**Study Guide practice**

**Please show work for all the questions, this is my practice for the upcoming exam and I need to know the steps you take to get the answers.**

**QUESTION 1**

Using exhibit 1

1. What is the nominal GDP in 2010?
2. What is the nominal GDP in 2011?
3. What is the real GDP in 2011 (using 2010 prices)?
4. What is the real GDP growth from 2010 to 2011?
5. What is the GDP deflator for 2011?

**Exhibit 1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **YEAR** | **QUANTITY** | | **PRICES** | |
|  | **Apples** | **Bananas** | **Apples** | **Bananas** |
| 2010 | 200 | 50 | $2.00 | $1.00 |
| 2011 | 150 | 30 | $1.50 | $1.50 |

**QUESTION 2**

Using the information on exhibit 2 calculate the consumer price index in the current year.

**Exhibit 2**

|  |  |  |  |
| --- | --- | --- | --- |
| **Product** | **Quantity in market basket** | **Price in base year** | **Price in current year** |
| Bread | 10 | $1.00 | $1.50 |
| Milk | 5 | $1.00 | $2.00 |
| Gum | 50 | $1.20 | $1.50 |

**QUESTION 3**

Using the information on Exhibit 3

1. What is the unemployment rate?
2. What is the labor participation rate?

**Exhibit 3**

Civilian noninstitutional population 228,693

Civilian labor force 145,838

Employed 141,579

**QUESTION 4**

Suppose that the country of Lexistonia has 2 industries: computers and airplanes. Lexistonia’s population is 10,000. Computers are made by Computer Wizzards, Inc from worthless junk. Lexistonia airplane assembly plant buys computers from Computer Wizzards, Inc for $30 million. These computers are installed in airplanes. The airplane assembly plant sells 50 airplanes a year. The market price of an airplane is $1,000,000.

1. Calculate Lexistonia GDP using value-added approach
2. What is Lexistonia GDP per capita?