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 b 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 tems 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