



Calculating the CPI

2

4

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

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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