

2

5

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