

**UNDERSTANDING INFLATION AND ITS PATTERNS**

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## ABSTRACT

By classifying nations according to their inflation profiles using unsupervised machine learning approaches, this study investigates inflation dynamics across countries. The research examines Consumer Price Index (CPI) and Wholesale Price Index (WPI) data independently using a panel dataset that spans 31 countries over 76 quarters. Countries are categorized into discrete inflation-based groups for each time period using K-means clustering. The findings show patterns of convergence and divergence in price levels across economies, highlighting how different inflationary patterns are, and how countries move across different inflation regimes.