

What is Inflation?

I'm a news junkie, and lately there have been an overwhelming number of reports on inflation. Whether on TV or in the paper, it seems every day I hear about prices going up...but is that really what inflation is?

My 20 years in the economic and investment world have taught me a lot about inflation. Early on I did a lot of reading, but it took some time for the true mechanics of inflation to really sink in. My goal is to share my thoughts with you on this subject as simply as possible, because I feel like understanding this matter is essential to maximizing strategy and ongoing profitability.

Generally, when you hear the term "inflation" in the news, it's associated with rising prices. Rising prices is actually the result of inflation, not inflation itself. Let me explain this with a little history lesson: