

The GDP Deflator v.s CPI

GDP Deflator

Uses current production items and quantities currently purchased

Tracks prices of different goods in different quantities



Uses the items and quantities in the market basket through time

Tracks prices of the same goods in the same quantities

Uses Real and Nominal GDP

Uses market basket

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CPI

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Nominal GDP
Uses current production

items and quantities

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Tracks prices of different goods in different quantities

Uses market basket

Uses the items and quantities in the market basket through time

Tracks prices of the same goods in the same quantities