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1. Nominal GDP calculation.

GDP = Sum of (quantity Price) for all final goods and services.

Automobiles: 1,000,000 × 10,000 10,000,000,000
Clothing: 5,000,000 ×100 = 500,000,000
Food: 10000000 ×2 = 20000000
Rent: 2000000 × 4000 = 8000000000
Attorney services: 1000000 × 20 = 20000000
Medical services: 2000000 × 30 = 60000000

Sum:

10000+ 500 + 20+ 8000 + 20 + 60 million 18600 million dollars 091 $18.6 billion

2 Nominal GDP increase interpretation No.
Nominal GDP can rise purely because of higher. Prices (inflation). Real GDP adjusts for price changes and measures actual Production. Without knowing if Price levels increased, we cannot conclude that aggregate Production, real income, or job opportunities

3. GDP overestimation with intermediate Products
GDP counts only the value of final goods and

services to avoid double counting.
Intermediate Products are already included in the value of final goods Adding them separately would count their value multiple times, overstating GDP.

Example:

If wheat \$ Hour \$2 bread \$3, value added = \$1 (wheat) + \$1 (milling) + \$\$ (baking) = \$3 final price of bread Including all sales (\$1+\$2+\$3) = \$6 overst

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4. Value added from total sales Value added = Total sales of all goods and services Sales of intermediate Products

Value added = 10000 billion 6000 billion = 4000 This equals GDP.
5. Gross Private domestic investment GDP = C + I + G + NX Given; GDP = 4500, C = 3000, 41000, NX = 0.

4500 = 3000 + I + 1000 + 0

4500 = 4000 + I

I= 500 billion

6. Government purchases in GDP vs actual Government purchases in GDP (4) = spending on goods and services Produced in the current Period Total government expenditures include transfer Payments (eg. Social Security, unemployment benefits). interest on debt, and subsidies which are not Payments for currently produced goods/services they redistribute income rather than buy output.

Example: Social Security Payments are an important government expenditure not included in G.