

2009

**Inflation = % Change in Price
Index**



$$(Deflator_{Year\ x}) -$$

(Deflator Previous year)

$$\frac{\text{Current Year Price}}{\text{Previous Year Price}} \times 100$$

(Deflator Previous year)

Year	GDP Deflator	Inflation Rate
2007	200	
2008	250	

250

200

200

25%

4%

260

250

250

Inflation =

260

2008

25%

2009

40%

Inflation = 4%
2009

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

260 **250** **250**

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

Which offer is better?