Name:

Date:

Facilitator:

School:

5.03 CPI

1. What is hyperinflation?­­

2. What is Demand-Pull inflation?

3. What is Cost Push inflation?

4. Who figures the CPI for the United States?

5. What is the CPI for the base year?

6. What is the current base year?

7. Describe what is in the market basket?

8. Why is the market basket considered to be biased?

9. What is deflation?

10. What is inflation?

11. What is stagflation? Why is this the worst type of inflationary description?

12. Assume the market basket consists of Cups, Speakers and Milk. Use the information below to complete the chart by filling in the highlighted cells.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2010** | **2011** | **2012** |
|  | **Units** | **Price** | **Cost of Basket** | **Price** | **Cost of Basket** | **Price** | **Cost of Basket** |
| ***Cups*** | 6 | 2 | 12 | 3 | 18 | 4 |  |
| ***Speakers*** | 4 | 3 |  | 4 |  | 5 |  |
| ***Milk*** | 5 | 4 | 20 | 4 |  | 5 | 25 |
| ***Total*** | 44 | ***Total*** |  | ***Total*** |  |

13. Using the market basket costs, and using 2010 for the base year, what is the CPI for the years:

2010

2011

2012

14. What is the percentage increase in prices from 2011 to 2012?