



Food, fuel and consumer goods in America are more expensive than ever – and the markets are crashing

Description

The official inflation numbers, which are skewed to make the situation appear better than it actually is, have reached the highest levels in 40 years.

At 8.6 percent officially – the real figure using old calculation methods is easily in the double digits – inflation is killing what remains of America's middle class. And the sad reality is that it is likely to get far worse in the coming weeks and months.

Bureau of Labor Statistics (BLS) data shows that the consumer price index (CPI) rose by 1 percent month-over-month with key drivers being necessities such as food, fuel, consumer goods, and housing.

Rather than cool off as some had hoped would happen, inflation is picking up speed as we enter what appears to be hyperinflationary economic conditions.

The core inflation rate, which excludes the highly volatile energy and food sectors, climbed by 6 percent year-over-year, according to the data. This is higher than economists' expectations of a slightly less 5.9 percent increase. Month-over-month, core inflation is leaping by 0.6 percent.

What will be the straw the finally breaks the camel's back?

Energy inflation is currently leading the pack at 34.6 percent overall, while food is not that far behind it at 10.1 percent, officially. In the energy sector, electricity costs are rising by 12 percent year-over-year while gasoline prices are up 48.7 percent. The most dramatic increases are being seen with fuel oil, which surged 106.7 percent.

Meat prices are also continuing to skyrocket with chicken now costing 17.4 percent more in May compared to last year. Pork is up 13.3 percent with ham specifically at 11.1 percent, followed by beef at 10.2 percent.

"Eggs spiked by 32.2 percent, while milk advanced by 15.9 percent," reports *The Epoch Times*. "Fruits

and vegetables increased by 8.2 percent, and coffee rose at a remarkable pace of 15.3 percent.”

“Shelter costs swelled by 5.5 percent. Airline fares increased by 37.8 percent as a result of increasing fuel prices and high travel demand.”

Vehicles are also more expensive than ever, especially used vehicles which have increased in price by 16.1 percent. New cars are now 12.6 percent more expensive, and clothing is up 5 percent.

The stock market, meanwhile, is finally seeing the dramatic drops that were long predicted. Things are clearly entering recession territory, which will more than likely decline further into depression and total collapse territory as time goes on.

According to Ed Yardeni, president of Yardeni Research, what is happening in the financial markets, particularly with U.S. Treasury notes, is “signaling that investors now expect that the Fed will have to raise the federal funds rate by another 200bps over the next 12 months.”

“The 10-year yield remained around 3.10 percent, suggesting that the yield curve is anticipating a significant economic slowdown, which will lower inflation,” Yardeni added in an email to clients.

Some want to believe that inflation has reached its peak and will soon decline, but many others disagree, including Mohamed El-Erian, a top economist and chief economic adviser at Allianz.

On June 10, he reiterated his stance that June’s month-on-month headlines will be even worse than May’s, and that people need to brace themselves for what is soon to come.

“Amplifying the economic / social / political discomfort, headline is a new high for this inflation cycle,” El-Erian tweeted. “Also, if the first 10 days of June are anything to go by, the next monthly measure would be higher.”

The bond market’s reaction to U.S. inflation data, he added, points to a more aggressive Fed response, as well as a much larger economic downturn soon to come.

“Our gas has doubled, our food is up over 20%, and many other things we use are up 30-40%,” wrote a commenter at the *Times*.

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