price growth
Posted by Anna7 - 2012/11/04 17:19

How to find price growth for a particular good via inflation rate for all consumer goods?

==

Re:price growth
Posted by Kane Carter - 2012/11/06 12:21

1.Review the formula for the rate of inflation, which is ((T1 - T0)/T0)*100. It is based on calculating the difference in price between two time periods. T0 is the price in the starting time period, and T1 is the amount in the ending time period.
2.Determine a basis for comparison. The Consumer Price Index is published every month by the Bureau of Labor Statistics. The first published index was in 1984 at 100. If prices rose from $1 in 1984 to $2 today, the index would have a value of 200.
3.Calculate the difference in price. This is the first part of the formula. If the index value changes from 100 to 200, the difference is 100.
4.Divide the increase by the first price. The first price is 100 and the increase is 100. Dividing 100 by 100 equals 1.
5.Calculate the rate of inflation. Multiplying 1 by 100 = 100, or 100 percent. This means the rate of inflation between the two prices and time periods is 100 percent.
6.Calculate the rate of inflation in periods of declining inflation. Deflation occurs when prices are falling. The formula is the same, but the percent change will be negative. For instance, if the CPI index fell from 120 (T0) to 110 (T1) in one year, the formula would be (110-120)/120. Multiplying this number by 100 renders -10 percent, which is your rate of deflation.

==

Re:price growth
Posted by Anna7 - 2012/11/07 11:24

Thank you

==