

Investments inject money into firms, which contributes to income.

Leakage take money out of the direct flow of income and consumption. Savings are leakages out of consumption.

GDP formula is $Y = C + S + T + MX$. For example when $C = \$25$ million, $S = \$1$ million, $T = \$3$ million, $M = \$3$ million, and $X = \$2$ million. Remember to add all of the values but subtract imports the GDP would be 28. When exports are larger than imports, there's a positive level of net exports, which increases GDP.

RGDP The production amounts for all three goods decreased from 2005 to 2006, so RGDP had to go down. You need to multiply each good by its 2004 price and then add the goods for each year to get RGDP. Finally, you need to subtract the 2006 value from the 2007 value to show how much RGDP increased. The RGDP was 4320 in 2006 and 4820 in 2007. To calculate RGDP for 2005, use the 2004 prices, and don't forget to increase the price of gamza to \$2.20 and borjin to \$0.55 when calculating NGDP. It would be 349. The price of all three goods rose by 10% per year from 2004 through 2006. With an inflation rate of 10% for each year, the prices of the three goods would have increased enough from 2005 to 2006 to offset the decreases in production levels.

NDP The machines used to produce sladke depreciated by \$200 from 2006 to 2007, and the price for sladke was \$12 per ton in 2007. The prices for gamza and borjin were \$3 per liter and \$0.75 per unit, respectively. To calculate nominal NDP, you first calculate NGDP and then subtract depreciation. It is 6724.