Calculating the CPI

25

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

$$= 100$$

$1,000

$$= 700$$

Basket Cost Base Year:

Choose a Base Year

Calculate the cost of the Basket using Base Year Prices

Choose a Base Year

Calculate the cost 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