



Introduction: In this activity, students will learn about inflation and price changes. When items increase in price, we call that inflation; when they decrease in price, we call it deflation. Measuring inflation provides us with information about the purchasing power of a dollar. BLS collects prices on products and services to develop a measure of inflation called the Consumer Price Index (CPI).

BLS also publishes average prices collected for some food and utilities. Average prices are determined by adding all of the prices together and dividing by the total number of prices. This gives us a sense of what a person normally spends on a good or service.

Activity: Use the CPI [One-Screen Data Search Tool](#) to determine the current average price of commonly used goods. Split students into groups, and have them write down what they think the prices of these goods are now and what they were in another year (for example, the year they were born). Encourage students to discuss prices that they have seen at stores and what they would expect to pay. They should also consider why the prices of these items have changed. Award points to the team with the closest estimate for each item. After this exercise, discuss prices, inflation, and the Consumer Price Index. More information about the CPI can be found on the [CPI Frequently Asked Questions](#) page.

Directions:

1. Access the Average Price Database Search tool: <http://data.bls.gov/pdq/querytool.jsp?survey=ap>.
3. Select US City Average.
4. Select an item and select the “Add to your selection” button. The following is a suggested list of items:

[1 lb white rice, uncooked](#)

[1 lb white bread](#)

[1 lb chocolate chip cookies](#)

[1 lb ground beef](#)

[1 lb bacon](#)

[1 dozen grade A large eggs](#)

[1 lb bananas](#)

[2 liters cola \(nondiet\)](#)

[1 lb potato chips](#)

[1 gallon regular unleaded gas](#)

5. Repeat the process of selecting an item and adding it to your selection until you have selected all of the items for which you wish to find average prices.
6. Select the “Get Data” button. The data will appear in charts on the next page. You can view data for earlier years by changing the date range using the drop-down bars above the tables to change the range of dates.

The Price is Correct



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Handout:

Names _____

Date _____

Item	Price Today	Price from Year _____
1)		
2)		
3)		
4)		
5)		
6)		
7)		
8)		
9)		
10)		
11)		
12)		

