

2009

Inflation = % Change in Price Index



(DeflatorYearX) -

(DeflatorPrevious year)

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

Year	GDP Deflator	Inflation Rate
2007	200	
2008	250	

250

200

200

25%

40%

260

250

250

Inflation =

260

2008

2009

% change in
Price relative to
the Base

150%

160%

A red speech bubble with a white background and a red outline. The text inside is centered and reads: "This is the change in prices relative to the previous year". The words "previous year" are in red, while the rest is in black.

This is the
change in prices
relative to the
previous year



Prices in 2009
are 4% higher
than prices in
2008



This is the
change in prices
relative to the
Base



Prices in 2009
are 160%
higher than in
the Base

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%

This is the change in prices relative to the previous year

This is the change in prices relative to the Base

% change in Price relative to the Base

Prices in 2009 are 4% higher than prices in 2008

Prices in 2009 are 160% higher than in the Base

150%

160%



The Consumer Price Index

A Price Index
