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Topic: WPI Economics assignment Date: 3-12-2015

Wholesale Price Index

In this method, a set of 435 commodities and their price change are used for the calculation. The selected commodities are supposed to represent various strata of an economy and supposed to give a comprehensive WPI value for the economy.

WPI is calculated on a base year and WPI for the base year is assumed to be 100. To show the calculation, let's assume the base year to be 1970. The date of wholesale prices of all the 435 commodities in the base year and the time for which WPI is to be calculated is gathered.

In this way individual WPI values for the remaining 434 commodities are calculated and then the weighted average of individual WPI figures are found out to arrive at the overall Wholesale Price Index. Commodities are given weight-age depending upon its influence in economy.

Topic: CPI (economics assignment) Date: 3-12-2015

Consumer Price Index

The CPI represents all good and services prodused for consumption by the reference population (Consumer Price Index for all Urban Consumers or Consumer Price Index for Urban wage Earners and Clerical workers.)

The Bureau of labor Statistic (BLS) has classified all expenditure item into more than 200 categories, arranged into eight major groups.

- Food and Beverages (breakfast, cereal, milk coffee, chicken, wine full services meals and snacks):
- Housing (rent of primary residence, owners equivalent rent, fuel oil, bedroom furniture.
- Apparel: (men's shirts and sweaters, woman dresses, Jewelry.
- Transportation: (New vehicles, airline fares, gasoline, motor vehicle insurance).
- Medical Care (Prescription drug and medical supplies. Physicians services, eyeglasses and eye care, hospital services.
- Education and communication: (callage tuition postage, telephone services, computers software and accessories.

The CPI also includes taxes, such as sales and excise tax, that are directly associated with the price of goods and services.

Teacher's sign