



[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



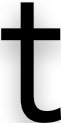
a



9

e





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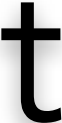


e

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b

a

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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

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

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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