

Gross Domestic Product

How do countries measure output?

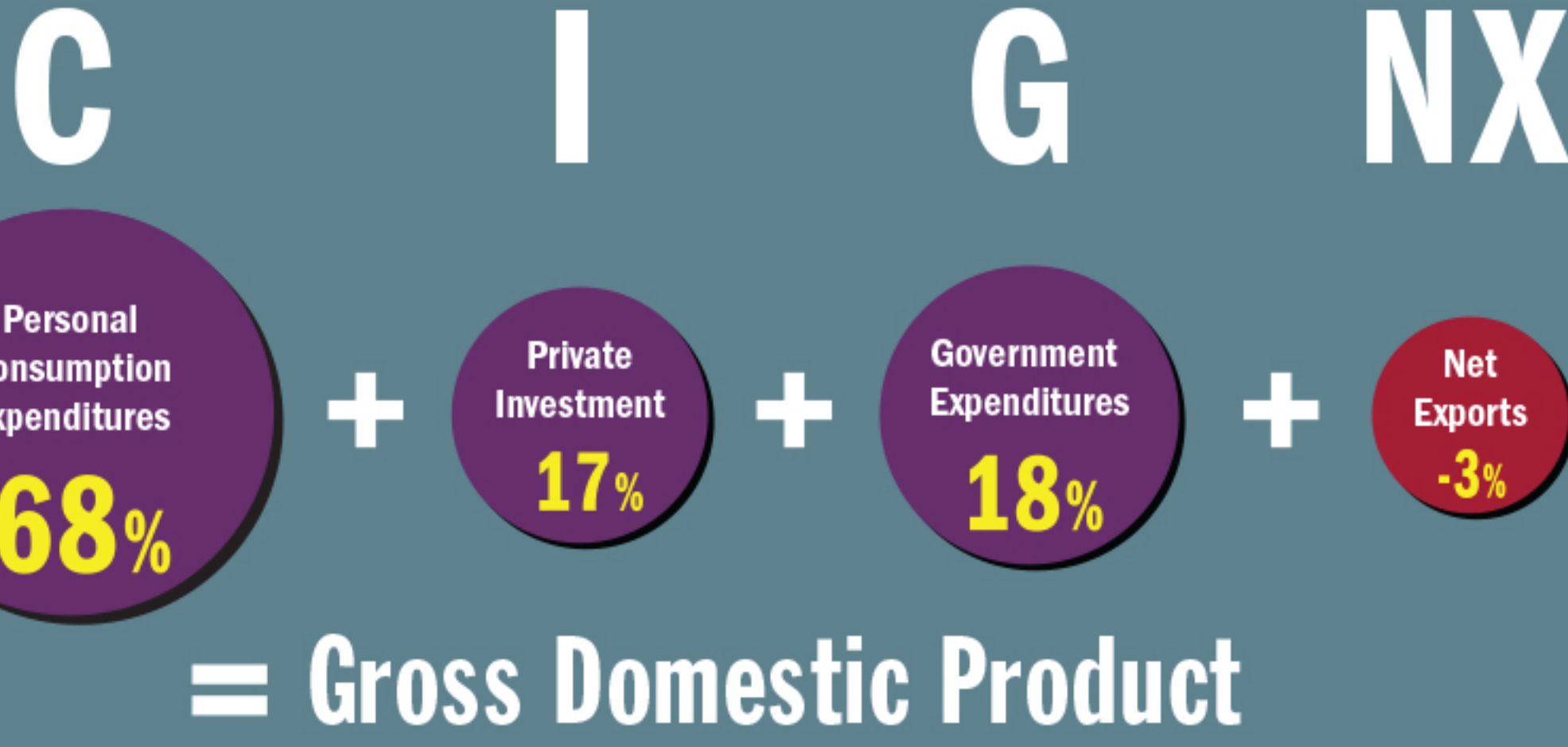
MACROECONOMICS

What Is Gross Domestic Product (GDP)?

The total value  of all final goods and services  produced 
 within a country's borders  in a given time period 

GDP Expenditure Model

2015 Nominal U.S. GDP (Current \$)



What Is Included in and Excluded from GDP?

Included in GDP calculations

Your morning coffee
Consumption spending



A company's new factory
Investment spending



Your city's new school
Government spending



Fighter jets sold to Canada
Net exports



Excluded from GDP calculations

Flour bought for bread
at a bakery
Intermediate goods



Shirt purchased at a
thrift store
Previously used goods



Purchase of stocks
and bonds
Pure financial transactions



Social Security benefits
Transfer payment



Get REAL!

2015 U.S.
(Base year 2009)

Real GDP is nominal GDP adjusted for inflation using a price index.

Nominal GDP

\$17.9
Trillion

Nominal GDP = C + I + G + NX
GDP in current U.S. dollars

Real GDP

\$16.3
Trillion

Real GDP = $\frac{\text{Nominal GDP}}{\text{Price Index}} \times 100$
GDP adjusted for inflation

GDP Deflator

109.8

GDP Deflator = $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$
A price index used to adjust GDP for inflation

Real GDP per Capita

\$50,993

Real GDP per Capita = $\frac{\text{Real GDP}}{\text{Population}}$
The output of a country divided by its total population

Learn more about this topic and download a copy of this infographic by visiting our newsletter, *Extra Credit*, at frbatlanta.org/education.

