

CPI = 125

CPI = 250

Kansas City



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 CPl: 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



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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

CPI = 250

Kansas City \longrightarrow **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**

\$32,000 $\xrightarrow{\text{Multiply \$32,000 times } 2}$ **\$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?