

Y11 STATISTICS UNIT 2: INDEX NUMBERS

What are index numbers?

Index numbers are used to compare price changes over time.

Current values are compared to the values in a particular year.

Types of index number:

- Simple
- Weighted
- Chain



Key words and definitions:

Inflation - a general increase in the prices of goods and services in an economy.

Deflation - The opposite of inflation; the price of goods and services fall for a significant period of time.

Retail price index (RPI) - shows the change in price of a selection of goods and services in the UK. It is calculated monthly by comparing prices to the same month of the previous year.

Consumer price index (CPI) - the official measure of inflation used by the UK government. It's similar to the RPI but some items are excluded e.g. council tax. The government updates pensions and benefits in line with the CPI.

Gross domestic product (GDP) - measures the value of all the goods and services produced in a country in a given amount of time.

Crude rates - how many times a particular event occurs per 1000 of the population in a given time. E.g. births or deaths.

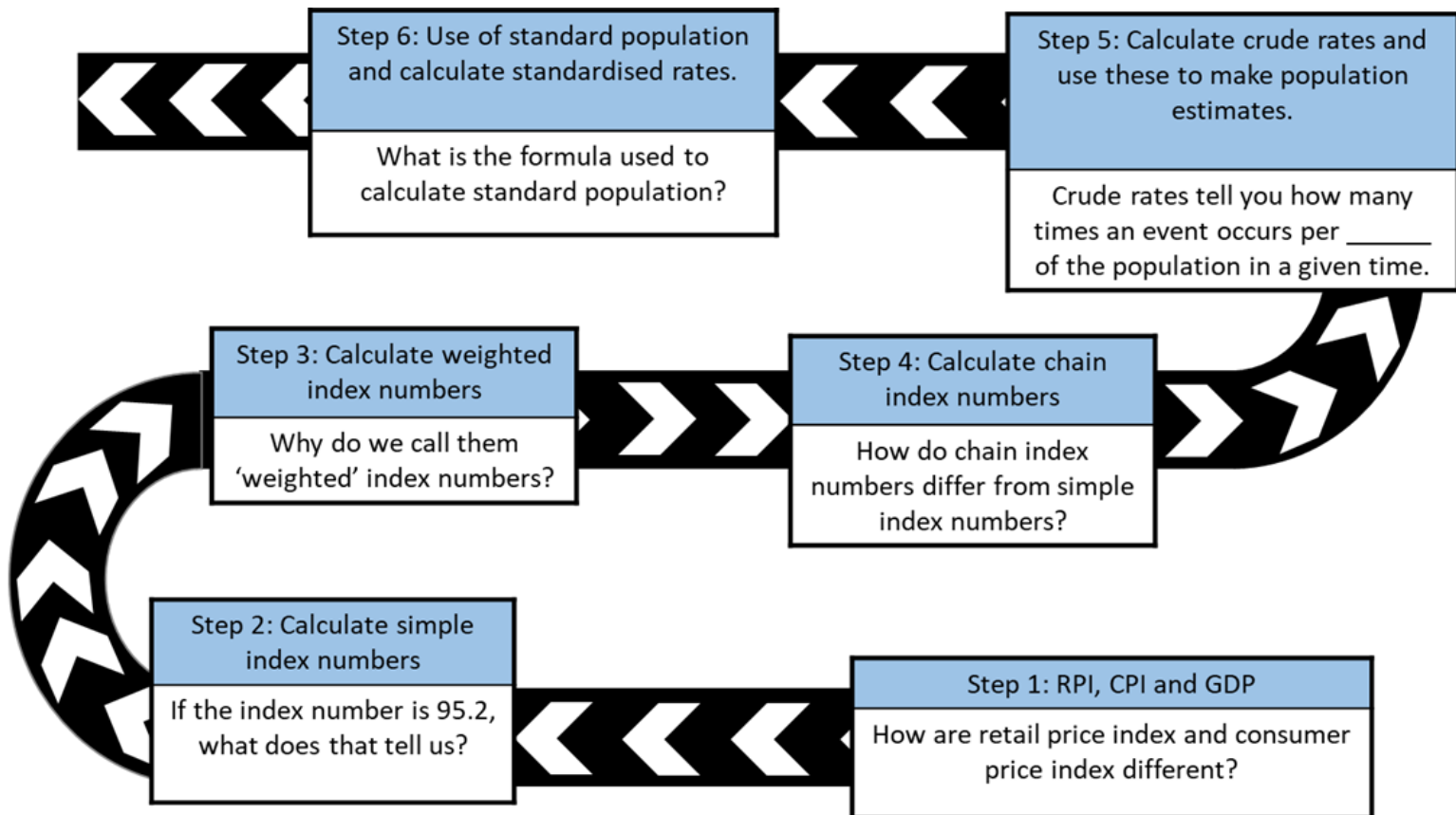
$$\text{INDEX NUMBER} = \frac{\text{VALUE}}{\text{VALUE IN BASE YEAR}} \times 100$$

If the index number is greater than 100, the value has increased.

If the index number is less than 100, the value has decreased.

$$\text{WEIGHTED INDEX NUMBER} = \frac{\sum (\text{index number} \times \text{weight})}{\sum \text{weights}}$$

Weighted index numbers take the difference in importance into account.



DEFINITION ETYMOLOGY/MORPHOLOGY	CHARACTERISTICS
EXAMPLES 	NON-EXAMPLES