

Quiz #8

$$a) \text{ NOMINAL GDP}_{16} = \sum P_{16} Q_{16} = (36 \times 4) + (15 \times 8) + (85 \times 35) + (10 \times 13)$$

$$b) \text{ REAL GDP}_{16} = \sum P_{15} Q_{16} = (35 \times 4) + (16 \times 8) + (80 \times 35) + (8 \times 13)$$

$$c) \frac{\text{NOMINAL GDP}}{\text{REAL GDP}} = \text{GDP}_{\text{DEFLATOR}} = \frac{\$3369}{\$3172} = \boxed{1.062} \text{ (or } 106.2)$$

$$d) \text{ CPI}_{2016} = \frac{\sum P_{16} Q_{15}}{\sum P_{15} Q_{15}} = \frac{(36 \times 3) + (15 \times 7) + (85 \times 46) + (10 \times 13)}{(35 \times 3) + (16 \times 7) + (80 \times 46) + (8 \times 13)}$$

$$= \frac{4253}{4001} \times 100 = \boxed{106.3}$$

$$e) \text{ INFLATION}_{2016} = \frac{\text{CPI}_{2016} - \text{CPI}_{2015}}{\text{CPI}_{2015}} \times 100\% = \boxed{6.3\%}$$

$$f) \text{ INFLATION}_{\text{AUG } 2017} = \frac{\text{CPI}_{\text{AUG}} - \text{CPI}_{\text{JULY}}}{\text{CPI}_{\text{JULY}}} \times 12 \times 100\% = \boxed{3.93\%}$$

$$= \frac{244,740 - 243,937}{243,937} \times 12 \times 100\%$$