Fun Set 2.2 Name: _____

Warm up: calculate nominal GDP for both years, then calculate real GDP for 2020 using 2019 as the base year:

	2019 Price	2019 Quantity	2019 Market Basket **(2019 P x 2019 Q)**	2020 Price	2020 Quantity	2020 Market Basket **(2020 P x 2019 Q)**
Good 1	$2.00	20		$2.10	18	
Good 2	$4.00	10		$4.60	13	
Good 3	$3.00	40		$3.30	41	

If the nominal gross domestic product (GDP) of the nation of Hypothetica increased in 2007 relative to the previous year, it must be true that in Hypothetica in 2007

A. Both the price level and the real GDP have increased
B. Neither the price level nor the real GDP has increased
C. The price level increased by a larger percentage than did the real GDP
D. The price level increased by a smaller percentage than did the real GDP
E. The price level and/or the real GDP has increased

If real gross domestic product is increasing at 3 percent per year and nominal gross domestic product is increasing at 7 percent per year, which of the following is necessarily true?

A. Unemployment is increasing
B. The price level is increasing
C. Exports exceed imports
D. The economy is in a recession
E. The government is running a budget deficit

The main difference between real and nominal gross domestic product is that real GDP

A. Excludes government transfer payments
B. Excludes imports
C. Is adjusted for price-level changes using a price index
D. Measures only the value of final goods and services that are consumed
E. Measures the prices of a market basket of goods purchased by a typical urban consumer