

Calculating the CPI

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



= 1000



\$1,000

=

700

Basket Cost Base Year:

Choose a Base Year

Calculate the costs of the Basket using Base Year Prices

Choose a Base Year

Calculate the costs of the Basket using Base Year Prices

| Basket | Quantity | | Prices 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 |

Calculating the CPI

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

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