



[REDACTED]

[REDACTED]

x100

2

Nominal GDP 2019

Real GDP 2019

\$22,000

\$11,000



Nominal GDP is
twice as large as
Real GDP

N



m



n

a



G



P



S



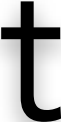
a



9

e





h

a

n

R

e

a



G



P

b

e

C

a

u

S

e



u







n



p





C

e

S

a



e

Q



u

b

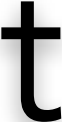


e

W

h

a



p





C

e

S

W

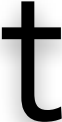
e



e



n



h

b

a

S



Y

e

a



GDP Deflator =

x100

GDP Deflator for 2019 = 200

Both use the same
(current) quantities

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

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

GDP Deflator for 2019 = 200

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

Nominal GDP is
twice as large as
Real GDP

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}_{2019}}{\text{Real GDP}_{2019}} \times 100 = 2 \times 100$$

\$22,000

\$11,000

GDP Deflator for 2019 = 200

Nominal GDP is
twice as large as
Real GDP

2×100