## **Inflation** = 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?



