

## Homework 3

Eco 10350, Prin of Macro, Kevin R Foster, Colin Powell School at CCNY

**Due 8am Friday Feb 22**

(I think of the deadline as being midnight somewhere on the planet after class, operationalized as 8am EST in NYC on day after)

Each student should submit a separate assignment, even if it is an identical computer file to the rest of your study group. When submitting assignments, please include your name and the assignment number as part of the filename. Please write the names of your study group members at the beginning of your homework.

1. What are the names of the people currently in your study group? (could be null set for now, although I wouldn't advise that to be optimal in long run)
2. In the OpenStax textbook, please answer 6.28, 6.29, 6.31, 6.32; 7.25, 7.27 and 7.34.
3. Consider a really simple economy with just 3 goods being made, unimaginatively called A, B and C. In 2017 there were 100 units of A made and sold for \$10 each, 50 units of B made and sold for \$8, and 3 units of C made and sold for \$25. In 2018 there were 110 units of A made and sold for \$9.50; 55 of B at \$7.50; 2 of C at \$25.
  - a. What was nominal GDP in 2017?
  - b. What was nominal GDP in 2018?
  - c. What was the growth rate of nominal GDP?
  - d. What was real GDP in 2017?
  - e. What was real GDP in 2018?
  - f. What was the growth rate of real GDP?
  - g. What was the GDP deflator in 2018?
4. Here are some quick annualization questions:
  - a. If prices rose by 0.4% in a month, what is the annualized rate of inflation?
  - b. If prices fell by 0.1% in a month, what is the annualized rate of inflation (deflation)?
  - c. If you hear that the annualized rate of inflation was 4%, what was the change in prices in a month?
  - d. If some macro indicator rose by 1.5% in a quarter, what was the annualized rate of growth?
  - e. If that 1.5% change was the annualized rate, what was the change in a quarter?