x100

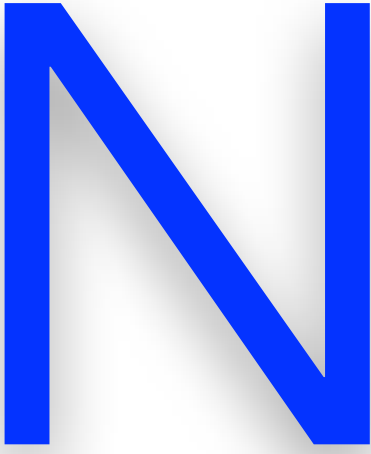
Nominal GDP

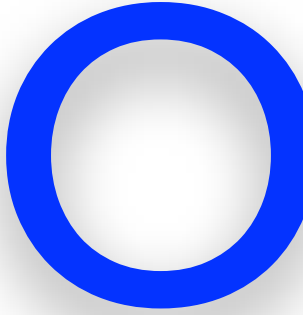
Real GDP

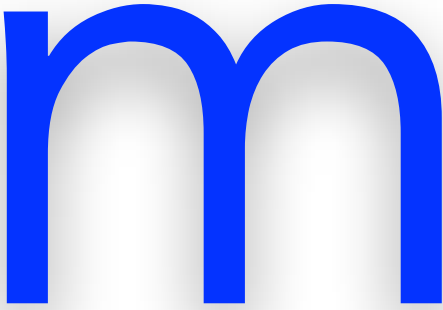
$22,000

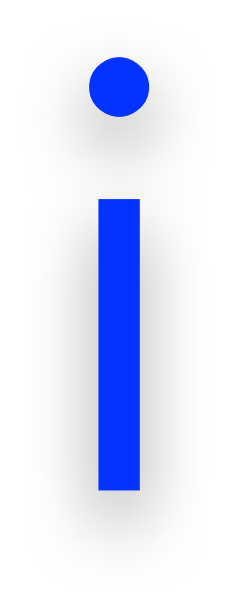
$22,000

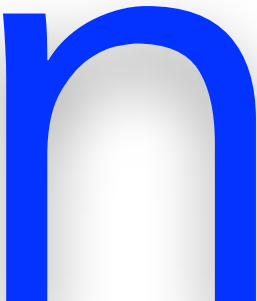
Nominal GDP is **equal** to Real GDP

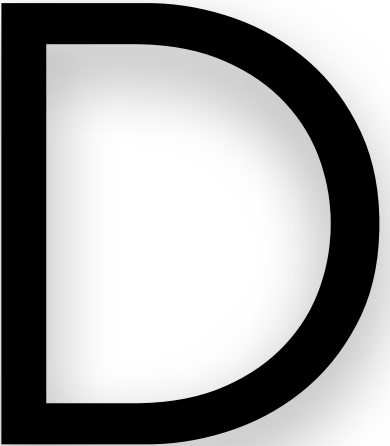


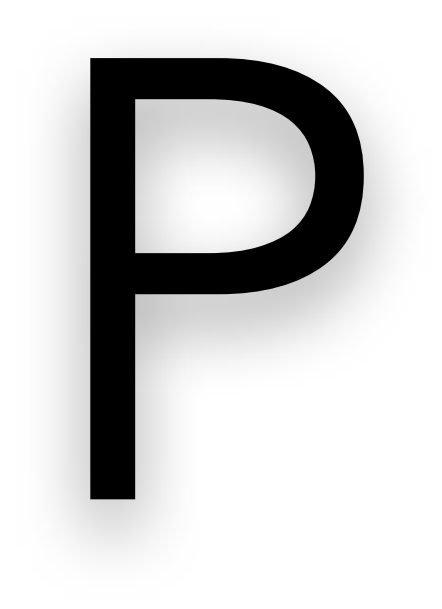


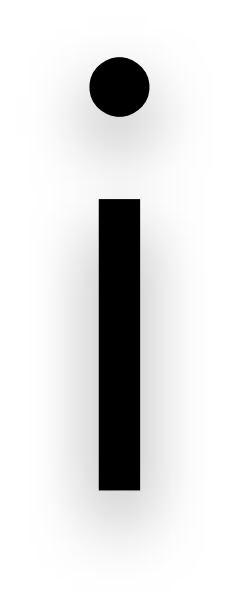


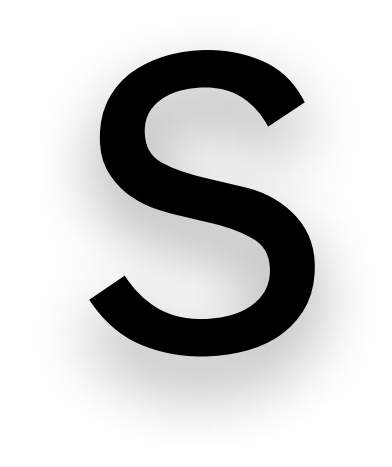


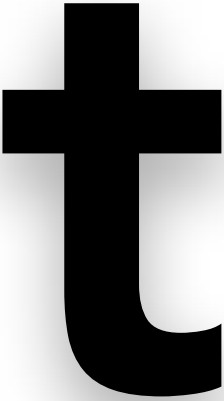


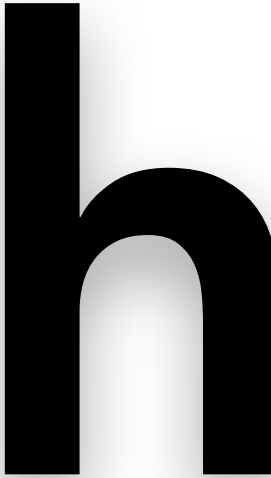


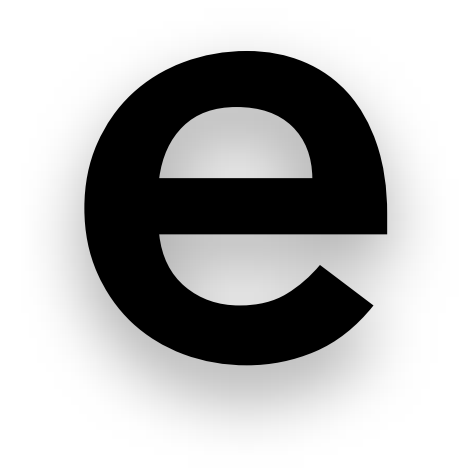












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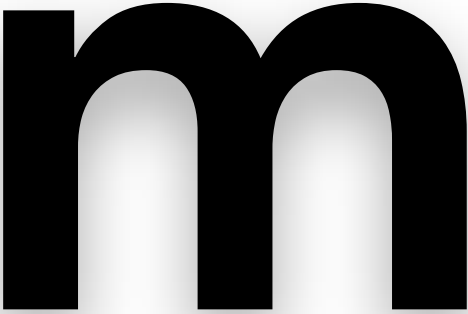

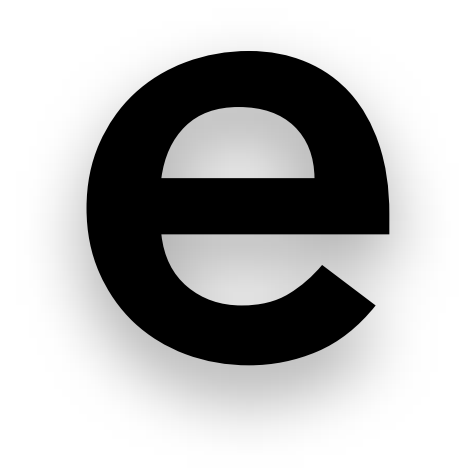

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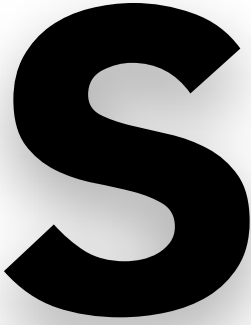

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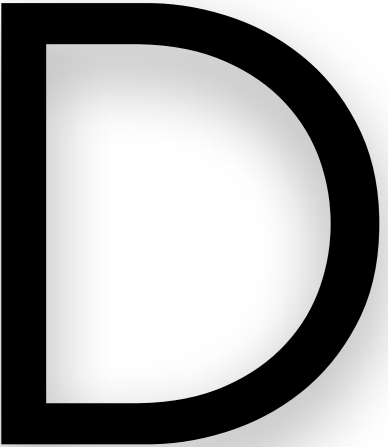

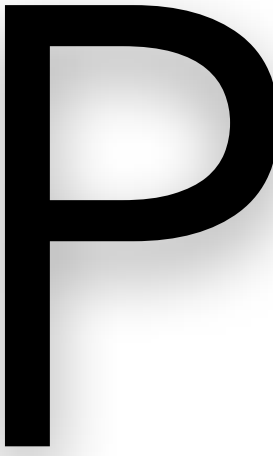

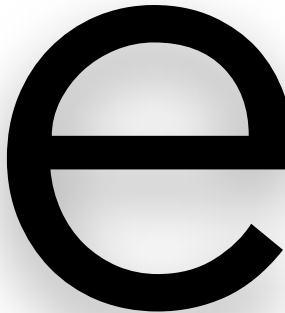

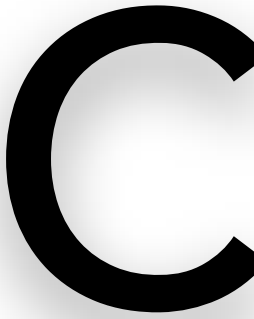

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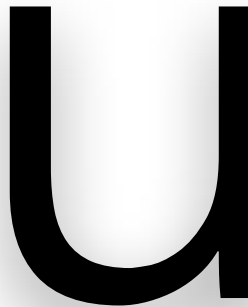

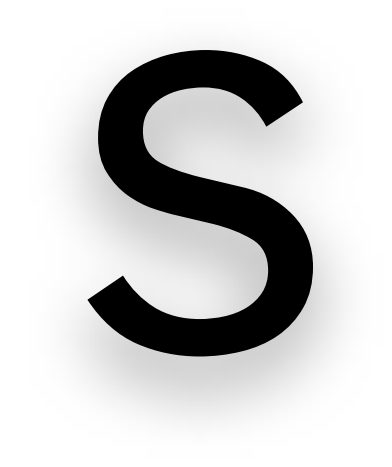

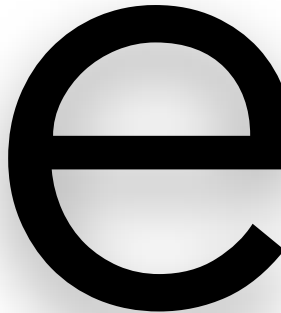

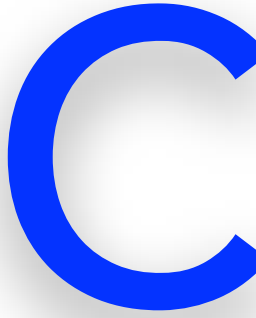

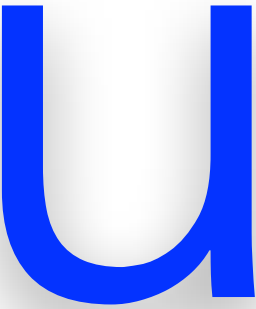

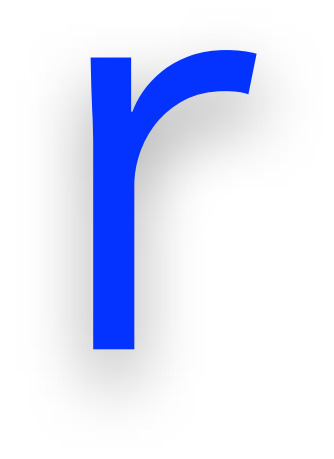

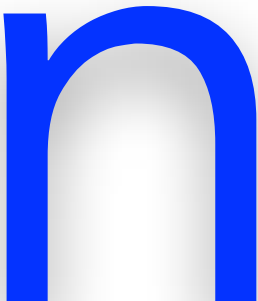

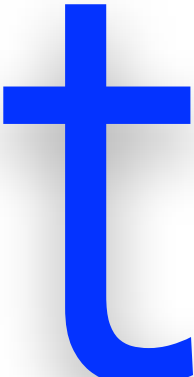

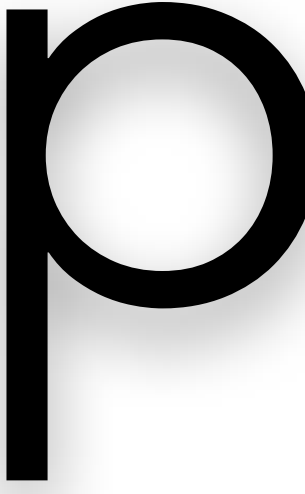

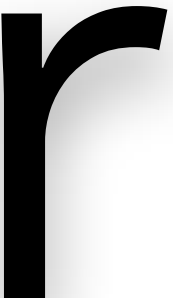

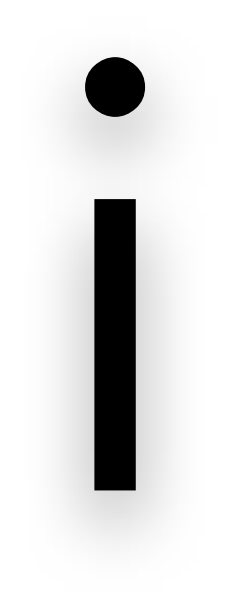

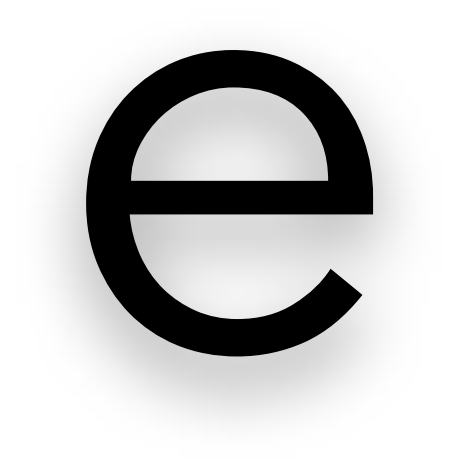

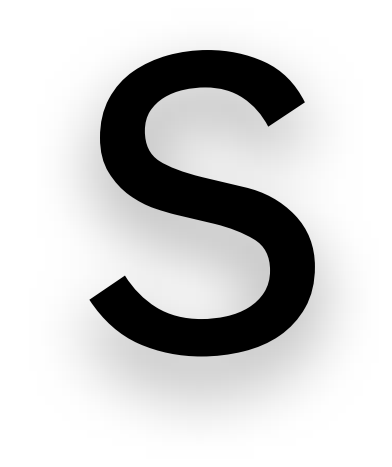

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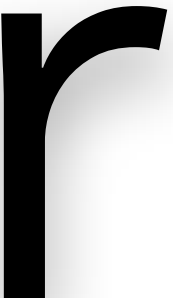

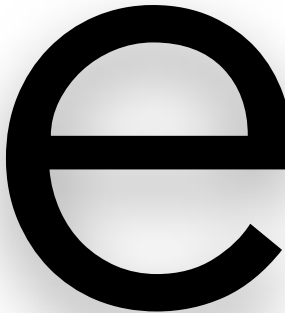

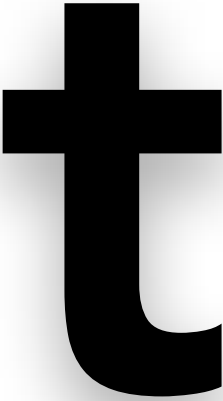

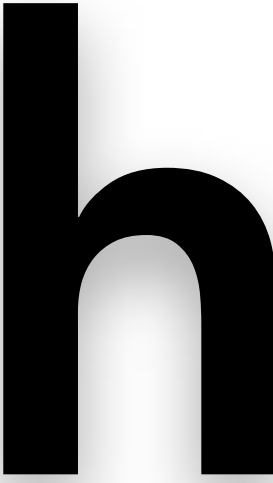

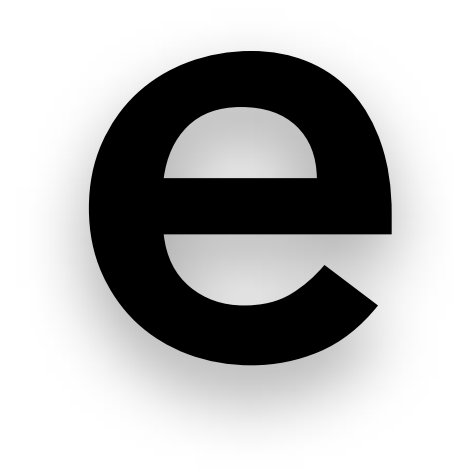

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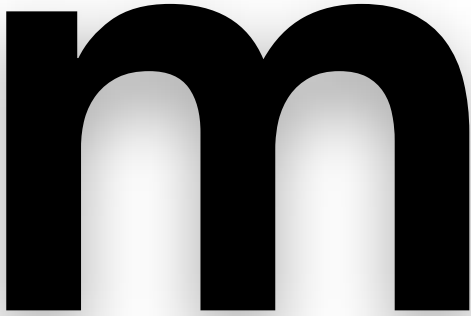

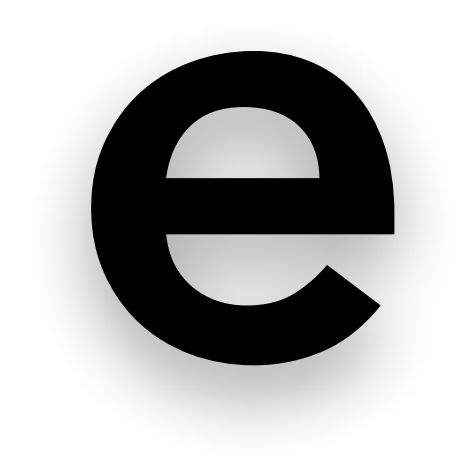

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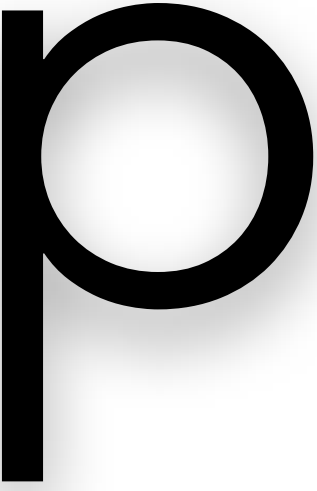

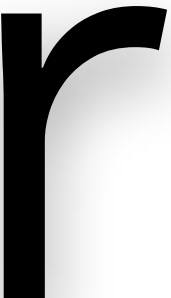

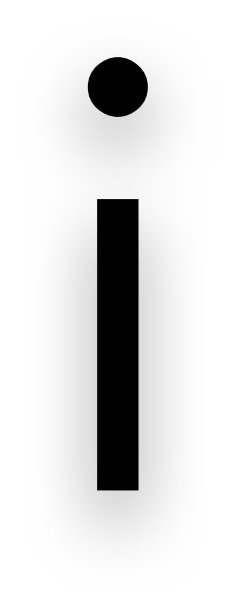

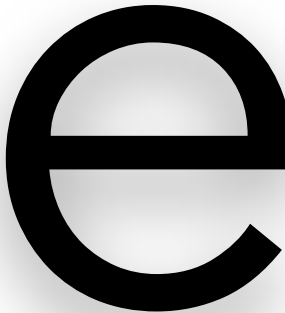

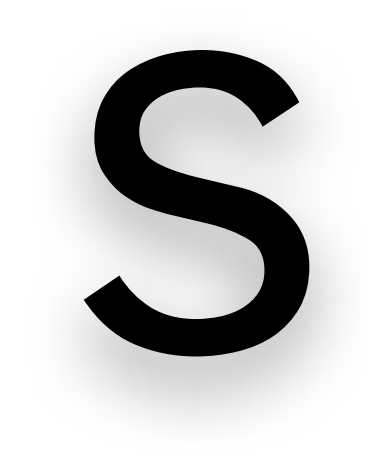

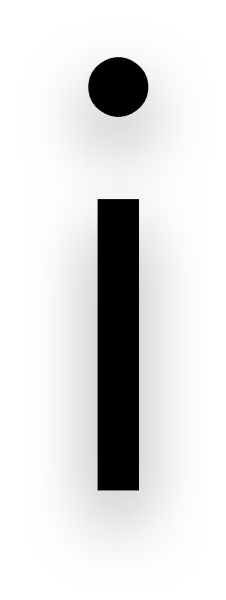

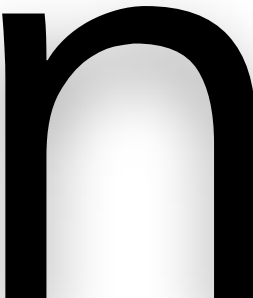

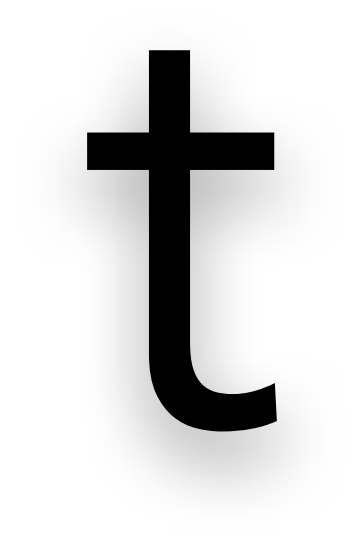

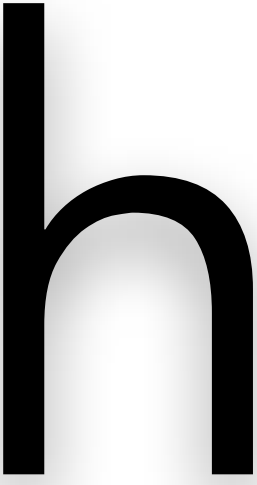

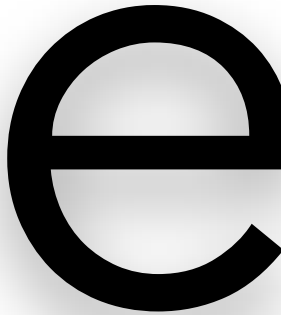

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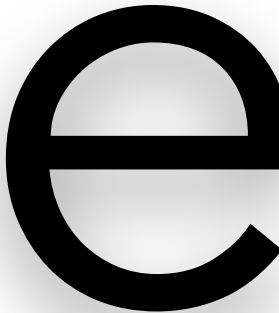

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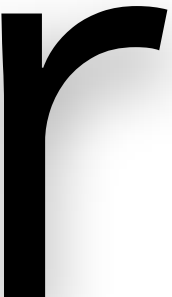

GDP Deflator=

x100

GDP Deflator for 2019 = 100

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

Nominal GDP is **the same as** Real GDP because current prices are **the same as** prices in the base year

Nominal GDP is **the same as** Real GDP because current prices are **the same as** prices in the base year

GDP Deflator for 2019 = 100

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

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100 = \frac{\$22{,}000}{\$22{,}000} \times 100 = 1 \times 100$$

Nominal GDP is **equal** to Real GDP

GDP Deflator for 2019 = **100**

Nominal GDP is **equal** to Real GDP

1×100