

Numerical Example - Table 2 p. 204

Yr	P1	Q1	P2	Q2
2010	\$ 1.00	100	\$ 2.00	50
2011	\$ 2.00	150	\$ 3.00	100
2012	\$ 3.00	200	\$ 4.00	150

Nominal GDP	Real GDP	Real GDP Growth Rate	GDP Deflator	Inflation Rate_yrt
\$ 200.00	\$ 200.00		100	
\$ 600.00	\$ 350.00	75	171	71
\$ 1,200.00	\$ 500.00	43	240	40

NOTE:

1. Nominal GDP reflects the changes in prices and quantities over the set period = $\{P1*Q1\} + \{P2*Q2\}$
2. Real GDP reflects changes in quantity = $\{P1_{yr1}*Q1\} + \{P2_{yr1}*Q2\}$
3. GDP Deflator reflects the change in prices = $\{\text{Nominal GDP}/\text{Real GDP}\} * 100$
4. Inflation Rate is the growth rate of prices year over year = $\{(\text{GDP Deflator}_{yr2} - \text{GDP Deflator}_{yr1})/\text{GDP Deflator}_{yr1}\} * 100$

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2010	1	100	2	50
2011	2	150	3	100
2012	3	200	4	150

Nominal GDP	Real GDP	GDP Deflator	Inflation Rate _{yr t}
=B3*C3+D3*E3	=\$B\$3*C3+\$D\$3*E3	=A8/B8*100	
=B4*C4+D4*E4	=\$B\$3*C4+\$D\$3*E4	=A9/B9*100	=(C9-C8)/C8*100
=B5*C5+D5*E5	=\$B\$3*C5+\$D\$3*E5	=A10/B10*100	=(C10-C9)/C9*100