

$$1) \text{ Nominal GDP} = (1000000 \times 101000) + \\ (\cancel{5000000} \times 100) + (10000000 \times 2) + \\ (2000000 \times 4000) + (1000000 \times 20) + \\ (2000000 \times 30)$$

$$= 10000000000 + 500000000 + \\ 20000000 + 8000000000 + \\ 20000000 + 60000000$$

$$= 18600000000 \text{ or } 18.6 \text{ billion}$$

2) No, you cannot conclude that real production income, or job opportunities increased.

Nominal GDP could rise due to higher prices (inflation) not increased output. Only if real GDP (adjusted for inflation) increases can we infer an increase in production, income, and likely job opportunities.

3) GDP measures the value of final goods and services only to avoid double counting. Including intermediate goods (like steel used in a car) along with final goods (the car) would count the steel's value twice - once when sold to the car manufacturer and again in the car price - artificially inflating GDP.

4) Suppose total sales = 10 000 billion.
intermediate products = 6 000 billion.

Value added = Total sales - value of intermediate products.
= 10 000 billion - 6 000 billion
= 4 000 billion

5) $GDP = C + I + G + NX$

4500 billion = 3000 billion + 1000 billion + 0
= 4500 billion - 4000 billion = 500 billion

6) Government purchases (G) in GDP include only spending on final goods and services