Economic Indicators

GDP

Unit 5 - Macroeconomics

What are Indicators?

* These are signs that tell us how our economy is doing

* There are 4 Indicators:

  * Gross Domestic Product

  * Employment

  * Inflation

  * The Federal Reserve

Gross Domestic Product

✳ Estimate how much everything created or every service given in Brea is worth for an entire year.

✳ GDP

 ✳ Dollar amount of all products and services produced in the US in a year

 ✳ It's a measure of how productive our country is

GDP Data Comes from 4 Categories

* Consumer Goods (C)

* Investment Goods (I)

* Government (G)

* Exports Minus Imports (X - M)

How is GDP Calculated?

* **C + I + G + (X - M)**

* **How will you remember this?**

   * **CAN I GET X-MEN?**

Factors that Lead to a High GDP

* **Highly populated**

* **Advanced Technology**

* **Plentiful Natural Resources**

* **Produce Expensive Products**

Who Has the Highest GDP?

* 1) US $14.5 Trillion

* 2) China $6 Trillion

* 3) Japan $5.5 Trillion

* 4) India $3 Trillion

* 5) Germany $2.8 Trillion

* 2010 World GDP: $69 Trillion

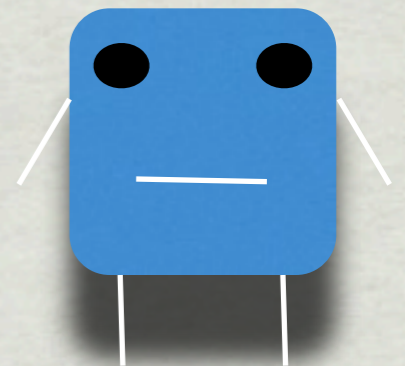# Some things are left out

Why is the carpet so stained?
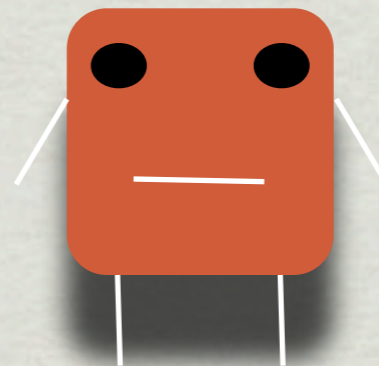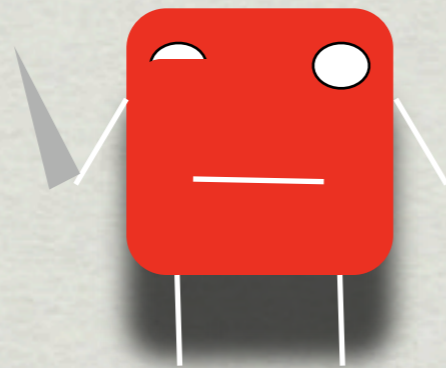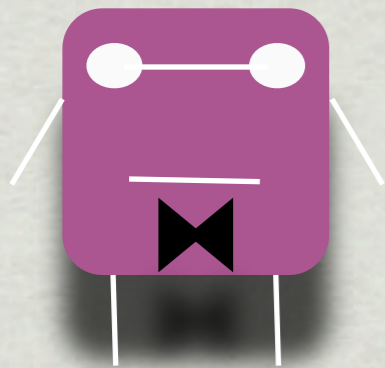
It smells like blood

Thats hawaiian punch

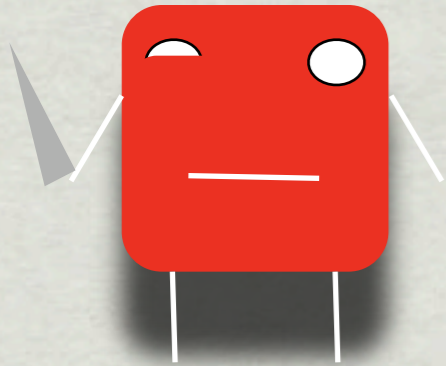Its probably not...

Wanna buy a baby?

What is it with you and babies?
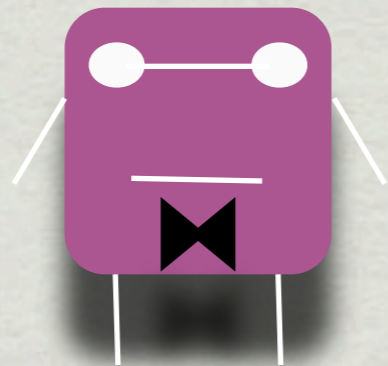
UNDERGROUND TRANSACTIONS

ILLEGAL TRANSACTIONS ARE NOT RECORDED

Limited but worth it!

BUILT DEADLY NERVE GAS FACTORY

BUILT HOSPITAL FOR KITTENS AFFECTED BY NERVE GAS

BOTH RAISE GDP BY $10 BILLION
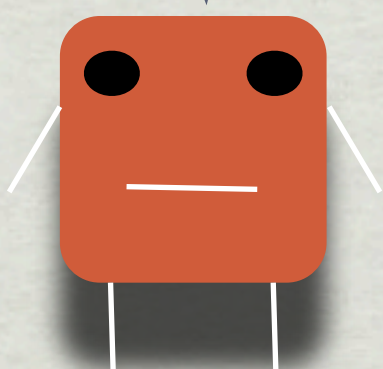
* The GDP isn't perfect

* It doesn't show WHAT is being produced

* Doesn't take into account if the production is good or bad

* GDP is still a great measure of countries economic health

GNP-National Income

✳ **This is the dollar value of all final goods created using labor and property supplied by the US**

✳ **Measures income in the US**

✳ **Tied to employment**

✳ **1 of 5 indicators of income**

I feel like were being watched

Me too...

✳ **Net National Product**

  ✳ **This is the amount of money left over after you subtract the cost of replacing equipment from the GNP**
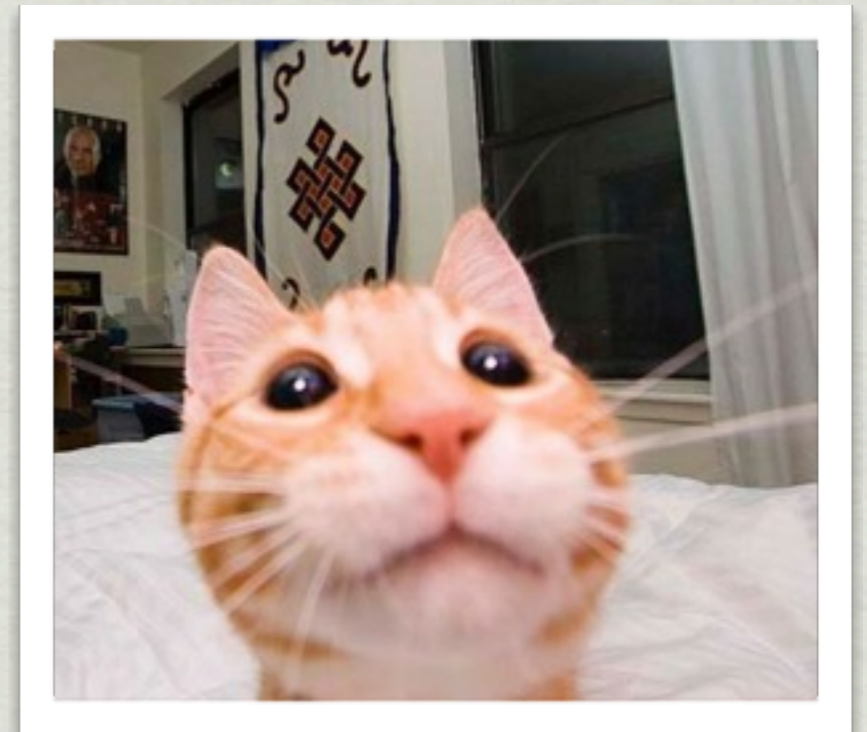
✳ **National Income**

  ✳ **Income left for firms after taxes**

✳ **Personal Income**

  ✳ **Income left before a person has taxes have been taken out**

✳ **Disposable Income**

  ✳ **Income after taxes**

YOU GETTING ALL THIS?

Parts of the Economy

✳ GDP and GNP measure the economy

✳ Economy of a country is broken into 4 parts

  ✳ Consumer Sector

    ✳ Private households

  ✳ Investment Sector

    ✳ Sole proprietor, partnership, corporations

  ✳ Government Sector

    ✳ The government...duh

  ✳ Foreign Sector

    ✳ Trade deficit

ADD THESE TOGETHER TO GET THE GDP!

What makes Employment important?

✳ Employment is vital to the health of the economy

✳ Economists want "full employment"

  ✳ This doesn't mean everyone has a job

  ✳ It means as many people have a job as possible