
Subject: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [Bill L](#) on Tue, 15 Jan 2008 14:15:50 GMT

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To quote myself, "...our Fed Reserve just keeps on printing new dollars every time they feel like having an extra juicy profit." Who gets rich in war time? Central bankers! They love war time, lending money to both sides at exorbitant interest rates.

You do realize who gets screwed by inflation? People who work for a living and people who save money. Do you still think we can afford this war and our bought and paid for Presidents?

Are you hearing Ron Paul yet?

PS: Martin, I know this is OT and may not seem to apply to Australia, but please don't ignore it. You will somehow feel the effects of it, too. Sorry.

Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [rick](#) on Tue, 15 Jan 2008 14:55:03 GMT

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it's a shame he doesn't have a chance in hell...

On Tue, 15 Jan 2008 09:15:50 -0500, Bill L <bill@billlorentzen.com> wrote:

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Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [Gary Flanigan](#) on Tue, 15 Jan 2008 18:33:06 GMT

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Bill L <bill@billlorentzen.com> wrote:

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Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [Gary Flanigan](#) on Tue, 15 Jan 2008 18:34:08 GMT

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Where did you get that number? It is roughly twice what has been reported by any other source I have seen.

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Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [Bill L](#) on Tue, 15 Jan 2008 21:20:45 GMT

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It was headline on Drudge

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Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [steve the artguy](#) on Tue, 15 Jan 2008 22:23:53 GMT

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Odd. It's my understanding that 6% is about a third of what you'd get if you calculated it the way it used to be calculated.

-steve

"Gary Flanigan" <garyf_94103@yahoo.com> wrote:

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Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [TCB](#) on Tue, 15 Jan 2008 23:08:51 GMT

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At the risk of being a pedant, 'inflation' means a lot of different things. The most commonly quoted stat is the Consumer Price Index, which is a basket of consumer goods that, mysteriously, doesn't include food or energy. There's also the producer price index and about a half dozen others. The one Bill was quoting, the 6.3 rate and highest since '81, was the wholesale inflation rate.

<http://www.bloomberg.com/apps/news?pid=20601087&sid=ajSM r9ldmokg&refer=home>

Personally I think it's interesting that wholesale inflation is going up so much faster than consumer inflation, which (sorry for the pedantry again) I would guess is that fact that worldwide commodity prices have been going through the roof but consumers are slowing down purchasing (no home equity credit line to fund the Xmas orgy this year) so producers can't pass along the extra cost to customers as price increases.

Keep in mind that the devaluing dollar is also in essence an inflationary

force. A weaker dollar means that when buying anything denominated in another currency (unless that currency is pegged to the dollar), it costs more. And if I need more dollars to buy the same thing, that's just another way to say inflation.

Sliding even further into pedantry, inflation isn't necessarily, as Bill claims, bad for 'the little guy.' Lenders fear inflation more than anything, because if they charge a fixed interest rate and inflation is greater than that they lose money. If a borrower's income keeps up with inflation (and wages usually do, not always but usually) then the real cost of paying back a loan is decreased by inflation. So banks, and central banks in particular, fear inflation more than anything.

Anyway, it's not a simple, zero sum game, but Bill's stat was legit, and referred to wholesale inflation.

Your friendly local off topic newsgroup pedant,

TCB

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Subject: Re: OT - US inflation '07 = 6.3% - largest in 26 years!!!

Posted by [Bill L](#) on Thu, 17 Jan 2008 21:18:43 GMT

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Thanks for the clarification, Thad. I just read the headline in a hurry.
I always appreciate the lucidity and well-informedness of your posts.
Not at all pedantic, just accurate.

TCB wrote:

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