

# Bad News For Those Who Like Food

By [The Mogambo Guru](#)

01/27/09 Tampa Bay, Florida Always being on the lookout for inflation is part of The Mogambo Way (TMW), as there is nothing else that can destroy a society faster than a lot of angry people who cannot afford to buy food for themselves or their hungry children, and after awhile the incessant whining and crying of hungry babies gets on the nerves of the adults both in the room and for blocks around until, suddenly, one day, something just snaps and there is Hell To Pay (HTP).

Thus, always nervous and paranoid, it is not surprising that I see inflation in prices everywhere I look, which is not surprising since I also see inflation in money supplies everywhere I look, which causes inflation in prices, and so I was surprised when the Labor Department said that consumer prices fell 0.7% in December – falling for the third straight month! – and prices were up only 0.1% for the year, which is “the smallest increase since 1954”!

In fact, this is not exactly true, as at bls.gov we learn that, as we already know, “The Consumer Price Index for All Urban Consumers (CPI-U) decreased 1.0 percent in December, before seasonal adjustment, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The December level of 210.228 (1982-84=100) was 0.1 percent higher than in December 2007.”

However, when you look closer, you will see that the price of energy going down accounted for most of the lack of inflation, or, if you don't want to look closer, you can just read where the Labor Department itself said, “Declining energy prices, particularly for gasoline, again drove most of the decline.”

To prove it, they go on “The energy index declined 8.3 percent in December. Within energy, the gasoline index fell 17.2 percent and accounted for almost 90 percent of the decrease in the all items index.” 90 percent! Almost all!

In fact, excluding food and energy, overall prices increased 1.8% “for all of 2008”, which is almost 2%, and as such is VERY worrisome when inflation should be zero.

There was bad news for those of us that eat food, however, as the food index rose 5.9% in 2008, as compared to 4.9% in 2007, “with grocery store food prices rising 6.6 percent in 2008 compared to 5.6 percent in 2007.” Yikes!

“In both cases,” the Department reports, “the 2008 increases were the largest since 1980” which is certainly NOT consistent with the headline news that prices were up 0.1% for the year, and reports of no inflation are a Hell Of A Long, Long Way (HOALLW) from the real news that “Among the grocery store food groups, the 2008 increases ranged from a low of 2.7 percent for dairy and related products to a high of 11.7 percent for cereals and bakery products.” A low of almost 3% increase in prices to almost 12% higher prices!

And if that is not bad enough, the index for medical care, which is a huge part of GDP, was up 2.6% over the past year, too! Inflation is everywhere!

And if inflation is actually so low, then why did NYTimes.com have the headline “Cost of Borrowing Zooms Up for Corporations”, which is apparently understating it, as “Even companies with strong credit ratings are paying about 5 percentage points more than the federal government to borrow money, according to Standard & Poor’s. That is more than double the premium they paid last January. Companies with so-called junk credit ratings are paying a 15 percent premium.”

This is, according to Diane Vazza at Standard & Poor’s, “an extraordinary spread” that is “unprecedented in the speculative-grade market.”

So don’t look to me for answers as to what any of this means or how to take advantage of “unprecedented” spreads, as I am far, far too stupid to make any sense of it, if, indeed, there is any sense to be made from it, and that is why I mindlessly, almost mechanically, buy gold, silver and oil, and why I suggest that you do, too, and spend your time productively engaged in downloading porn from the internet and making yourself a drink every time your glass is empty!

Which, now that I think about it, sounds like a very good idea right about now!