

Minimal GDP



Nominal GDP use
current prices



Real GDP use base
year prices

Real GDP

N



m m



n

a



G



P



S



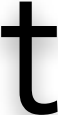
a



9



r



h

a

n

R

e

a



G



P





C

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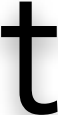


g

h

e

r



h

a

n

b

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S



Y

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p

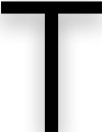




C

e

S





C

a

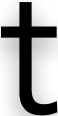


C

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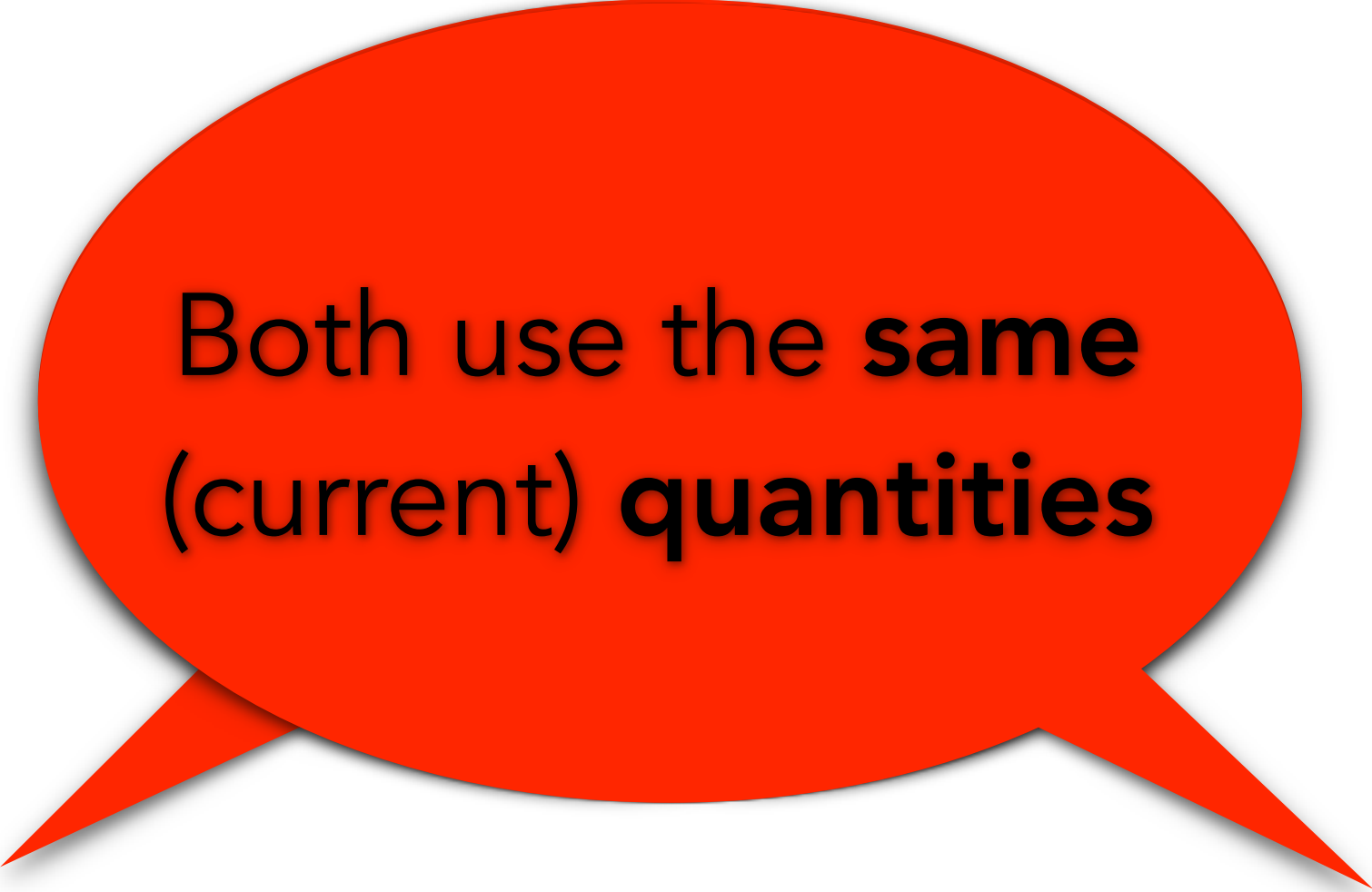


V



o





Both use the **same**
(current) **quantities**

Nominal GDP is larger than Real GDP if current prices are higher than base year prices

Nominal GDP use
current prices

Both use the **same**
(current) **quantities**

Real GDP use **base**
year prices

Nominal GDP

Real GDP

Nominal GDP is **larger** than Real GDP if **current**
prices are higher than **base** year prices

To calculate how much are prices
“**Inflating**” Nominal GDP, we divide

$$\frac{\text{Nominal GDP}_{2019}}{\text{Real GDP}_{2019}}$$