

**MODELING ON INFLATION RATE IN NIGERIA USING
ARIMA MODEL
(A CASE STUDY OF CENTRAL BANK OF NIGERIA)**

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ABSTRACT

The major problem that leads to inflation rate in Nigeria today is the inconsistent and instability of monetary policy by Central Bank of Nigeria.

Recent work show that time series approach Arima model is used in forecasting inflation rate based on past information inorder to estimate the parameter and to check for model identification which has been carry out on this project work.

The data collected is secondary data from CBN for the period fifty years to know the trend and time series approach was used to analysis the data using Splus statistical package.

This project work shows that there is stationarity at the original series in ACF and PACF at lag 1 and the time plot shows that there is a trend in graph, having testing for Arima model of autoregressive of order 1 i.e. ARIMA (1,0,0) is : 403.76934 and the model equation is $0.79052X_{t-1} + a_t$ the model is fit and adequate with the use of Splus 6.1.2 package.