

Problem Set # 2

Econ 1015

1) Here are some data for an economy. Find its GDP.

Consumption expenditures	\$600
Exports	75
Government purchases of goods and services	200
construction of new homes and apartments	100
sales of existing homes and apartments	200
imports	50
beginning-of-year inventory stocks	100
end-of-year inventory stocks	125
business fixed investment	100
government payments to retirees	100
household purchases of durable goods	150

2) The nation Potchatoonie produces hockey pucks, cases of root beer and back rubs. Here are the data on prices and quantities of the three goods in the years 2000 and 2007.

Year	Pucks		Root Beer		Back rubs	
	quantity	price	quantity	price	quantity	price
2000	100	\$5	300	\$20	100	\$20
2007	125	\$7	250	\$20	110	\$25

Assume that 2000 is the base year. Final nominal GDP and real GDP for both years.

3) Go to Bureau of Economic Analysis' webpage at [www.bea.gov](http://www.bea.gov). After Jan 30, 2009, find the fourth quarter 2008 values for the following numbers: (i) personal consumption expenditures on services; (ii) gross private fixed investment on equipment and software; (iii) exports of goods; (iv) government consumption expenditures and gross investment at the state and local level;