

FORMULAS PRACTICE!

Gross Domestic Product (GDP):

1. What is the formula? _____

Use the figures below that show the levels of spending in billions of dollars for the US economy in 2000BC.

Consumer Spending	100.00
Investment Spending	50.00
Government Spending	200.00
Exports	300.00
Imports	250.00

2. Using the GDP equation, calculate the US GDP for 2000BC.

Gross Domestic Product per capita is the amount of GDP that would be available for each person to use if a country's production of goods and services were divided equally among its people. *Capita* is the Latin word for *head*, so GDP per capita means GDP per person. GDP per capita is one way to determine how well-off the average person is in a country.

3. Calculate the US GDP per capita by dividing the GDP obtained above by the 2000BC population. The population of the US in 2000BC was 13. _____

Consumer Price Index (CPI):

4. What is the formula for CPI _____

The table below shows the prices and the quantities of meat consumed in Meat-Loversville. Suppose the base year is 2003. Also, suppose that 2003 is the year that the typical consumption basket was determined, so the quantities consumed in 2003 are the only quantities needed to calculate the CPI in each year.

Year	Price of Beef	Quantity of Beef	Price of Pork	Quantity of Pork
2003	\$2.00	100	\$1.00	100
2004	\$2.50	90	\$0.90	120
2005	\$2.75	105	\$1.00	130

Determine the values of the Market Basket in: [remember, the base year is 2003, so we use 2003 quantities]

5. 2003:
6. 2004:
7. 2005:

Determine the values of the CPI in:

8. 2003
9. 2004
10. 2005