## Inflation $=\mathbf{f}($ time $)$

During 1988, Nicaragua's inflation rate averaged $1.3 \%$ per day. That means that, on average, prices went up by $1.3 \%$ from one day to the next. Model this situation. Find out how much a gallon of milk, costing $\$ 1.25$ on January 1 cost on December 31. At this time the average annual income in Nicaragua was $\$ 1175$. How long will it be at this rate before the cost of a gallon of milk exceeds the average annual income?

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