Examining the economy

- Macroeconomic is the study if markets as a whole and how they act
  - national income accounting - a way of evaluating a country's economy using statistical measures of it's income, spending, and output
- Macroeconomics are particularly concerned with a country's Gross Domestic Product
  - the market value of all final goods and services produced within a nation in a given time period.

GDP

- Gross Domestic Product
  - consumption (spending by households)
  - investment (spending by businesses)
  - government spending
  - exports- imports (net exports)

To Be Included In A GDP

- Final products, not intermediate products - the sale of finished products, not the materials needed to make finished products (intermediate goods)
- The figure represents goods produced, not sold, within a given time period
- Good or service must be produced within the nation.

2 Types Of GDP

- GDP gives individuals an idea of how well an economy is doing
  - If GDP grows, money is being spent
  - If GDP shrinks, less money is being spent
- 2 forms of gdp
  - 1. nominal gdp
    - states gdp in terms if the current value of goods and services
  - 2. real gdp
    - states gdp corrected for changes in prices from year to year (considers inflation)

Not Included In GDP

- A Countries GDP Does Not Include:
  - Non market activities - services that have potential economic value but are performed without charge
    - Work is provided for free