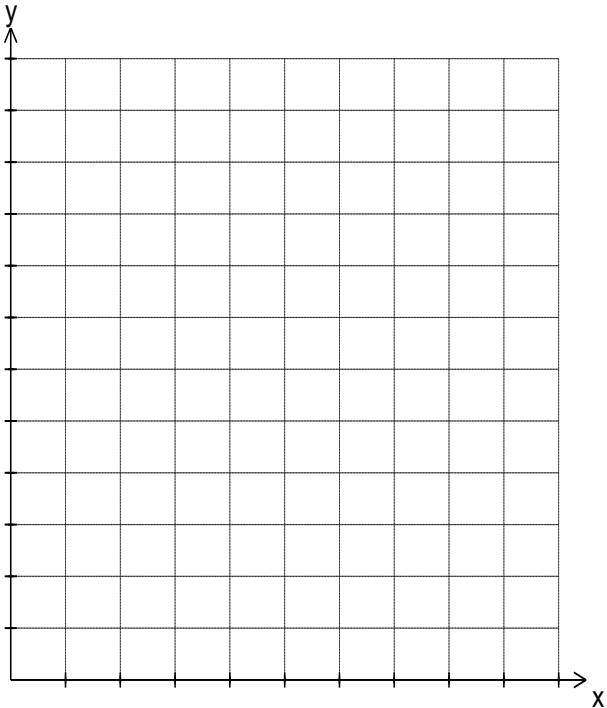


Statistical Index (plural “Indices”): _____

1. Read Pg 214 Investigate...The Consumer Price Index. Then, on a separate sheet of paper, answer Pg 215 # 1 – 3.

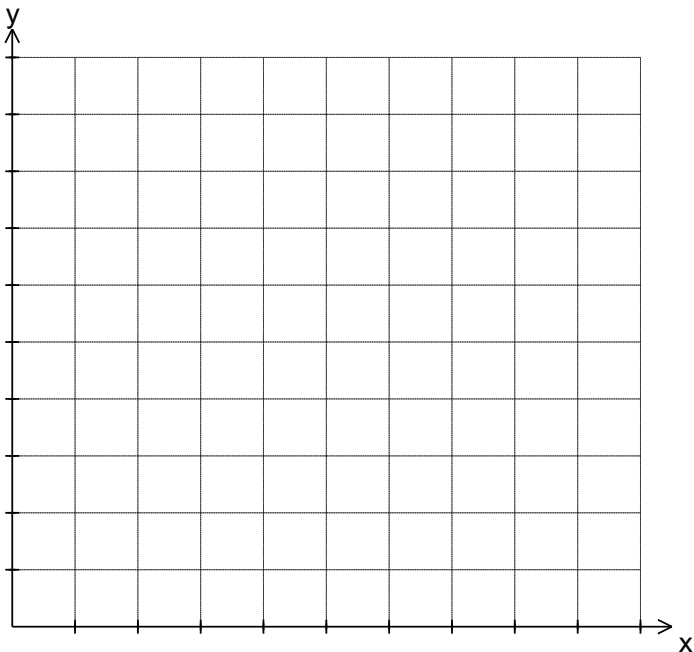
2. Graph the data in this table:

Date	Gas Price (¢/litre)	
Jan 2006	95.0	
Mar 2006	93.3	
May 2006	104.6	
July 2006	109.7	
Sept 2006	89.7	
Nov 2006	86.5	
Jan 2007	87.1	
Mar 2007	102.4	
May 2007	111.5	



Now express each price as a percent of the price in January 2006 and graph the new data on the graph to the left.

- What is similar between the two graphs?
- What does the second graph show that the first one does not?

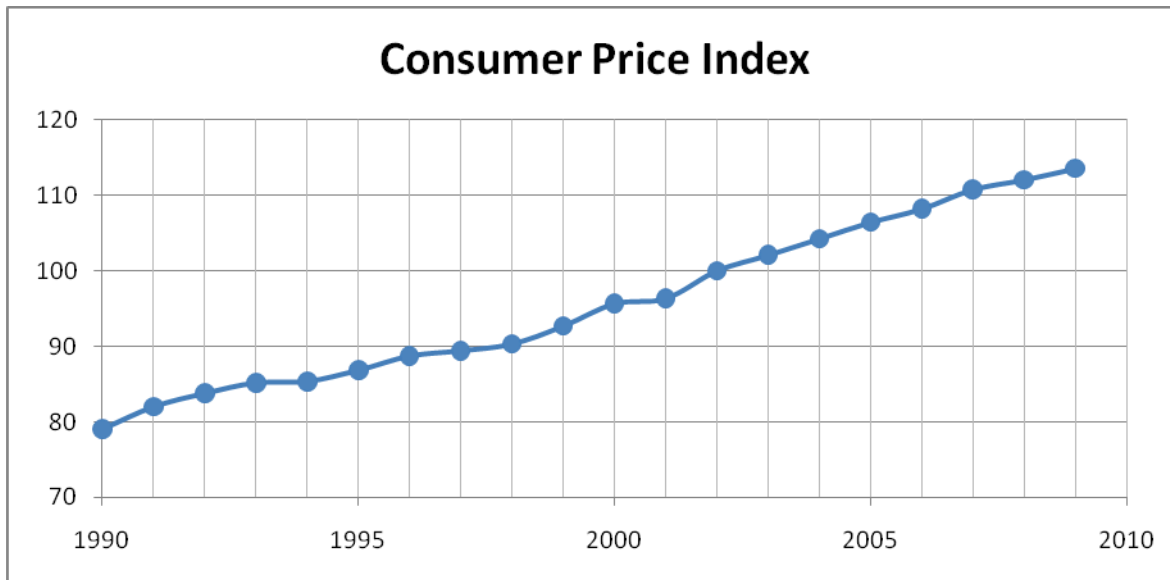


Indices:

An index describes the value of a certain variable compared to a base value measured at a particular time or location.

Examples:

One of the most widely used indices is the Consumer Price Index (CPI). The CPI is calculated by taking thousands of price quotations from across the country for a “basket” of about 600 popular goods and services. The total price of these items at any point in time is compared to the price of the same items in the base year.



Questions:

1. What is the base year for the CPI?
2. In what year was the cost of the basket of goods approximately 90% of the price of the base cost?
3. What was the CPI in 2009? What does this number represent?
4. If your household spent \$2000 on goods and services in 2002, what would you expect to pay for the same goods and services in 2009?
5. If your household spent \$2000 on goods and services in 1990, what would you expect to pay for the same goods and services in 2009?

Other Indices

There are other indices that are often used in finance and other applications.

Examples include: