

Higher gas prices foreshadowing higher inflation?

(March 12, 2012)

“One could argue that past spikes in oil prices and/or average prices for gasoline at the pump were due to short-term imbalance between supply and demand triggering speculation on a global scale. However, the current rapid increase in oil prices and gas prices are not likely to subside before they hit new all-time high levels because of the undisciplined increase in the U.S. Money Supply.” – (LeaderHelper)

“Inflation is always and everywhere a monetary phenomenon.” – (Milton Friedman)

The truth of Milton Friedman’s proposition—“inflation is always and everywhere a monetary phenomenon”—does not depend on whether a monetary aggregate appears in the central bank’s policy reaction function. Rather, at least in the theoretical long run when the effects of other shocks have played out, the inflation rate is determined by the growth rate of money because, absent such growth, inflation could not continue. It matters not at all in the long run whether policymakers target interest rates or monetary aggregates for, so long as their actions *permit* the necessary increases in the central bank’s balance sheet, inflation will follow. – (Richard G. Anderson and Robert H. Rasche, with Jeffrey Loesel)

Federal Reserve Economic Data (FRED): <http://bit.ly/xokm5s>

Chart with highlights by LeaderHelper: <http://bit.ly/xeRMzJ>

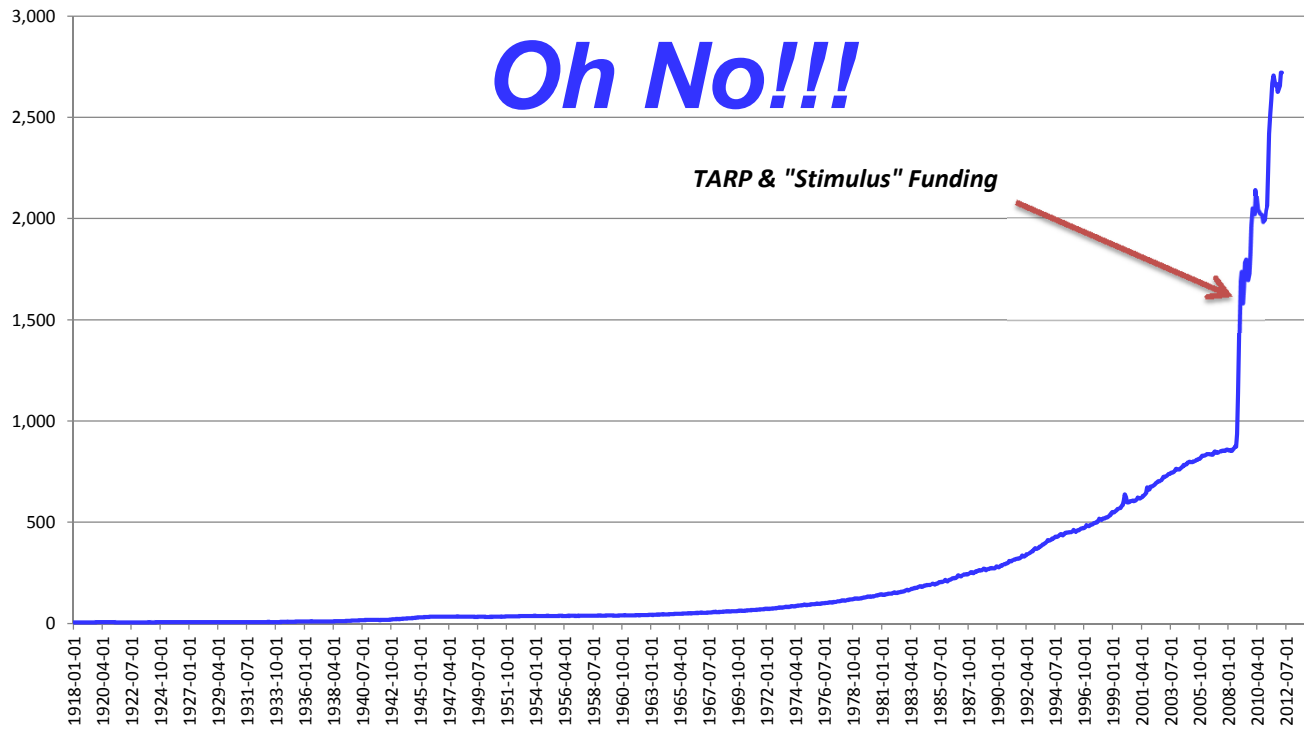
Comments / Suggestions to:

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Gratias ago ergo sum
"I thank therefore I am."

** THE BEST COMPLIMENT I CAN RECEIVE IS A "THANK YOU" **

Billions of U.S. Dollars in Circulation



Please send your comments and suggestions to David Lanners at: leaderhelper@gmail.com

Interpreting the Table of Data from the Federal Reserve Bank in St. Louis regarding U.S. Dollars in Circulation

With no significant change in U.S Dollars in circulation after February 1, 2012 we can calculate the following:

Year To Year	<p>The previous record "Year-To-Year" increase of 28.0% in the U.S. Dollars in Circulation occurred in September 1939.</p> <p>That "Year to Year" record increase was broken in October 2008 with a new "Year to Year" record 33.4% increase.</p> <p>The "Year to Year" increase continued to set new all-time records each month until it reached 109.1% in May 2009.</p> <p>The "Year to Year" increase remained above the 1939 record through February 2010 when it was still measuring 35.3%</p>
12-month Rolling Average	<p>The previous record "12-month Rolling Ave." increase of 25.2% in the U.S. Dollars in Circulation occurred in July 1940.</p> <p>That "12-Mo. Rolling Ave." record increase was broken in January 2009 with a new "12-Mo. Rolling Ave." record 27.4% increase.</p> <p>The "12-Mo. Rolling Ave." increase continued to set new all-time records each month until it reached 93.4% in October 2009.</p> <p>The "12-Mo. Rolling Ave." remained above the 1939 record through August 2010 when it was still measuring 28.1%</p>
24-month Rolling Average	<p>The previous record "24-month Rolling Ave." increase of 49.3% in the U.S. Dollars in Circulation occurred in April 1941.</p> <p>That "24-Mo. Rolling Ave." record increase was broken in Sept. 2009 with a new "24-Mo. Rolling Ave." record 50.2% increase.</p> <p>The "24-Mo. Rolling Ave." increase continued to set new all-time records each month until it reached 116.2% in October 2010.</p> <p>The "24-Mo. Rolling Ave." increase will remain above the 1941 record at least through Mar. 2012 when it will still measure 51.6%</p>
36-month Rolling Average	<p>The previous record "36-month Rolling Ave." increase of 58.9% in the U.S. Dollars in Circulation occurred in August 1946.</p> <p>That "36-month Rolling Ave." record increase was broken in Mar. 2010 with a new "36-month Rolling Ave." record 62.7% increase.</p> <p>The "36-Mo. Rolling Ave." increase continued to set new all-time records each month until it reached 141.1% in October 2011.</p> <p>The "36-Mo. Rolling Ave." increase will remain above the 1946 record at least through Feb. 2014 when it will still measure 59.6%</p>
48-month Rolling Average	<p>The previous record "48-month Rolling Ave." increase of 76.9% in the U.S. Dollars in Circulation occurred in October 1946.</p> <p>That "48-month Rolling Ave." record increase was broken in Nov. 2010 with a new "48-month Rolling Ave." record 77.6% increase.</p> <p>The "48-Mo. Rolling Ave." increase will continue to set new all-time records each month until it reaches 162.4% in October 2012.</p> <p>The "48-Mo. Rolling Ave." increase will remain above the 1946 record at least through Mar. 2015 when it will still measure 79.1%</p>

Conclusion: The U.S. has lowered the value of its currency by half, and negative impacts will increase steadily at least through 2012.

Research Division Federal Reserve - St. Louis

AMBNS = Adjusted Monetary Base (Not Seasonally Adjusted)

Link: <http://research.stlouisfed.org/fred2/series/AMBNS>

"RED" Indicates serious risk of Hyper-Inflation

Adjusted Money Supply Data (Billions)

Top hedges against "faster" inflation are precious metals and essential real estate.

		Year to Year Increase	12-month Average Increase	24-month Average Increase	36-month Average Increase	48-month Average Increase	
1918-01-01	4.874						<i>Previous Highs</i>
1939-09-01	14.259	28.0%	23.5%	13.4%	20.3%	41.2%	Previous YearToYear High
1940-07-01	16.581	25.5%	25.2%	37.6%	28.2%	40.6%	Previous 12mo/12mo High
1941-04-01	17.170	11.1%	18.8%	49.3%	44.9%	46.0%	Previous 24mo/24mo High
1946-08-01	33.377	3.9%	9.3%	36.5%	58.9%	76.7%	Previous 36mo/36mo High
1946-10-01	33.641	2.1%	7.1%	34.0%	58.8%	76.9%	Previous 48mo/48mo High
...
2008-10-01	1135.787	33.4%	4.9%	6.4%	11.4%	19.3%	New YearToYear High
2009-01-01	1737.555	103.2%	27.4%	17.6%	18.8%	24.8%	New 12mo/12mo High
2009-09-01	1819.674	94.3%	90.7%	50.2%	40.3%	40.6%	New 24mo/24mo High
2010-03-01	2097.833	26.3%	57.0%	84.1%	62.7%	57.2%	New 36mo/36mo High
2010-11-01	1992.761	-2.6%	15.0%	112.1%	90.6%	77.6%	New 48mo/48mo High
2010-12-01	2037.365	-0.4%	13.1%	105.7%	94.2%	80.1%	<i>New Highs</i>
2011-01-01	2065.935	2.3%	11.8%	99.2%	97.9%	82.7%	
2011-02-01	2233.306	4.3%	9.5%	95.8%	102.1%	85.8%	
2011-03-01	2418.184	15.3%	8.8%	92.4%	106.9%	89.3%	
2011-04-01	2523.336	23.8%	9.7%	88.2%	112.0%	93.2%	
2011-05-01	2588.110	27.3%	10.9%	84.5%	117.3%	97.1%	
2011-06-01	2668.046	32.0%	12.2%	82.3%	122.9%	101.3%	
2011-07-01	2706.771	34.2%	13.5%	80.5%	128.5%	105.5%	
2011-08-01	2679.406	33.0%	14.9%	78.3%	133.9%	109.6%	
2011-09-01	2656.504	34.1%	17.0%	75.4%	138.6%	113.7%	
2011-10-01	2663.499	34.0%	19.6%	71.4%	141.1%	117.8%	
2011-11-01	2625.221	31.7%	22.5%	66.9%	139.6%	121.7%	
2011-12-01	2640.001	29.6%	25.0%	62.8%	136.1%	125.7%	
2012-01-01	2658.952	28.7%	27.2%	59.2%	132.5%	129.8%	
2012-02-01	2720.715	21.8%	28.7%	55.1%	130.6%	133.9%	
2012-03-01	2720.715	12.5%	28.2%	51.6%	128.2%	138.1%	
2012-04-01	2720.715	7.8%	26.5%	48.7%	124.8%	142.3%	
2012-05-01	2720.715	5.1%	24.3%	46.1%	121.4%	146.4%	
2012-06-01	2720.715	2.0%	21.5%	43.7%	119.0%	150.5%	
2012-07-01	2720.715	0.5%	18.5%	41.4%	116.8%	154.6%	
2012-08-01	2720.715	1.5%	15.8%	39.3%	114.4%	158.7%	
2012-08-31	2720.715	2.4%	13.3%	37.7%	111.4%	162.1%	
2012-10-01	2720.715	2.1%	10.9%	36.7%	107.4%	163.8%	
2012-11-01	2720.715	3.6%	8.8%	36.8%	103.2%	162.4%	
2012-12-01	2720.715	3.1%	7.0%	37.3%	99.2%	159.3%	
2013-01-01	2720.715	2.3%	5.1%	37.7%	95.5%	155.9%	
2013-02-01	2720.715	0.0%	3.5%	36.8%	91.3%	153.9%	
2013-03-01	2720.715	0.0%	2.5%	35.3%	87.6%	151.4%	
2013-04-01	2720.715	0.0%	1.9%	33.6%	84.4%	148.0%	
2013-05-01	2720.715	0.0%	1.5%	31.7%	81.4%	144.7%	
2013-06-01	2720.715	0.0%	1.3%	29.3%	78.6%	142.2%	
2013-07-01	2720.715	0.0%	1.2%	26.8%	76.0%	139.9%	
2013-08-01	2720.715	0.0%	1.1%	24.5%	73.5%	137.4%	
2013-09-01	2720.715	0.0%	0.9%	22.7%	71.3%	134.4%	
2013-10-01	2720.715	0.0%	0.7%	21.2%	69.1%	130.7%	
2013-11-01	2720.715	0.0%	0.4%	20.1%	67.0%	126.6%	
2013-12-01	2720.715	0.0%	0.2%	18.9%	64.8%	122.7%	

* Presumes no change in money supply after February 1, 2012.