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| Basket | Quantity | Prices Base Year |
|--------------|----------|------------------|
| Food | 10 | \$10 |
| Doctor Visit | 2 | \$50 |
| Rent | 1 | \$700 |
| Gasoline | 50 | \$2 |
| Basket Cost | | 1,000 |

Use today's prices to calculate the Cost of the basket

Prices Today

Prices Today

$$30 = 300$$

$$75 = 150$$

$$1500 = 1500$$

$$1 = 50$$

2,000

Prices Today

30

75

1500

1

2,000



Basket is two
times more
expensive
today than in
base year

Prices Today

30

Prices Today

30

75

Prices Today

30

75

1500

Prices Today

30

75

1500

1

Prices Today

30

75

1500

1



Prices Today

30

75

1500

1

Use **today's** prices to calculate the Cost of the basket

| Basket | Quantity | Prices Base Year | Prices Today |
|--------------|----------|------------------|--------------|
| Food | 10 | \$10 | 30 |
| Doctor Visit | 2 | \$50 | 75 |
| Rent | 1 | \$700 | 1500 |
| Gasoline | 50 | \$2 | 1 |
| Basket Cost | | 1,000 | 2,000 |

Basket is **two**
times more
expensive
today than in
base year

Calculating the CPI

| Basket | Quantity | Prices Base Year |
|--------------|----------|---------------------|
| Food | 10 | 10 |
| Doctor Visit | 2 | 50 |
| Rent | 1 | 700 |
| Gasoline | 50 | 2 |
| Basket Cost | | 1,000 |