



2

5

Basket	Quantity	Prices Base Year
Food	10	\$10
Doctor Visit	2	\$50
Rent	1	\$700
Gasoline	50	\$2
Basket Cost		1,000

Use today's prices to calculate the Cost of the basket

# Prices Today

# Prices Today

$$30 = 300$$

$$75 = 150$$

$$1500 = 1500$$

$$1 = 50$$

2,000

# Prices Today

30

75

1500

1

2,000

X

X

X

X



Basket is two  
times more  
expensive  
today than in  
base year

# Prices Today

30

# Prices Today

30

75

# Prices Today

30

75

1500

# Prices Today

30

75

1500



1

# Prices Today

30

75

1500

1



# Prices Today

30

75

1500

1

Use **today's** prices to calculate the Cost of the basket

Basket	Quantity	Prices Base Year	Prices Today
Food	10	\$10	30
Doctor Visit	2	\$50	75
Rent	1	\$700	1500
Gasoline	50	\$2	1
Basket Cost		1,000	2,000

Basket is **two**  
**times** more  
expensive  
today than in  
**base year**

# Calculating the CPI

Basket	Quantity	Prices Base Year
Food	10	10
Doctor Visit	2	50
Rent	1	700
Gasoline	50	2
Basket Cost		1,000