

Decoding the Truth About Inflation

By [The Mogambo Guru](#)

02/10/11 Tampa, Florida – Proving once again that investing in fixed-yield bonds when the foul, filthy Federal Reserve is creating so much money (so that their governments can deficit-spend it!) is a stupid, stupid, stupid idea because inflation will result, Agora Financial's *5-Minute Forecast* newsletter reports that "Already since October, the rate on the 10-year has jumped from 2.4% to 3.6% – a 50% increase." Yikes!

So how much value does a bond paying 2.4% lose when yield rates climb to 3.6%? I don't know, nor do I care, since I currently have less than zero interest in bonds, which is a kind of hostile antipathy towards them, not unlike that time I took the beautiful Brenda out, and when I later tried to kiss her goodnight, she said, "If your lips even come close to me one more time, I am going to claw your eyes out!"

I changed my mind about Brenda, and, of course, I will eventually change my mind about bonds, too. This will be when interest rates are so high but inflation seems to be peaking, which means that I will get out of gold (which will theoretically be at its high price) and into bonds (which will be, theoretically, at their low prices).

But that ain't now! Indeed, the torrent of new money continues, as *The Daily Bell* newsletter reports, "Central banks have pumped something like US\$20 to US\$50 TRILLION into the world's economy to try to reflate economies that collapsed in 2008."

The keen eyes and sharpened economic senses of Junior Mogambo Rangers (JMRs) everywhere surely detected the use of all-caps to spell "trillion," and which JMRs rightly suspect contains a secret code of some kind, perhaps relaying an important secret message to a shadowy group of insiders who have the code key, or a Secret Code Thingamabob (SCT) of some kind, such as a Mogambo Secret Decoder Ring (MSDR).

Of course, there is the obvious interpretation that the \$50 trillion dollars is a Hell Of A Lot Of Money (HOALOM), being just short of equaling the GDP of the Entire Freaking World (EFW)!

Perhaps if we had a Mogambo Secret Decoder Ring (MSDR) to solve the mystery!

Alas, the idea for the stupid rings never really worked, it cost WAAAY too much, it was made of really cheap materials (I think some of it was radioactive), with cheap labor, it was a Big Pain In The Butt (BPITB) to encode secret messages, and then I forgot how, but which wasn't the point, anyway: the Mogambo Secret Decoder Ring (MSDR) was just another attempt to make a lot of money in a hurry so that I could have a lot of money to buy gold, silver and oil because the Federal Reserve was creating so much money!

Since I had no decoder ring, or code key, or any idea what I am talking about, I decided to just shut up, whereupon *The Bell* continued, “As this currency begins, finally, to circulate, price inflation must result, unless such money is quickly removed.”

And since money is obviously NOT being removed, it is no surprise that price inflation is already here, as attested to by *Bloomberg* reporting that “World food prices rose to a record in January on higher dairy, sugar and cereal costs and probably will remain elevated. An index of 55 food commodities climbed 3.4% from December to 231 points, the seventh straight increase.”

The biggest gainers were dairy prices, which were rising at 6.2%.

And *The Economist* magazine reports that inflation in the “food” category made prices rise by a staggering 44% in the last year, and “non-food agriculturals” rising by a whopping 100.6%! More than doubling! In One Freaking Year (OFY)!

Tyler Durden at zerohedge.com reports, “Corn spot up 7.76%, wheat up 5.63%, Rice up 10.08%, Hogs up 10.16%, Sugar up 5.64%, Orange Juice up 3.33%, and cotton... up 17.08%. That’s in one month!” Mr. Durden’s use of an exclamation point proves that he is concerned about inflation, and how fast prices are rising, too!

What does this all mean to me? It means I was abso-freaking-lutely right to be buying gold, silver and oil, because monetary inflation means price inflation, and that means gold, silver and oil go up in price! Whee! This investing stuff is easy!