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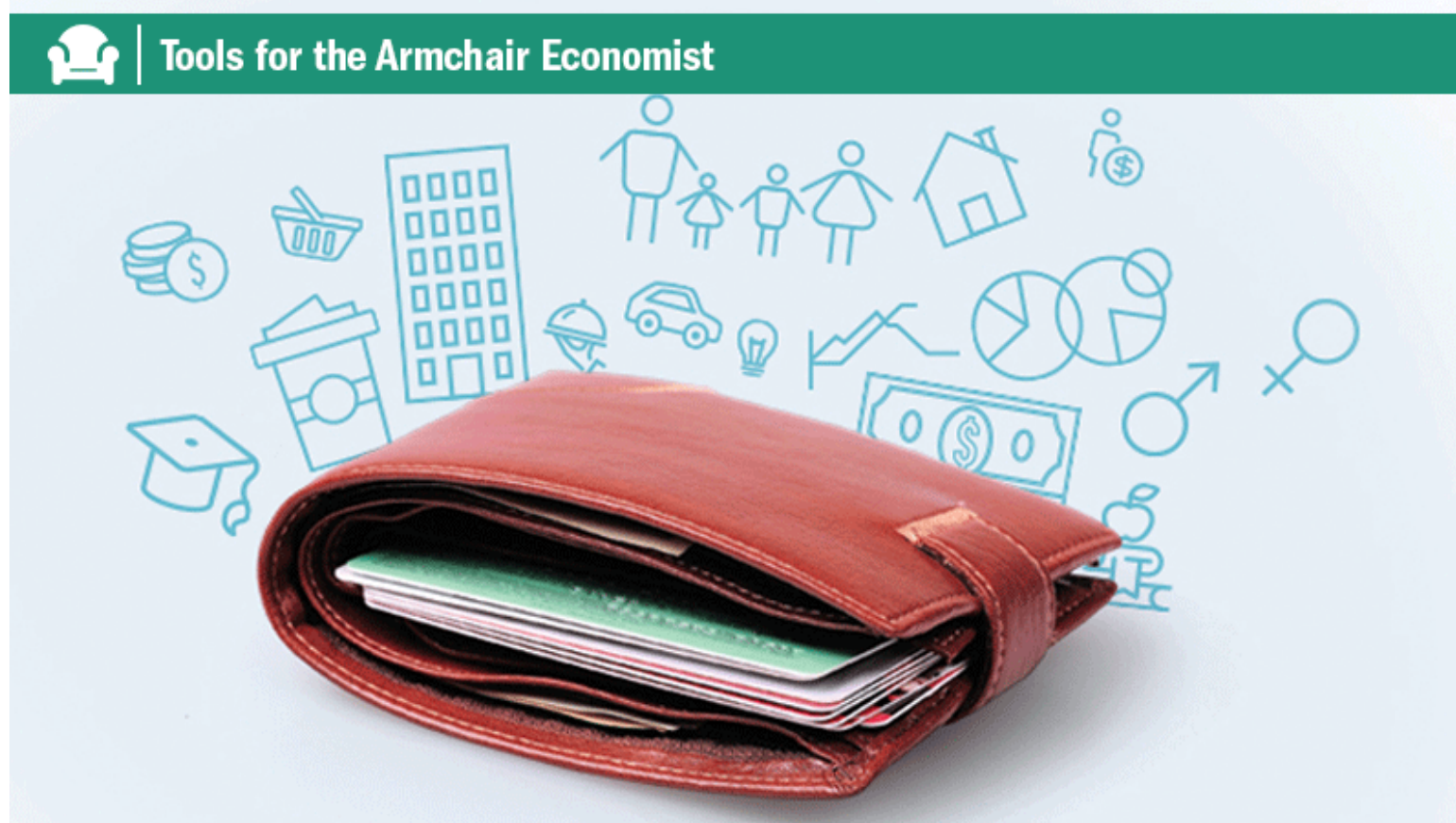
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Tools for the Armchair Economist: What's Your Number?

September 17, 2015



Are prices up or down from a year ago? Well, it depends.

Although the Consumer Price Index (CPI) tells us prices were just 0.2 percent higher in July, that's an average figure and may not reflect your own experience with inflation.

Indeed, the answer to that question can vary a lot based on what you buy. And that, in turn, is influenced by a range of demographic factors including your age, household size, income, and whether you rent or own your home.

Older people, for example, may spend more on health care than those in their twenties. As a result, changes in medical care costs will affect their personal inflation rates quite differently.

The CPI, a closely watched measure of price changes produced by the U.S. Bureau of Labor Statistics, doesn't take into account these factors. But myCPI, a tool introduced earlier this year by the Atlanta Fed, does. Available on the Inflation Project web page, myCPI captures some of the variation in the way people spend money. The result is a more individualized measure of price changes than the CPI alone offers.

You're not average!

The BLS tracks the prices paid by urban consumers for a hypothetical market basket that includes goods and services such as housing, health care, food, education, and entertainment. The goal is to monitor the change in prices for the average household.

MyCPI differs in that it "captures some of the variation that occurs across different demographic characteristics," according to the Atlanta Fed's website. Essentially, the calculator assigns new values to the goods and services in the government's market basket based on housing, household size, income, education, and age.

Using myCPI is easy. After answering six questions, you'll be assigned to one of 144 individualized market baskets that could yield a closer estimate of how your cost of living is changing.

Let's test it out. For a single, college-educated woman between the ages of 35 and 55 who rents her place and earns between \$30,000 and \$70,000 a year, the annual inflation rate in July was 0.53 percent—more than double the national average (see the chart).

1
SINGLE

FEMALE

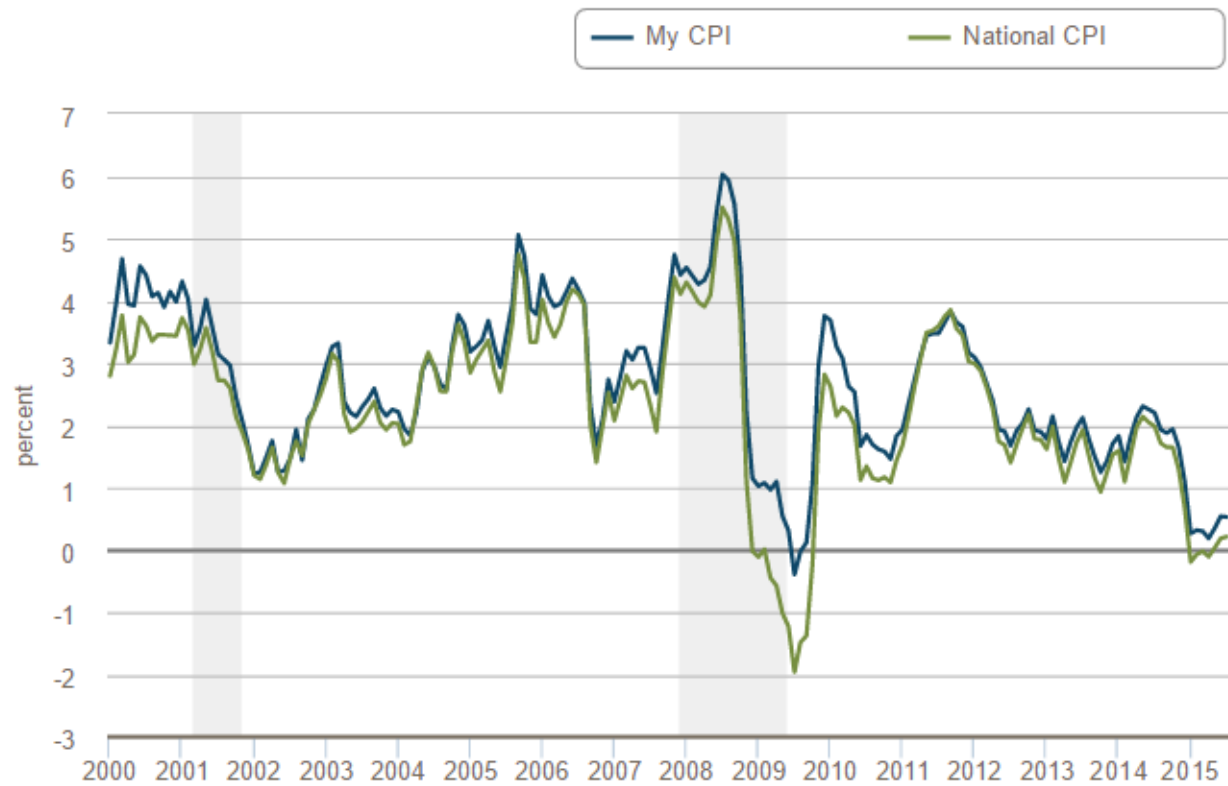
35-55
BETWEEN 35 & 55

BETWEEN 30K & 70K

RENTER

COLLEGE OR HIGHER

myCPI versus National CPI

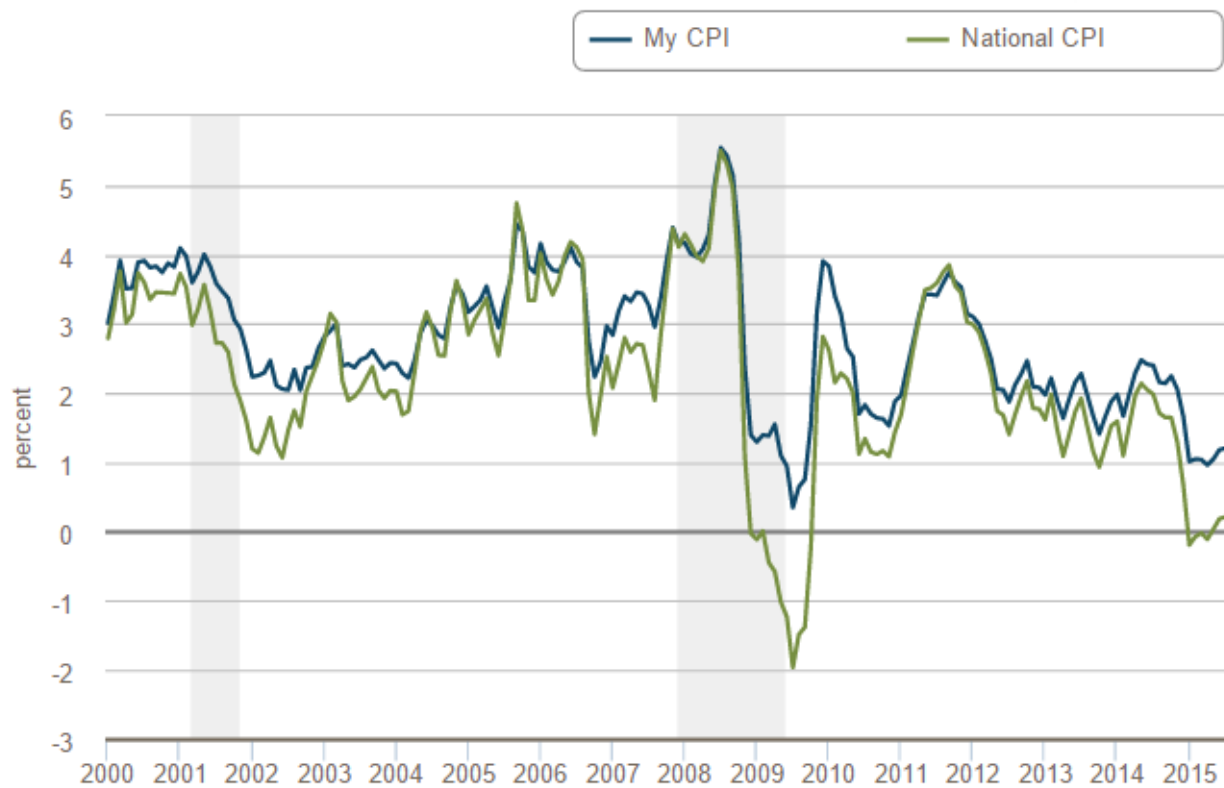


Source: Atlanta Fed

But for an older woman with otherwise similar demographic characteristics, the inflation rate was a much higher 1.21 percent during the same period, signaling that she was likely paying more for certain goods and services (see the chart).

1 SINGLE	 FEMALE	>55 OVER 55	 BETWEEN 30K & 70K	 RENTER	 COLLEGE OR HIGHER
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myCPI versus National CPI



Source: Atlanta Fed

Once you've figured out your personalized inflation rate, you can sign up to receive updates when new data become available.

Atlanta Fed building a toolbox for armchair economists

MyCPI is part of a suite of new tools designed to help people relate economic concepts to their everyday lives. Many of these tools were initially designed for monetary policy deliberations and have since made their way to the Atlanta Fed's website, where they are available to anyone who wants to play "armchair economist."

Editor's note: Atlanta Fed economist Brent Meyer will discuss how inflation affects individuals and their cost of living during a September 23 [webcast](#). Using the myCPI tool, Meyer will show you how to find comparable cost-of-living trends with the overall CPI.



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