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CPI = 200
2009
CPI = 204
2019

$$\text{Inflation} = \frac{204 - 200}{200} \times 100 = 2\%$$

If your Nominal salary increase less than 2% between 2009 and 2019

Real Salary = 60,000


200

x 100 = 30,000

Real Salary = 60,600

204

x 100 = 29,706

Your Real salary decrease

Nominal Salary = 60,000

Nominal Salary = 60,600

Individuals whose incomes increase less than inflation, lose purchasing power

Employers who enjoyed sale prices rising faster than wages paid, gain purchasing power

True Cost of Inflation: Arbitrary redistribution of income from workers to employers

True Cost of Inflation: Arbitrary redistribution of income from workers to employers

CPI = 200 — CPI = 204

2009 ——————————→ 2019

Nominal Salary = 60,000 $\quad \text{Inflation} = \frac{204 - 200}{200} \times 100 = 2\%$ $\quad$ Nominal Salary = 60,600

If your Nominal salary increase less than 2% between 2009 and 2019

$\text{Real Salary} = \frac{60{,}000}{200} \times 100 = 30{,}000$ $\qquad$ $\text{Real Salary} = \frac{60{,}600}{204} \times 100 = 29{,}706$

Your Real salary decrease

Individuals whose incomes increase less than inflation, lose purchasing power

Employers who enjoyed sale prices rising faster than wages paid, gain purchasing power

How to use % change

Year	CPI	Inflation Rate %
2013	230	1.6
2014		60
2015		6
2016		0.6
2017		160
2018		**1,000**
2019		-70
2020		2.5
2021		1.4
2022		7.5
2023		6.4
2024		3.1