CPI = 125

CPI = 250

Kansas City ——————————→ Boston
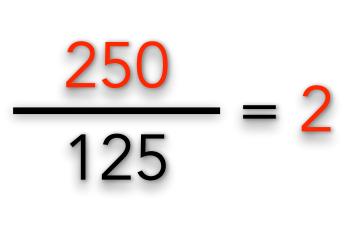
Prices in Boston are 2 times larger than in Kansas

I need 2 times as much money in Boston

How much do I need in Boston in order to be able to buy as much as I buy in Kansas City with $32,000?

Using the CPI: Comparing values across Cities

What is the equivalent of $32,000 in Boston prices?

Divide Boston's CPI by Kansas' CPI:

$$\frac{250}{125} = 2$$

$100 — Multiply $32,000 times 2 → **$64,000**

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Using the CPI: Comparing values across Cities

How much do I need in Boston in order to be able to buy as much
as I buy in Kansas City with $32,000?

CPI = 125   CPI = 250

Kansas City ───▶ Boston

What is the equivalent of $32,000 in Boston prices?

Divide Boston's CPI by $$\frac{250}{125} = 2$$ Prices in Boston are 2
Kansas' CPI: times larger than in Kansas

I need 2 times as much money in Boston

$100 ──────── Multiply $32,000 times 2 ────────▶ **$64,000**

In Boston I need $64,000 in order to be able to buy as much as I buy
in Kansas with $32,000

How do I check that in fact $64,000 in Boston has the same buying power as $32,000 in Kansas?