

## AP Macro-Economics

### GDP, Circular Flow, Unemployment, Deflator, CPI, Inflation

<b>GDP</b>	<p>Gross Domestic Product - quantitative (#) measure of a nations total economic activity</p> $\text{GDP} = \text{C} + \text{I} + \text{G} + \text{X}$ <p>C = Consumer goods</p> <p>I = investment</p> <p>G = government spending</p> <p>X = Imports - exports</p>
<b>What doesn't count in GDP?</b>	<p>1) Intermediate Goods - Ex: Sugar to make Brownies</p> <p>2) Used Goods - Ex: Used Textbook</p> <p>3) Transfer Payments</p>
<b>Nominal GDP</b>	<p>GDP measured in current (\$) prices</p> $\text{NOMINAL GDP} = \text{DEFLATOR} \times \text{REAL GDP} / 100$
<b>Real GDP</b>	<p>Expressed in a constant or unchanging \$</p> $\text{REAL GDP} = ( \text{NOMINAL} / \text{DEFLATOR} ) \times 100$
<b>Frictional UE</b>	<p>Positive UE</p> <p>Unemployment due to the time workers spend job searching</p>
<b>Structural UE</b>	<p>Positive UE</p> <p>Employment that results when workers lack the skills required for the available jobs or more people are seeking jobs than available</p>