

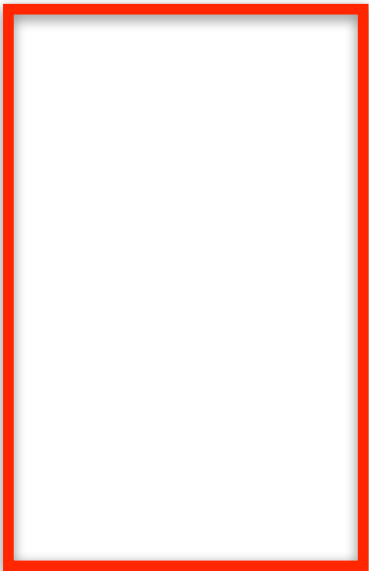
Comparing Real and Nominal GDP

Year
1
2
3
4

In fact, the **combined**
increase in **both** prices and
quantities was **132%**

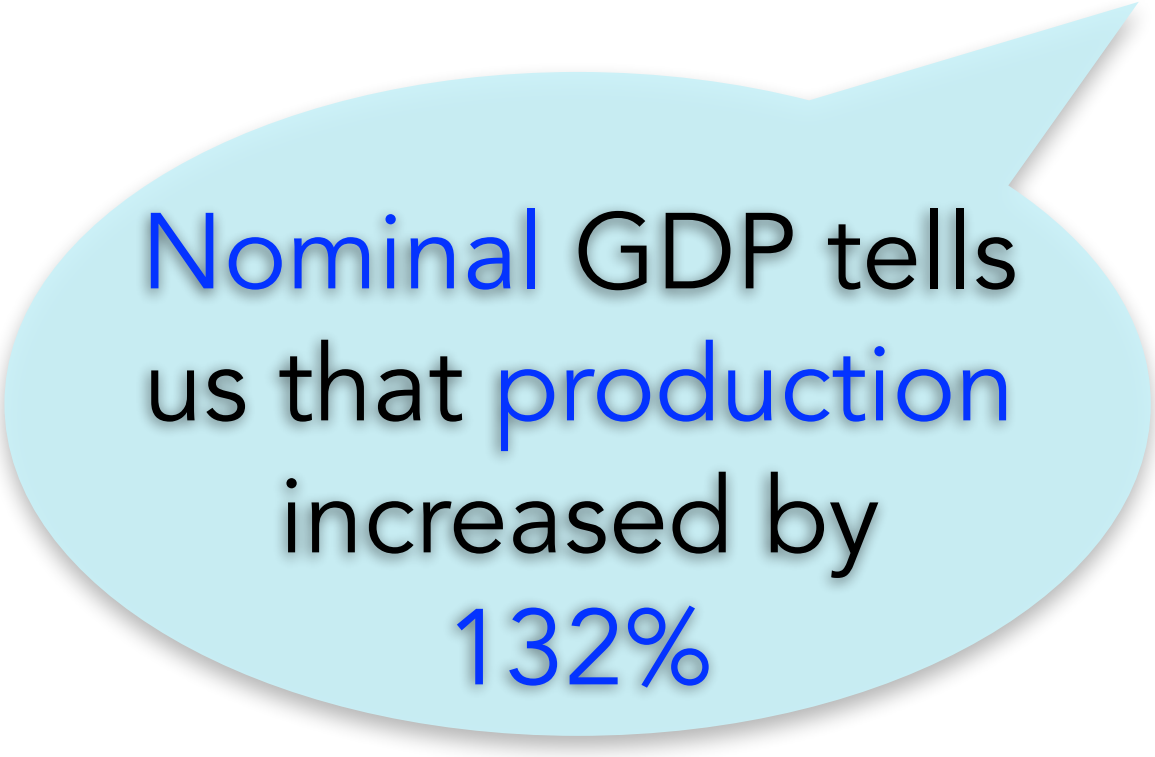
Since we keep prices the **same**, we know the increase in quantities **alone** was **16%**

Real GDP gives us an accurate measure of the actual change in quantities without the distorting effect of prices



Changes in **Nominal** GDP reflect
change in **both** prices and
quantities

Changes in Real GDP
reflect changes in
quantity only



Nominal GDP tells
us that production
increased by
132%

A large, light pink speech bubble with a tail pointing towards the top right corner of the image. Inside the bubble is text about Real GDP.

Real GDP tells us
that production
increased by 16%

Year
1
2
3
4

Nominal GDP

131

304

692

1,552

Year	Nominal GDP
1	131
2	304
3	692
4	1,552

% Increase Nominal GDP

132.1

127.6

124.3

Year	Nominal GDP	% Increase Nominal GDP
1	131	
2	304	132.1
3	692	127.6
4	1,552	124.3

Real GDP
131
152
173
194

Year	Nominal GDP	% Increase Nominal GDP	Real GDP
1	131		131
2	304	132.1	152
3	692	127.6	173
4	1,552	124.3	194

% Increase Real GDP

16.0

13.8

12.1

Year	Nominal GDP	% Increase Nominal GDP	Real GDP	% Increase Real GDP
1	131		131	
2	304	132.1	152	16.0
3	692	127.6	173	13.8
4	1,552	124.3	194	12.1

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2	304	132.1	152	16.0
3	692	127.6	173	13.8
4	1,552	124.3	194	12.1

Real GDP gives us an accurate measure of the actual
change in quantities without the distorting effect of prices

200 Countries, 200 Years

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