Activity 2: Calculating the CPI Inflation Rate

Knowing the level of the Consumer Price Index (CPI) is important, but it is also important to know the inflation rate — how quickly the average price level is rising. The inflation rate is the percentage increase in the average price level of goods and services over a period of time, usually one year.

You can calculate the inflation rate using this formula:

Percentage Change in CPI = CPI (later year) – CPI (earlier year)   X 100
                                                     CPI (earlier year)

For example, the CPI for a country in 2011 was 224.9 and in 2012 it was 229.6. By what percentage did prices rise?

Percentage change in CPI = 229.6 – 224.9   X 100
                                            224.9

Percentage change in CPI from 2011 to 2012 = 2.09%

Use the formula above to calculate the percentage change in CPI between the two years shown. Round your answer to the nearest tenth.

Year   **CPI**
2000   172.2
2001   177.0

Percentage Change _____

Year   **CPI**
2004   188.9
2005   195.3

Percentage Change _____

Year   **CPI**
2008   215.3
2009   214.6

Percentage Change _____