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1. Is the following a stock or flow variable?

2.1 Inventories Stock Variables 2.2 Change in Inventories flow Variable

2.3 Money Supply Stock Variables 2.4 Change in Money Supply flow Variable

2.5 National Income flow Variables 2.6 Expenditure flow Variable

2.7 Wealth Stock Variables 2.8 Population Stock Variable

2.9 Capital Stock Variables 2.10 Interest flow Variable

2. GDP is the valve of output produced by factors of production located within a country and GNP is the valve of output produced by production owned by a country's citizens, regardless of where the output is produced.

US expected to have a higher GNP because many of US firm have a lot of factories around the world.

3.

State of Production	Valve of Sales	Valve Added
Growing Apple	12	12
Packling	15	3
Canning	18	3
Shipping	20	2
Retail Sale	22	2

4. Transfer Payment is a payment made or income received in which no goods or services are being paid for, such as a benefit payment.
It is not included in GDP because their is no new goods and services are produced.

5. Because Real GDP have an effect on inflation / deflation therefore, GDP does not tell the well being of the country.

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6. If 2018 is the base year, Normind GDP will be equal to the Real GDP and GDP detlator will be 100.

7. 1) Inequality: GDP does not take the distribution of output among individuals.
2) Informal Economy: GDP does not count the unreported income.
3) Externality: does not take the cost or benefits on the third party.

8. - Consumption $8 \times 50 = 400$
- Consumption $4 \times 150 = 600$
- Consumption 500
- Investment $6 \times 50 = 300$
- Investment $8 \times 25 = 200$
- Government spending $4 \times 50 = 200$
- Government spending 1000
- net export (M) $10 \times 100 = 1{,}000$
- net export (X) $4 \times 200 = 800$

$GDP = C + I + G + (X - M)$

$GDP = (400+600+500) + (300+200) + (200+1000) + (800-1000)$
$= 1500 + 500 + 1200 - 200$
$= 3000$ is the GDP of 2018

9.

Year	Normingal GDP	Real GDP	GDP Deflator
2012	18	18	100
2013	15	17	88.2
2014	18	13	1385
2015	25	12	208.3

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10. GNP = GDP + NFFI

NNP = GNP - Depreciation

GNP = 8,000 + (250 - 300)

= 7950 #

NNP = 7950 - 900 = 7050 #

11. • Gross domestic investment

Net investment = Gross investment - depreciation

Gross investment = Net investment - depreciation

= 784 + 168 = 952

• GDP = C + I + G + (X - M)

= 2203.2 + 952 + 716.8 + (212.8 - 235.2)

= 3849.6

• GNP = GDP + (NFFI)

= 3849.6 + (35.2 - 68.8)

= 3849.6 - 33.6

= 3816

• NNP = GNP - Depreciation

= 3816 - 168

= 3648

• National Income = 1407.7 + 173.9 + 34.1 + 257.6 + 182.2 + (593.6 - 44.8)

= 2604.3

12.

- GDP = C + I + G + (X − M)
  = 9500 + 3000 + 3200 + (850 − 900)
  = 15650 #

- GNP = GDP + NFFI
  = 15650 + 0
  = 15650 #

- NI = NNP

  NNP + Depreciation = GNP

  11500 + 2400 + 1750 = 15650 #