National Inflation Association
Preparing Americans for Hyperinflation

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**Bernanke to Invent New Term for Printing Money**

When the U.S. Bureau of Labor and Statistics (BLS) reported their latest consumer price index (CPI) inflation data last week, everybody in the mainstream media worked tirelessly to spin the data in order to proclaim that U.S. price inflation is not a problem. Most articles in the media reported that inflation slowed in May due to falling gas prices. The truth is, gas prices rose last month and U.S. price inflation is spiraling out of control.

Price inflation based on the CPI on a year-over-year basis rose during the month of May to 3.57%, up from 3.16% in April, 2.68% in March, 2.11% in February, 1.63% in January, 1.5% in December, and 1.1% in November. The official rate of price inflation has more than tripled over the past 6 months. Yes, maybe the rate of year-over-year price inflation rose by slightly less in May over April, than it did in April over March, but this isn't good news at all. This U.S. dollar is still rapidly losing its purchasing power and the rate at which it is declining in purchasing power is accelerating.

On an unadjusted basis, gas prices rose 3.6% in the month of May. The media is reporting gas prices based on the BLS's seasonal adjustments. Only with the BLS's deceptive seasonal adjustments did gas prices decline by 2% in the month of May. The BLS's seasonal adjustments will actually reverse starting in the month of July and add to reported gasoline prices. NIA predicts that come August when the BLS releases its July CPI report, the media will begin focusing on unadjusted gasoline prices because the unadjusted gain will be less than the adjusted one. The media always reports the data that supports their agenda and ignores the data that works against it.

The media is obviously just saying what the U.S. government wants them to say. Larry Summers, a Keynesian economist who served for 5 years last decade as President of Harvard and was up until late-2010 director of President Obama's White House National Economic Council, just said last week that, "the underlying rate of inflation is still trending downwards". The media's favorite economist Paul Krugman, a Keynesian who has an op-ed column in the New York Times, said last week that, "There’s really nothing here to shake my view that deflation, not inflation, is the threat."

Krugman, who has been calling for massive price deflation the whole entire time that NIA has been predicting massive price inflation, is refusing to admit he has been wrong and is telling all Americans to ignore rapidly rising food and energy prices because he claims they are too volatile. He is telling the world to focus solely on the core CPI, which ignores food and energy, the two items that Americans need most to live and survive. Core CPI is weighed heavily by rents and America's Real Estate bubble still isn't done deflating. The only purpose of having a core CPI is for Keynesian economists like Krugman to use it to mislead Americans and deceive them into believing that inflation is not a problem.

Core CPI was an invention of the Nixon administration, which right there should tell you all you need to know about it. President Nixon's idea for creating core CPI, was to deceive Americans about price inflation by excluding the items that were rising the most, which he would justify by calling these items "too volatile". NIA has predicted from the very beginning that inflation will not effect all goods and services equally and that as inflation begins to spiral out of control, inflation would gravitate most towards the prices of the items that Americans need the most, and there is nothing that Americans need more than food and agricultural products, and to a lesser extent energy.

Whenever the mainstream media reports about global inflation and they show a map of the world, the map always shows massive inflation in Middle Eastern and Asian countries, with the U.S. having the least price inflation. The truth is, inflation in Middle Eastern and Asian countries isn't many times worse than the U.S., it is just that their governments are many times more honest and aren't as advanced in manipulating economic statistics as our government is. While all of the headlines from major American news organizations about U.S. inflation said last week that inflation is slowing and not a problem, those same news organizations wrote articles about Chinese inflation being at a new 34-month high of 5.5%. The fact is, official U.S. price inflation is also at its highest level in nearly three years and our real price inflation rate is actually higher than China's reported rate of price inflation.

Based on the BLS's CPI, year-over-year U.S. price inflation in the month of May of 3.57% was the highest year-over-year price inflation rate since October of 2008, right before the global financial crisis. If it wasn't for the global financial crisis of late-2008/early-2009 and the world's mistake of liquidating real assets and hoarding fiat U.S. dollars as a safe haven, it is likely that the official rate of U.S. price inflation would already be in the double-digits today. NIA estimates the real rate of U.S. price inflation, minus geometric weighting and hedonics, to currently be approximately 7.5% on a year-over-year basis. It is possible that the real U.S. price inflation rate will reach double digits in the second half of 2011. That will be devastating to the U.S. economy because at that point it will just about guarantee that the Federal Reserve will have to raise the federal funds rate to north of 10% by the middle of this decade.

The Federal Reserve's balance sheet just reached a brand new record of $2.832 trillion, up from $2.815 trillion in the prior week, as we approach the end of QE2 at the end of June. The stock market is already anticipating the end of QE2 with the Dow Jones currently down over 900 points from its high at the end of April. The declining stock market is pretty much sowing the seeds for a QE3. After all, Federal Reserve Chairman Ben Bernanke doesn't want to see the phony U.S. economic recovery blow up in smoke.

Bernanke will do everything possible to disguise QE3 and will never admit to there being a QE3. Remember, this is the same Federal Reserve Chairman who lied to every single American on '60 Minutes' when he said, "We're not printing money." That is exactly what QE2 is, printing money, but just like how Bernanke won't admit to printing money, Bernanke is now going to retire the term "quantitative easing" and come up with a new term for the Fed's latest destructive policy of creating massive monetary inflation.