

NAMES _____

Hand this in as part of your assignment for this week (due Sept. 18).

PRICES PROJECT

For this project, you will develop a Student Price Index, based on items that are most consumed by students. For now, select a basket and find the prices for each item in your basket. You should have between 8 and 10 items in your basket. Select quantities based on how much is purchased in one month. Later in November I will ask you to re-price your basket, calculate the CPI and inflation rate, and consider the issues involved in constructing a useful index. Take care in constructing your basket, as the prices project is worth 100 points. This part of the project is worth 25 points.

ITEM	QUANTITY	PRICE	Source of price data (store or business from which you got the price)

Total cost of your basket: _____

On the reverse side of this sheet, justify your choice of a basket (both items and quantities). Why did you choose the items and quantities you did? How does your student price index differ from the CPI? Why might it be a better reflection of the cost of living for students than is the CPI? Does this mean there is more than one inflation rate?