

GDP: Total output of an economy

- or -

total spending on final goods and services in an economy

- or -

total income in economy.

Aggregate spending on domestically produced final goods and services = \$21,500

	American Ore, Inc.	American Steel, Inc.	American Motors, Inc.	Total factor income
Value of sales	\$4,200 (ore)	\$9,000 (steel)	\$21,500 (car)	
Intermediate goods	0	4,200 (iron ore)	9,000 (steel)	
Wages	2,000	3,700	10,000	\$15,700
Interest payments	1,000	600	1,000	2,600
Rent	200	300	500	1,000
Profit	1,000	200	1,000	2,200
Total expenditure by firm	4,200	9,000	21,500	
Value added per firm = Value of sales - cost of intermediate goods	4,200	4,800	12,500	

Total payments to factors = \$21,500

Sum of value added = \$21,500

Stock: ownership in company.

- dividends (quarterly)

example: ABC Co.

quarterly dividend

\$1.25 per share

of record on

March 21, 2015

10,000 shares

→ \$12,500

- capital gain

pay \$10 sell for \$30

Bonds: issued by  
corporation or  
government.

Face Value \$10,000

(amount corp. or gov't  
is borrowing)

Coupon rate: 2.75%  
paid semi-annually

Maturity: 7/1/2026.

\$10,000

