



Calculating the CPI

1

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Basket	Quantity	Price Base Year
Food	10	\$10
Doctor Visit	2	\$50
Rent	1	\$700
Gasoline	50	\$2



100

100



=

100

\$1,000



700

=

100

Basket Cost Base Year:

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Basket	Quantity		Price Base Year
Food	10	x	\$10 = 100
Doctor Visit	2	x	\$50 = 100
Rent	1	x	\$700 = 700
Gasoline	50	x	\$2 = 100
Basket Cost Base Year:			\$1,000

Use Prices **today** to calculate the basket Cost

<i>Basket</i>	<i>Quantity</i>		<i>Price Today</i>
<i>Food</i>	<i>10</i>		<i>\$20</i>
<i>Doctor Visit</i>	<i>2</i>		<i>\$100</i>
<i>Rent</i>	<i>1</i>		<i>\$1,400</i>
<i>Gasoline</i>	<i>50</i>		<i>\$4</i>
<i>Basket Cost</i>			