

# Rising prices of raisins – The real effect of rampant inflation and FX

by Global Intel Hub (JoeGelet), 2016

<http://www.zerohedge.com/news/2016-05-25/rising-prices-raisins-real-effect-rampant-inflation-and-fx>

Inflation is out of control. Now, we mostly agree that the Fed's official inflation numbers are just – ridiculous. But the real inflation, is even harder to quantify, and more subtle – as we explain in [Splitting Pennies – Understanding Forex](#). What drives inflation is NOT Adam Smith's "Supply and Demand" – an interesting idea but completely static, and completely irrelevant for practical applications – and certainly not useful for business, or economic forecasting. Inflation is a simple function of monetary policy, multiplied by FX. That means, in today's world, inflation must be counted including the FX markets because – no matter how much USD the Fed prints, it's constantly being exchanged for Euros and Yen on the open FX markets. FX is a limited, finite system. But the USD itself – is not. It's defined by other currencies, and the market value of the USD vs. others.

Other less quantitative signs of inflation:

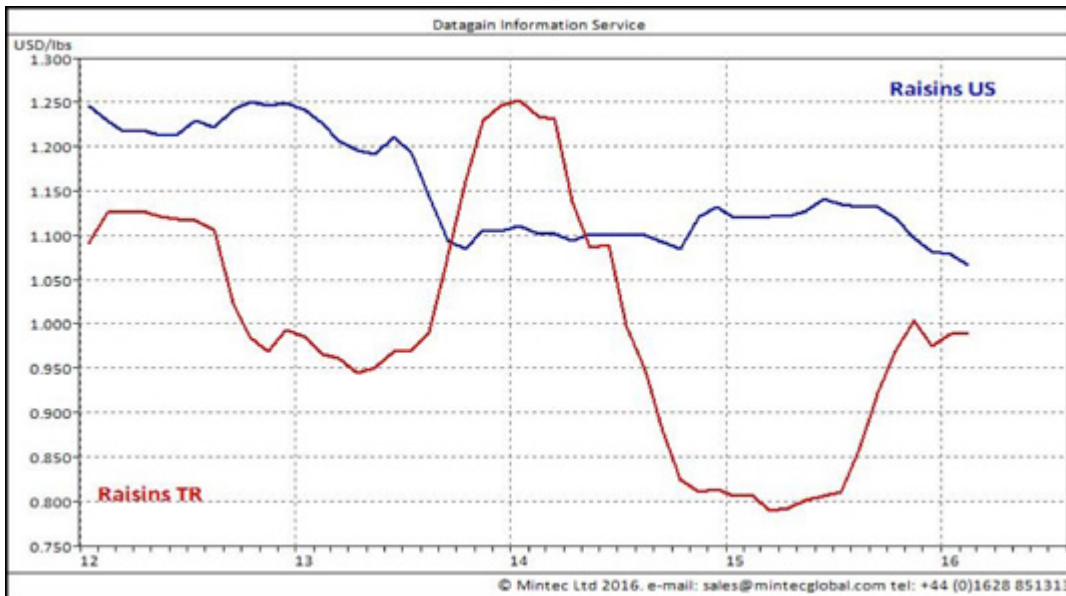
- Reduction of quality
- Less quantity, but for the same price (less chips in the bag, every year)
- Intentional, engineered 'appearance' of more (there are less chips, and bag is bigger too)
- Accompanying marketing 'feel good' slogans

The best signs of real inflation, not the academic mumbo jumbo Fed speak produced by The Fed and Federal Economic Departments

(like [BEA](#)), is FX – and consumer goods. Because we need energy, we need food. Without food and energy, society can't function. We can live without iphones, we can live without Tesla, we can live without many 'industries' – but we can't live without food, at least based on our modern consumption system used by most human beings on this small planet Earth. And speaking of iphones, they all rely on energy – Apple (AAPL) investors should hedge their bets with energy stocks. We can expect that high-tech products have inflation, but take a look at the real inflation, the rising prices of raisins:



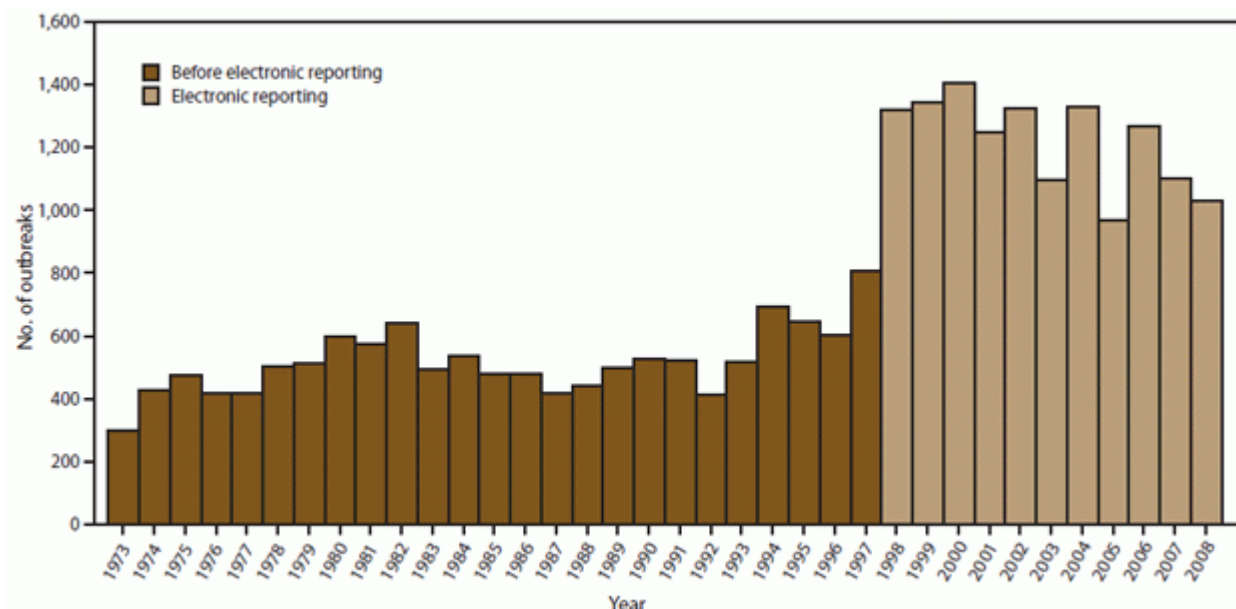
You wouldn't think this is unusual, based on data from the raisin growers:



So what gives? Here's the deal. Recently I learned my wife is pregnant and so we've changed our diet (in addition to our whole lives – that's another topic). Having a dash of chemicals here and there for an adult is one thing, but for a developing newborn and pregnant mother, it's out of the question. We have in the south Earthfare, which is notably much more picky and choosy than WholeFoods, their customers more fussy and thus everything is much more expensive. But the point here is that these raisins, are like the raisins we used to get really cheaply, 20 or 30 years ago. Now you have to go to a place like Earthfare to get real food, by real I mean not artificial, loaded with chemicals, fillers, and other things that make for a good science experiment. Health is another topic, but economically speaking – this is an excellent example of what inflation is. Inflation isn't necessarily when prices go up, although \$6.99 a pound for raisins is a lot. It's about deteriorating quality. When the Fed picks a basket of goods to calculate CPI, what 'goods' do they choose? Certainly, NOT products from Earthfare or Wholefoods. Quality is qualitative, so it's hard to overlay a deterioration of quality line against the CPI or do statistical analysis. There are methods though, to evaluate quality and its deterioration.

The problem is that – in order to prove the status quo

establishment method – quality is deteriorating, by using methods by establishment institutions, and from data by establishment institutions, is a paradox. In other words, we have to think outside of the box, and use our intuition. For example if we look to the CDC for a correlation, we'll get nothing:



Checkout the full report, [Surveillance for Foodborne Disease Outbreaks – United States, 1998–2008.](#)

But, this is the same CDC that tells us to wash our hands to fight disease, [the same CDC that exposed its own worker to Ebola.](#)

You must see for yourself. The raisins you eat – are they like when you were a child? How do you remember, the taste of tomato, apple, grape, melon, and veggies? The organic movement itself is riddled with misleading information and corruption. But at the end of the day, if a consumer wants a 'real' raisin, not Frankenfoods sold by major grocers, you have to pay the price, and buy Organic, or grow your own.

How does FX enter the raisin market? If the Currency markets were fixed, something could be said about supply and demand. Raisin growers now compete with farms from around the world. The world's flat, and payment is instantaneous. Farmers

don't only compete domestically, they compete internationally.

Farmers outside the USD world maybe aren't subsidized like those in the US, but they sure are subsidized (indirectly) by their central banks, who like to make their currencies worthless, thus making the prices of these inferior raisins much cheaper, and more attractive. Farmers at least can hedge this risk by [opening a forex account and trading](#), but the end result of the current capitalistic system we have in the world is one thing: garbage. Our brains are deteriorating, health, quality of life, society, relationships, all the way down the maslow pyramid to what Americans used to love: food. In major chains there's not much difference between pork and beef. Not that many could notice the difference.

At least, there are methods to fight this disease we call inflation, as we explain in our book – [Splitting Pennies](#). [We've released a slightly longer paperback edition which is really popular](#) – [get a copy for only \\$14.98](#). The book is only the beginning. It's only a key – you must use it to unlock the door to your new life.





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