

Holding Gold in the Face of Hyperinflation

By [The Mogambo Guru](#)

10/05/10 Tampa, Florida – Every time I see some government “official” pronouncement of inflation, I am always reminded of John Williams at shadowstats.com, who calculates inflation the pre-Clinton way, and as such, routinely finds that actual inflation is actually running 3 or 4 times as much as the government says, and sometimes more, probably!

Now, he writes that because so many things are going so wrong, and so much money is involved, that he has reached the terrifying conclusion that “The intensifying economic and solvency crises, and the responses to both by the US government and the Federal Reserve in the last two years, have exacerbated the government’s solvency issues and moved forward my timing estimation for the hyperinflation to the next five years.”

Hyperinflation in five years! Yikes!

Naturally, my heart is instantly fibrillating and my blood pressure has dropped to zero as my brain explodes at the sheer horror of such bad news, and the last thing I remember was, as I was blacking out from the aforementioned brain explosion, that maybe, maybe, maybe there is some reasonable explanation! Sure! That’s it! There’s a reasonable explanation!

As if in a dream, I clawed my way back, back, back to The Light, and I gradually regained consciousness, whereupon I ran quickly to see how Mr. Williams defines hyperinflation!

I am, alas, sorry I did. “Hyperinflation,” he writes, is “Extreme inflation, minimally in excess of four-digit annual percent change, where the involved currency becomes worthless.”

My blood congealing in my brain, I nonetheless concentrate enough to see that if inflation is 4-digit, then the minimum annual rate of inflation would be 1,000%, which means that a loaf of bread, or a tasty taco, or, sadly, a fabulous Grande Carnivore Supremo Extravaganza Deluxe pizza, groaning under the weight of every luscious meat product you can think of, would cost 10 times as much at the end of the year as it did at the beginning of the year! Yikes!

And then the year after that, their prices would be 10 times as much again! Yow! We’re freaking doomed!

And if inflation was going to be 1,000% by the 5th year, just remember that this means that the prior year, the 4th year, saw inflation of 999%, which is almost as bad! Gaaahhhh!

Forgive me for the abrupt Mogambo Scream Of Terror (MSOT), but this inflation stuff, and the sight of it gathering strength, getting bigger and bigger, growing into some gigantic, monstrous, creature bent on destruction that will be sweeping down on me in a seemingly few hours, makes me Absolutely Crazy With Fear (ACWF)! Crazy, I tells ya!

And it is not just here, but they must be screaming in Britain, too, as Merryn Somerset Webb, Editor-in-chief of *MoneyWeek* and writing in the *Money Morning* newsletter, reports that “if you calculate US Consumer Price Index (CPI) inflation using European methods it isn’t much lower than UK CPI (currently 3.1%).”

She surmises that “All this means that we should hang on to our gold: as all governments work to erode the value of their own currencies via inflation or outright intervention, it is still pretty much the only safe place to be.”

Well, she has pretty much revealed the contents of the Mogambo Fabulous Investment Portfolio (MFIP), which is no big secret or anything, as it consists solely of gold, silver and oil.

And with guarantees of gold, silver and oil going higher, higher and higher in price, for years, years and years, thanks to the stupidity, stupidity, stupidity of the monetary excesses of the foul Federal Reserve that will create hyperinflation in prices, what can one reasonably do EXCEPT buy gold, silver and oil, and say to oneself, “Whee! This investing stuff is easy!”?