ECON 20210 Cheat Sheet

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Aggregates - GDP

Definition of GDP: the total value of final goods produced and services provided on a given territory during a given period at the market prices.

Aggregates - GNP

Definition of GNP: the total value of final goods produced and services provided by citizens of a given nation during a given period at market prices.

Aggregates - dichotomies

Flux:	Stock:
An amount of change in a quantity during a given period. Example: GDP.	A quantity that accumulates over time. A definite quantity. Example: The national debt.
Gross:	Net:
Gross refers to a total amount made but doesn't account for expenses, losses, etc. Ex: GDP includes depreciation	A quantity including deductions. Ex: NDP = GDP - depreciation. Net income = revenue - costs, taxes, interest, etc.
Real:	Nominal:
The real value of a figure is its value in terms of some other good, service or bundle of goods. Ex: Real GDP is current GDP relative to the prices of some base year.	The value of a good in terms of money. Ex: 2012 U.S GDP was $16 trillion.

Aggregates - Measurements of GDP

GDP:

f(Kt,Nt,At)

wtNt+(rt+d)Kt+PIt

Ct + Gt + Xt + It

Kt = capital. Machines, factories, etc.

Nt = labor, hours people work

At = Productivity. How productive is this territory

wt = wages, employee compensation

rt = rate of interest

d = depreciation

PIt = profits

Ct = consumption

It = Gross investment = Kt.1 - Kt(1-d). Net Investment = Kt.1 - Kt

Gt = Government expenditure

Xt = net exports = exp - imports

A - How do we detrend a variable and why?

So that we can better observe the cyclical component of the data. Example: GDP is constantly growing but if we detrend we can better observe the cyclical component of the data. We can use techniques such as an HP filter to detrend.

A - Populations and Unemployment

Population:	Includes labor force and everyone else.
Labor force:	Includes unemployed and employed.
employed:	Currently working
Unemployed:	- Of working age

Aggregates - Inflation

Inflation: The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling. Can be approximated using:
gdp deflator = nominal gdp/real gdp * 100.
and