased

If Prices **rise**

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Real GDP	
1	1	100	0.5	50	0.6	10	$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10)$	131
2	1	110	0.5	60	0.6	20	$(1 \times 110) + (0.5 \times 60) + (0.6 \times 20)$	152
3	1	120	0.5	70	0.6	30	$(1 \times 120) + (0.5 \times 70) + (0.6 \times 30)$	173
4	1	130	0.5	80	0.6	40	$(1 \times 130) + (0.5 \times 80) + (0.6 \times 40)$	194