



## View

### Real versus nominal GDP

The nominal GDP is the value of all final goods and services, that an economy produced during a given year. It is calculated by using the prices are current in the year in which the output is produced. The nominal GDP takes into account all of the prices changes that are occurred for all goods and services produced during a given year. On the other hand,

Real GDP is the total value of all final goods and services that an economy produces during a given year, accounting for inflation. It is calculated using the prices of a selected base year. To calculate Real GDP, one must determine how much GDP has been changed by inflation since the base year. Real GDP, therefore, accounts for the fact if prices change but output doesn't, nominal GDP would change.

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