

# Important Macroeconomics Formulas PDF



## Formulas Examples with Units

### List of 18 Important Macroeconomics Formulas

#### 1) Change in Money Supply Formula ↻

Formula

$$\Delta M = \left( \frac{1}{rrr} \right) \cdot \Delta R - (IDA)$$

Example

$$2211.6667 = \left( \frac{1}{0.9} \right) \cdot 2400 - (455)$$

Evaluate Formula ↻

#### 2) Components of Aggregate Demand Formula ↻

Formula

$$AD = C + I + G + X M$$

Example

$$3680 = 500 + 280 + 400 + 2500$$

Evaluate Formula ↻

#### 3) Expenditure Multiplier Formula ↻

Formula

$$EM = \frac{INCPI}{\Delta G}$$

Example

$$0.8333 = \frac{100}{120}$$

Evaluate Formula ↻

#### 4) Gross Domestic Product at Factor Cost Formula ↻

Formula

$$GDP_{fc} = GDP_{mp} + S_s - IT$$

Example

$$34750 = 25050 + 12000 - 2300$$

Evaluate Formula ↻

#### 5) Gross National Product at Market Price Formula ↻

Formula

$$GNP_{mp} = GDP_{fc} + NFIA$$

Example

$$35990 = 34750 + 1240$$

Evaluate Formula ↻

#### 6) Growth Rate of Money Supply Formula ↻

Formula

$$g_m = R + g_y$$

Example

$$1010.06 = 0.06 + 1010$$

Evaluate Formula ↻

#### 7) Life Expectancy Formula ↻

Formula

$$LE = CAI + ALEY - ADF$$

Example

$$85 = 55 + 65 - 35$$

Evaluate Formula ↻



## 8) National Disposable Income Formula

Formula

$$NDI = NI + NIT + NCT_{rw}$$

Example

$$33800 = 5000 + 3000 + 25800$$

Evaluate Formula 

## 9) Net Domestic Product at Factor Cost Formula

Formula

$$NDP_{fc} = NDP_{mp} - NIT$$

Example

$$20550 = 23550 - 3000$$

Evaluate Formula 

## 10) Net Domestic Product at Market Price Formula

Formula

$$NDP_{mp} = GDP_{mp} - D$$

Example

$$23550 = 25050 - 1500$$

Evaluate Formula 

## 11) Net Factor Income from Abroad Formula

Formula

$$NFIA = NCE + NI_{pe} + N_{re}$$

Example

$$1240 = 590 + 200 + 450$$

Evaluate Formula 

## 12) Operating Surplus Formula

Formula

$$OS = VO - ICN - CE - MI - CFC - NIT$$

Example

$$29415 = 80000 - 25080 - 18000 - 2000 - 2505 - 3000$$

Evaluate Formula 

## 13) Personal Disposable Income Formula

Formula

$$PDI = PI - PT - MRG$$

Example

$$9000 = 20000 - 1000 - 10000$$

Evaluate Formula 

## 14) Private Final Consumption Expenditure Formula

Formula

$$PFCE = HFCE + NPPIFCE$$

Example

$$50010 = 35000 + 15010$$

Evaluate Formula 

## 15) Real Effective Exchange Rate Formula

Formula

$$REER = \frac{CPI_d \cdot NEER}{CPI_f}$$

Example

$$0.7574 = \frac{1.03 \cdot 0.75}{1.02}$$

Evaluate Formula 



## 16) Real Gross Domestic Product Per Capita Formula

Formula

$$RGDPPC = \frac{RG}{TP}$$

Example

$$0.5 = \frac{50000}{100000}$$

Evaluate Formula 

## 17) Real Wage Formula

Formula

$$RW = \frac{NW}{CPI}$$

Example

$$2450.9804 = \frac{2500000}{1020}$$

Evaluate Formula 

## 18) Simple Deposit Multiplier Formula

Formula

$$SD_m = \frac{1}{rrr}$$

Example

$$1.1111 = \frac{1}{0.9}$$

Evaluate Formula 



## Variables used in list of Macroeconomics Formulas above

- **AD** Components of Aggregate Demand
- **ADF** Adjustment Factor
- **ALEY** Average Life Expectancy
- **C** Private Consumption Expenditure
- **CAI** Current Age of the Individual
- **CE** Compensation of Employees
- **CFC** Consumption of Fixed Capital
- **CPI** Consumer Price Index
- **CPI<sub>d</sub>** Consumer Price Index of Domestic Nation
- **CPI<sub>f</sub>** Consumer Price Index of Foreign Country
- **D** Depreciation
- **EM** Expenditure Multiplier
- **G** Government Expenditure
- **g<sub>m</sub>** Growth Rate of Money Supply
- **g<sub>y</sub>** Growth Rate of Real Gross Domestic Product
- **GDP<sub>fc</sub>** Gross Domestic Product at Factor Cost
- **GDP<sub>mp</sub>** Gross Domestic Product at Market Price
- **GNP<sub>mp</sub>** Gross National Product at Market Price
- **HFCE** Household Final Consumption Expenditure
- **I** Investment Expenditure
- **ICN** Intermediate Consumption
- **IDA** Initial Deposit Amount
- **INCPI** Initial Consumer Price Index
- **IT** Indirect Taxes
- **LE** Life Expectancy
- **MI** Mixed Income
- **MRG** Miscellaneous Receipts of Government
- **N<sub>re</sub>** Net Retained Earnings
- **NCE** Net Compensation of Employees
- **NCT<sub>rw</sub>** Net Current Transfers from the Rest of the World
- **NDI** National Disposable Income
- **NDP<sub>fc</sub>** Net Domestic Product at Factor Cost
- **NDP<sub>mp</sub>** Net Domestic Product at Market Price
- **NEER** Nominal Effective Exchange Rate
- **NFIA** Net Factor Income from Abroad



- **NI** National Income
- **NI<sub>pe</sub>** Net Income from Property and Entrepreneurship
- **NIT** Net Indirect Taxes
- **NPPIFCE** Non Profit Private Institutions FCE
- **NW** Nominal Wage
- **OS** Operating Surplus
- **PDI** Personal Disposable Income
- **PFCE** Private Final Consumption Expenditure
- **PI** Personal Income
- **PT** Personal Taxes
- **R** Rate of Inflation
- **REER** Real Effective Exchange Rate
- **RG** Real Gross Domestic Product
- **RGDPPC** Real Gross Domestic Product Per Capita
- **rrr** Required Reserve Ratio
- **RW** Real Wage
- **S<sub>s</sub>** Subsidies
- **SD<sub>m</sub>** Simple Deposit Multiplier
- **TP** Total Population
- **VO** Value of Output
- **X M** Net Exports
- **ΔG** Change in Government Spending
- **ΔM** Change in Money Supply
- **ΔR** Change in Bank Reserves



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