CPI = 125

Kansas City

CPI = 250

Boston

Prices in Boston are 2 times larger than in Kansas

I need 2 times as much money in Boston

How much do I need in Boston in order to be able to buy as much as I buy in Kansas City with $32,000?

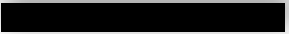
Using the CPI: Comparing values across Cities

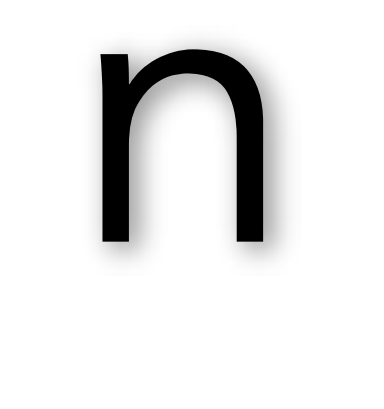
What is the equivalent of $32,000 in Boston prices?

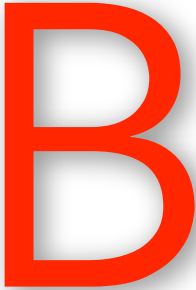
Divide Boston's CPI by Kansas' CPI:

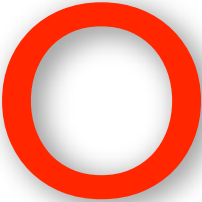
$$\frac{250}{125} = 2$$

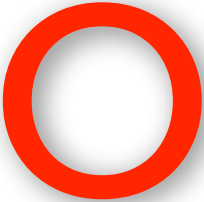
$32,0000
Multiply $32,000 times 2
$64,000

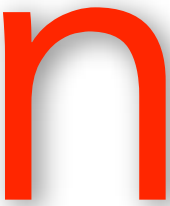


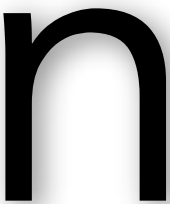


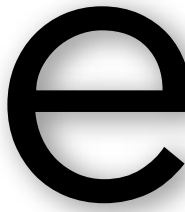


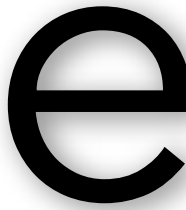


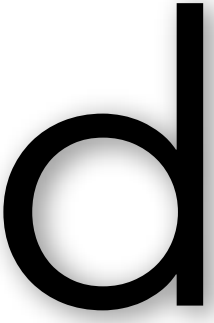


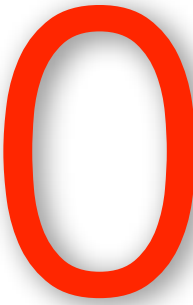


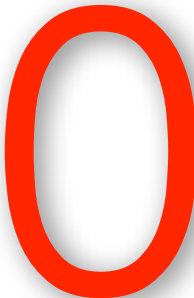


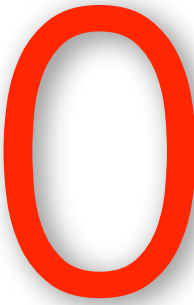


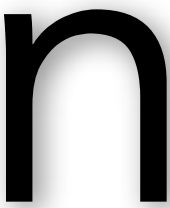


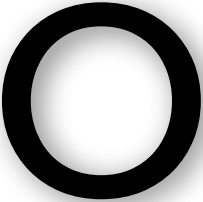


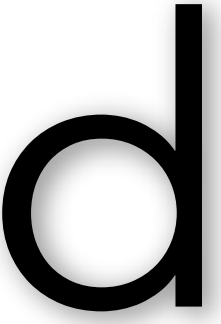


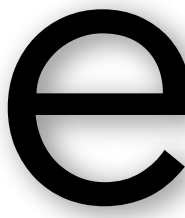


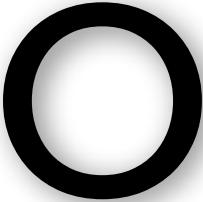


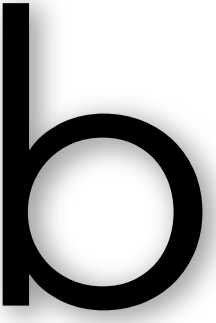


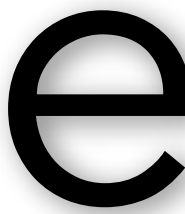


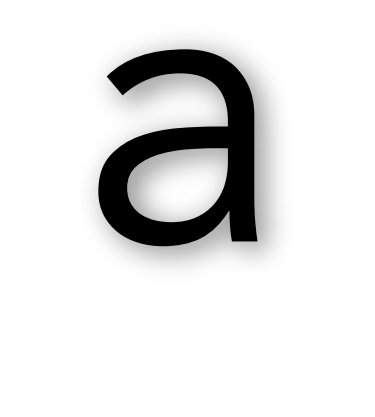


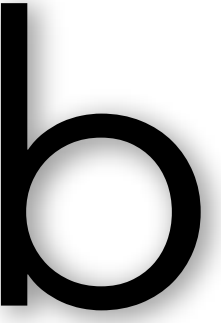


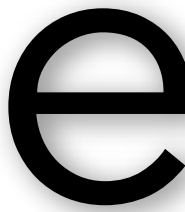


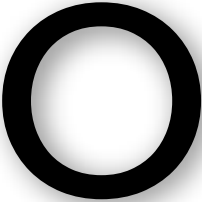


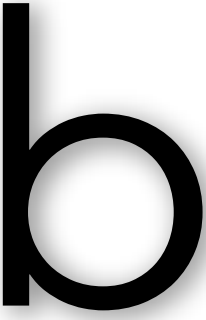


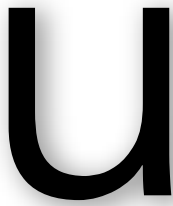

a



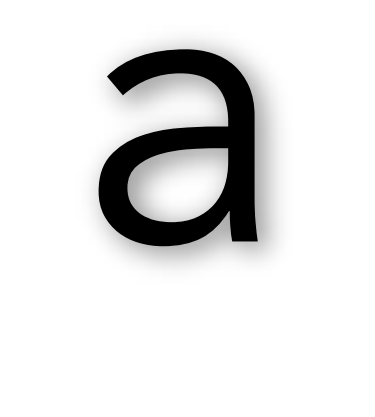


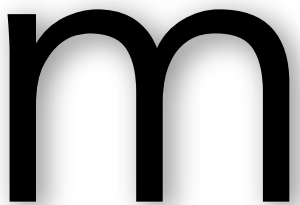


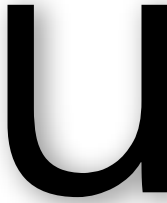


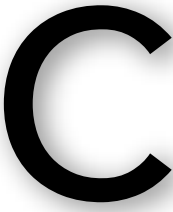


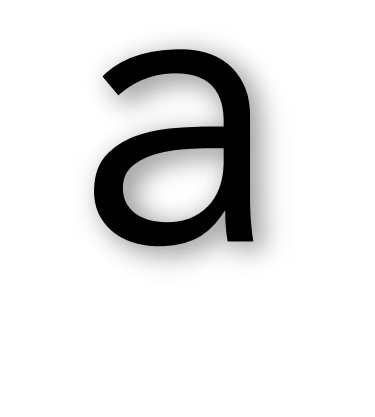
y

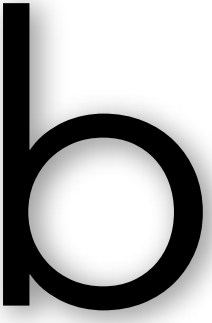

a

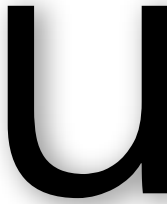


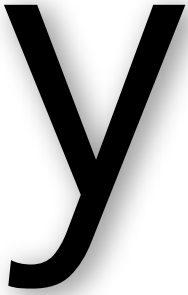


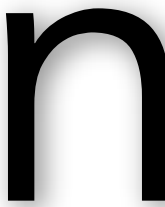


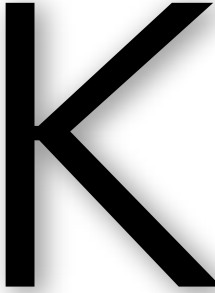

a



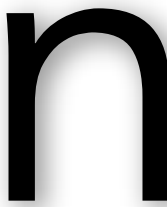


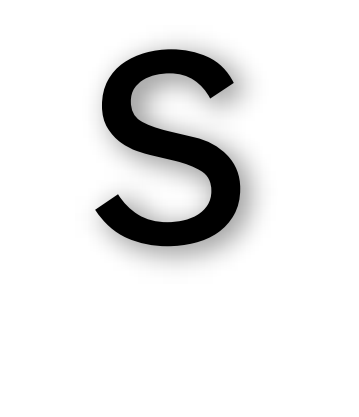


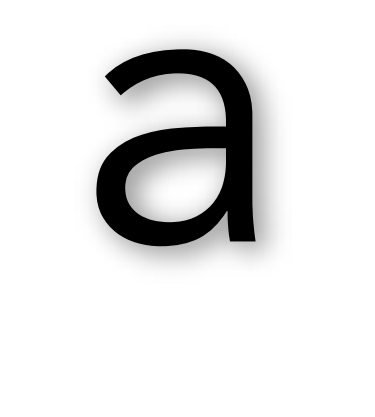




a




S


a

W

3

2

0

0

0

Using the CPI: Comparing values across Cities

How much do I need in Boston in order to be able to buy as much as I buy in Kansas City with $32,000?

CPI = 125 (Kansas City) → CPI = 250 (Boston)

What is the equivalent of $32,000 in Boston prices?

Divide Boston's CPI by Kansas' CPI: $\frac{250}{125} = 2$

Prices in Boston are 2 times larger than in Kansas

I need 2 times as much money in Boston

$32,0000 → Multiply $32,000 times 2 → **$64,000**

In Boston I need $64,000 in order to be able to buy as much as I buy in Kansas with $32,000

How do I check that in fact $64,000 in Boston has the same buying power as $32,000 in Kansas?