



2009

Inflation = % Change in Price Index



(DeflatorYearX) -

(DeflatorPrevious year)

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$$\frac{\text{(Deflator Previous year)}}{\text{X 100}}$$

Year	GDP Deflator	Inflation Rate
2007	200	
2008	250	



250

200

200

25%

4%

260

250

250



Inflation =

260

2008

2009

# Inflation = % Change in Price Index

$$\text{Inflation}^{2009} = \frac{(\text{Deflator Year X})^{260} - (\text{Deflator Previous year})^{250}}{(\text{Deflator Previous year})^{250}} \times 100$$

Year	GDP Deflator	Inflation Rate
2007	200	
2008	250	25%
2009	260	4%





# The Consumer Price Index

A Price Index

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