





[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

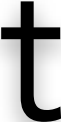




9

e





**h**

a

n



**R**



a



**G**



**P**

**b**



e

C

a

u

**S**

e



u









n



**p**







C

e

**S**

a



e

Q





**u**

**b**

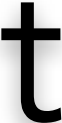


e

**W**

h

a





**p**





C

e

**S**

**W**

e





e



n



h

**b**

a



S

e

**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

Nominal GDP is larger than Real GDP because current prices are **double** what prices were in the **base** year

GDP Deflator for 2019 = 200

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

Nominal GDP is  
**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

$2 \times 100$