

Econ 331 – Intermediate Macroeconomics - Homework N2
2 points

NAME _____

- N1.** (0.5 points) Assume nominal GDP was \$8.0 trillion in Year 1 and \$8.8 trillion in Year 2. If Year 1 is the base year, then what is the GDP deflator? What is the price increase? **Show all your calculations.**
- N2.** (0.5 points) If nominal GDP increased from \$8,000 billion in the base year to \$8,400 billion in the following year and real GDP stayed the same, then prices increased on average by _____%. **Show your calculations.**
- N3.** (0.5 points) Assume you can exchange 10 Mexican pesos for one U.S. dollar, but you need only 0.64 British pounds to get one U.S. dollar. What would be the cross-exchange rate between Mexican pesos and British pound? **Show all your calculations.**
- N4.** (0.5 points) State the difference between CPI, PPI, and GDP deflator (3 sentences max). When would you use CPI? When would you use PPI? When would you use GDP deflator? (3 sentences max).