

Minimal GDP



Nominal GDP use
current prices



Real GDP use base
year prices

Real GDP

N



mm



n

a



G



P



S



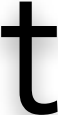
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9



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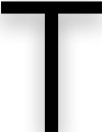




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9



N



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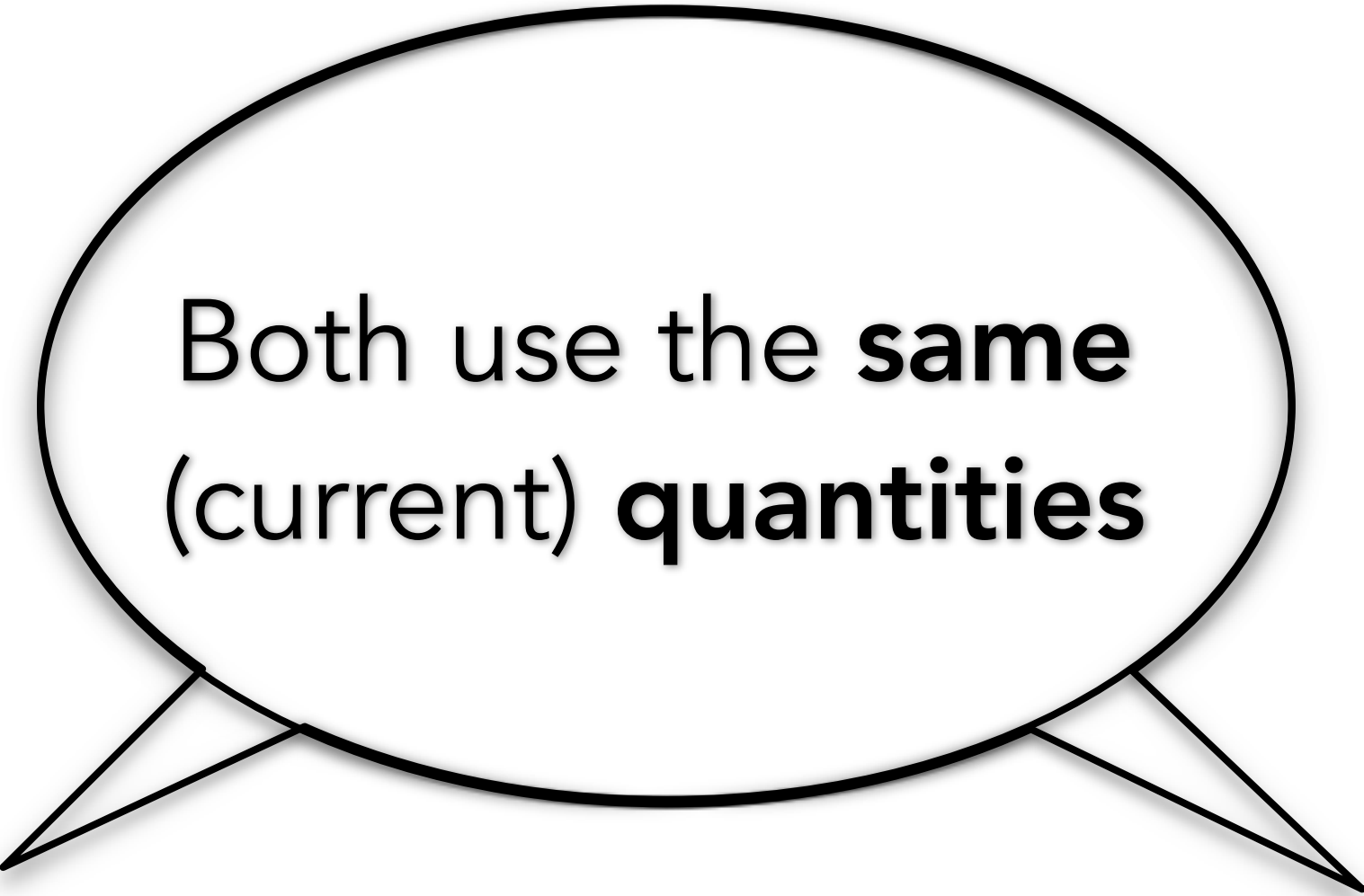






o





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

Nominal GDP is larger than Real GDP if current prices are higher than base year prices

Nominal GDP use
current prices

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

Real GDP use **base**
year prices

Nominal GDP

Real GDP

Nominal GDP is **larger** than Real GDP if **current**
prices are higher than **base** year prices

To calculate how much are prices
“**Inflating**” Nominal GDP, we divide

$$\frac{\text{Nominal GDP}_{2019}}{\text{Real GDP}_{2019}}$$