

A country produces three goods: X , Y and Z

$$\text{Nominal GDP} = P_x Q_x + P_y Q_y + P_z Q_z$$

If the following year, prices rise...

Year

1

Year							
1							

Price

X

1

Year	Price X						
1	1						

Quantity

X

100

Year	Price X	Quantity X					
1	1	100					

Price

Y

0.5

Year	Price X	Quantity X	Price Y				
1	1	100	0.5				

Quantity

Y

50

Year	Price X	Quantity X	Price Y	Quantity Y			
1	1	100	0.5	50			

Price

Z

0.6

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z		
1	1	100	0.5	50	0.6		

Quantity

Z

10

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	
1	1	100	0.5	50	0.6	10	

Nominal GDP

$$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10) =$$

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10) =$

131

Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10) = 131$

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