**Construct your own Consumer Prices Indices (CPI)**

Using the website[: https://web.archive.org](https://web.archive.org/) you are going to construct your own version of the CPI.

Method:

1. First you will need to choose a representative basket of goods from the same retailer (Walmart has the most archived pages). Enter at least 10 consumer goods into the table below. I recommend you work backwards by finding the good from a year ago (July-September 2020) and then find it at today’s price. Make sure that it is the identical good; brand, size, volume etc. Enter it into the table below:

Fig 1. Constructing a consumer prices index (cpi)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Consumer GoodsBasket | July-Sep 2020 Price | Weighting in the Basket  | Index for the year 2020 times weight | July-Sep 2021 Price | Weighting in the Basket  | Index for the year 2021 times weight |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Totals** |  | **1.0** |  |  | **1.0** |  |

1. We can then work out the inflation rate by using the equation:

Index for 2021 – Index for 2020/Index for 2020 x 100 =