

NAME: \_\_\_\_\_



EST. 1899  
United for Literacy  
Littératie Ensemble

# The Consumer Price Index (CPI)

## The 8 Major Components

The CPI is made of eight major components (parts) chosen by Statistics Canada. These are meant to represent living costs of average Canadians.

Use the following websites to complete the box below:

- Components: Consumer price index portal ([statcan.gc.ca](http://statcan.gc.ca))
- Weightings: Official Consumer Price Index (CPI) basket weights ([150.statcan.gc.ca](http://150.statcan.gc.ca))
- Monthly adjusted consumer expenditure basket weights ([statcan.gc.ca](http://statcan.gc.ca))

Components	Weight (%)
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.
8.	8.

Do you think the weightings in the components lists make sense? Why or why not? Give specific examples and draw connections to your own life.

# The Consumer Price Index (CPI)

## The Representative Products

Each of the 8 components consists of a large number of representative products.

**Use the following website to complete the box below:**

- Representative Products – The Representative Products of the Consumer Price Index ([statcan.gc.ca](http://statcan.gc.ca))

Do you think the representative products are truly representative of what people spend?

How are the representative products the same as what you personally spend?

How are the representative products **NOT** the same as what you personally spend?

How does Statistics Canada try to make the product list representative of all Canadians? Do you think their strategy is effective?



## The Consumer Price Index (CPI) The 8 Major Components

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Components	Weight (%)
1. Food	Statistics Canada changes the weighting according to the current economic climate
2. Shelter	
3. Household operations, furnishings and equipment	
4. Clothing and footwear	
5. Transportation	
6. Health and personal care	
7. Recreation, education and reading	
8. Alcoholic beverages, tobacco products and recreational cannabis	

Do you think the weightings in the components lists make sense? Why or why not? Give specific examples and draw connections to your own life.

My parents do not smoke, drink, or use cannabis. I get my hair cut every week, so that affects my costs a lot. We grow our own food, so our food costs are not as large a part of our spending. We can walk to work and to shop, so we have low transportation costs.

## Suggested Answers

# The Consumer Price Index (CPI) The Representative Products

Each of the 8 components consists of a large number of representative products.

Use the following website to complete the box below:

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Do you think the Representative Products are truly representative of what people spend?

I think Statistics Canada has tried to form a representative basket, but there are still a lot of food items missing.

How are the representative products the same as what you personally spend each day?

I spend a lot of my money on clothing. I just bought my first car and now I spend a lot of my money on transportation.

How are the representative products NOT the same as what you personally spend each day?

I don't spend any money on alcohol, so that does not affect my spending at all. Also, I spend over half my money on education and recreation. I live with my parents and don't spend on rent.

How does Statistics Canada try to make the product list representative of all Canadians? Do you think their strategy is effective?

They try to take items from different regions in Canada to represent those regions and the inflation they see. For many regions, I think they do track it fairly well. However, for northern remote regions, they only track the major cities (for example: Iqaluit), which do not represent other communities in the region.