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The Economic Sky Has Fallen

by The Mogambo Guru

"I naturally jump to the conclusion that this is the worst inflation in U.S. history, and that it is time to seal myself into the Impregnable Mogambo Bunker (IMB) and shoot at anything that moves because the economic sky has fallen..."

From Bloomberg.com we learn the ugly news about inflation in England, as "Prices charged by factories rose 7.5 percent from a year earlier, the most since records began two decades ago, the Office for National Statistics said." Yow! The most in twenty years!

And as bad as 7.5% inflation is, when exhibited over the course of a year, it gets a lot worse when they go on, "On the month, prices increased 1.4 percent, also the fastest pace on record." 1.4% in one freaking month!

My hands shook and I tasted blood in my mouth at the horror of even contemplating simply multiplying a monthly inflation of 1.4% times 12 months to annualize that kind of inflation, completely ignoring the compounding effect, as I am sure that the answer would be very, very, very upsetting to a guy who fears inflation the way that I do, and the way you should, and would, too, if you could but realize that the horror of Zimbabwe's situation today is our future tomorrow, and for the same reasons.

Fortunately, I did not have to do any work or even pretend to fruitlessly look for my calculator to stall for time, as Martin and Mike at Weiss Research burst breathlessly into the room and said, "The government has just announced that U.S. import prices have surged 15.4% compared to last year - rising at an annualized rate of 21.6% based on April surge alone."

I naturally jump to the conclusion that this is the worst inflation in U.S. history, and that it is time to seal myself into the Impregnable Mogambo Bunker (IMB) and shoot at anything that moves because the economic sky has fallen, and from now on it is now dog-eat-dog and might-makes-right.

Martin and Mike just laugh at me for my bizarre paranoia, and say that this is probably not the worst inflation in U.S. history, although they will admit, "This is the worst import price inflation in the history of the data series, which goes back to 1982."

The worst inflation in 26 years! At least!! And maybe the worst of all time!!! And getting worse!!!! Gaaaahhh!!!!!!

Bloomberg ignores my exclamation-point-laden-crescendo call to "Head for the bunkers!", and calmly goes on to report that "All 10 categories of producer prices rose on the month and on the year", and that "Food prices rose an annual 9.3 percent, the most since records began." The most since records began! I'm freaking out here!

As bad as this is, we have the comforting news that the Brits have proven that they are as dull-witted as we Americans, and Bloomberg says that they have swallowed the fiction of "So-called core producer prices" which, like the foul fiction that we likewise call the "core" Consumer Price Index, excludes "food, beverages, tobacco and petroleum,"

and even with that truncation, that corrupted index of British inflation "rose 4.6 percent in April from a year earlier, the most since 1995."

Even farther back in the production process, Bloomberg reports that the Brits' statistics office reported, "Raw material costs" rose "2.4 percent on the month and 23.3 percent on the year. That was the biggest annual gain since records began." My head is spinning! 23% increase in prices!

I know that you are, like me, getting really freaked out about 23.3% inflation in raw material prices, but that you are, like me, a real American, and thus you are sick of hearing about the stupid British, and sick of hearing about all other people who are not Americans, and you really just want to know about the situation at the center of our American-centric universe, particularly as regards you and me, by which I mean, of course, me. Screw you, too.

In that regard, if you are, again like me, buying gold, silver, oil and commodities in general so that we can be able to buy food no matter how pricey it becomes, then we will be okay, but everybody else will be hungry and whining, especially since The Financial Times reports that "a chart from Morgan Stanley of agricultural prices over the past century shows that in real terms, prices are nearer the bottom of the range than the top."

And perhaps as a glimpse at our future, Bloomberg.com reports that in China's statistic bureau reported that Chinese "Consumer prices rose 8.5 percent in April from a year earlier driven by food costs."

They were, fortunately, mum about inflation in Zimbabwe, but at an estimated 300,000% inflation rate, what does it really matter anymore to them? Hahaha!

Welcome to the hell of inflation!