Answer Key

1. A

2. B

3. C

4. E

5. A

6. B

7. C

8. B

9.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Nominal GDP | Real GDP | Deflator |
| 2010 | 10600 | 10600 | 100 |
| 2011 | 13440 | 13500 | 99.56 |
| 2012 | 19000 | 16000 | 114.46 |

10. D

11. D

12. A

13. A

14. B

15. a)

|  |  |
| --- | --- |
| **Year** | **Cost of Market Basket** |
| **2010** | $640 |
| **2011** | $640 |
| **2012** | $800 |

b)

|  |  |
| --- | --- |
| **Year** | **CPI with base year 2010** |
| **2010** | 100 |
| **2011** | 100 |
| **2012** | 125 |

c)

|  |  |
| --- | --- |
| **Year** | **CPI with base year 2012** |
| **2010** | 80 |
| **2011** | 80 |
| **2012** | 100 |

d) Rate of inflation from 2011 to 2012 using 2010 as base year =

Rate of inflation from 2011 to 2012 using 2012 as base year =