Answer on Question #90002-Economics-Macroeconomics

Nominal GDP increased because Real GDP, which is always Nominal GDP adjusted for inflation, rose by 4.17%

Price level increased because deflator, which signals the rate of inflation, rose from 120 to 125.

Percentage Change in prices is equivalent to the change in GDP deflator

$=\frac{125-120}{120} * 100$

=4.17%

Prices increased by 4.17%

From the relation, $GDP\ deflator = Nominal\ GDP/Real\ GDP$

We have $1.25 = nominal\ GDP/104.17$

$Nominal\ GDP = 1.25 * 104.17$

=130.2125

Nominal GDP increased by 30.21%