

2009

Inflation = % Change in Price Index



(DeflatorYearX) -

(Deflator Previous year)

$$\frac{\text{Deflator } \text{Previous year}}{\text{Previous year}} \times 100$$

Year	GDP Deflator	Inflation Rate
2007	200	
2008	250	

250

200

200

25%

4%

260

250

250

Inflation =

260

2008

2009

Inflation = % Change in Price Index

$$\text{Inflation}^{\text{2009}} = \frac{(\text{Deflator Year X})^{\text{260}} - (\text{Deflator Previous year})^{\text{250}}}{(\text{Deflator Previous year})^{\text{250}}} \times 100$$

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



The Consumer Price Index

A Price Index
