



Visual 1: Key Facts about GDP

Gross Domestic Product, known as “GDP,” is measured by the U.S. Bureau of Economic Analysis. GDP measures the market value of all final goods and services produced in a country in a calendar year. Take note of these ideas:

- *Market value* – U.S. GDP is measured in U.S. dollars at the price the goods were sold at, in “current dollars.” This means that GDP is not adjusted for inflation. This “nominal” number is used to determine the output of the economy at a given point in time.
- *Final goods and services* – GDP measures the production of final goods and services, rather than also including intermediate goods and services, to avoid double counting.
- *In a country* – GDP is focused on domestic production. As such, it counts goods and services produced in the United States. In the accounting, exports are counted (because they are produced in the U.S.) but imports are not counted as part of GDP.
- *In a calendar year* – GDP is measured on a yearly basis but updates are released quarterly.

As the economy expands and contracts due to changes in overall spending, those changes are reflected in GDP data. As a result, GDP is important for indicating whether the economy is expanding or contracting.