Because items and quantities in the basket are fixed, the CPI does not account for new goods which represent a drop in prices

Cause of this mistake: CPI uses **old** quantities with new price

We do not calculate the CPI correctly: New Goods Bias

Solution: Use "Chained CPI which uses a basket that changes from month to month

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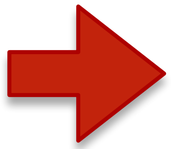

Solution: Use "Chained CPI which uses a basket that changes from month to month

We do not calculate the CPI correctly: Quality Bias