



# Gross Domestic Product

## What is Gross Domestic Product

Gross Domestic Product, or \_\_\_\_\_ is a way to measure the \_\_\_\_\_.  
GDP- The dollar value of all \_\_\_\_\_ goods and services produced within a country's borders in a given year.

Gross-  
Domestic-  
Product-

**Macroeconomic Indicators** – Information used to measure the economic health of our nation.

- |    |    |
|----|----|
| 1. | 4. |
| 2. | 5. |
| 3. | 6. |



**How do we calculate GDP?**

<u>Included</u>	<u>Not Included</u>

**Write GDP Formula Here:**

<u>Examples</u>	<u>Counted?</u>
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- |   |  |
|---|--|
| 1. Cars made by a Japanese company in California. |  |
| 2. Cars made by U.S. firm in S. Korea.            |  |
| 3. A completed new house.                         |  |
| 4. The materials used to build the house.         |  |

**Your Example:**

## Nominal v. Real GDP

Nominal GDP –  
Real GDP –

<b>Nominal GDP</b>			
Measures output in <i>current</i> prices			
YEAR	SALES	PRICE	TOTAL
2013	100		
2014	100		
2015	100		

<b>Real GDP</b>			
Measure output in <i>fixed/unchanging</i> prices			
YEAR	SALES	PRICE	TOTAL
2013	100		
2014	100		
2015	100		

### What are the limitations of GDP ?

1.

Ex:

2.

Ex:

3.

Ex:

4.

Ex: