

# BUSINESS INSIDER Money Game

## Suddenly, It's Beginning To Look A Lot Like Stagflation

Joe Weisenthal | Aug. 9, 2010, 7:10 AM | 19,815 | 14

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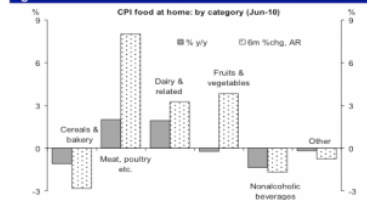
Deutsche Bank's US Economics/Strategy Weekly spells out a picture of the US economy that, um, looks a lot like what you would call stagflation, a word we haven't heard in awhile.

What's going on? The US economy (especially the job-creation part) is sputtering, while prices on various commodities, and food is going up.

That sounds like stagflation to us.

[Click here to see the evidence >](#)

Figure 4: Several food at home subcategories are showing signs of acceleration



Source: BLS & DB Global Markets Research

Image: Deutsche Bank

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**Afrikaner** on Aug 9, 7:16 AM said:

Nothing a dose of supply side policies couldn't cure...bring back reaganomics and Thatcherism!!!!

4 3

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**bobzillah killah** on Aug 9, 9:00 AM said:

8 4

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@Afrikaner: Gee, what a surprise. Confronted with an economic situation similar to what occurred in the early seventies, politicians and citizens try to get out of it by stimulating and causing inflation, despite the fact that the stimulation just exacerbates the problems of overcapacity.

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Pseudoconservative Ronald Reagan had the good fortune of taking over the Presidency in 1980, after the harsh work of wiping out the overcapacity of the late sixties was done and Volker's inflation fighting was largely over, so he was stimulating with deficit causing tax cuts at the beginning of a new bull market, not in the early stages of a major downturn. As to the miracle of Thatcher, nobody mentions the huge windfall revenues that came to the British government from the pumping of North Sea oil that started as her reign began.

But, why argue with the blind faith of the supply side true believers? Reality is not their strong suite.

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**davidrj54 (URL)** on Aug 9, 7:17 AM said:

4 5

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Nothing Sudden about it.  
If it is not stagflation. Cats will start growing Horns and the Chinese will look black.  
The only people who can't see it are the Americans.

[Reply](#)

**Swinging for the Bleachers** on Aug 9, 8:02 AM said:

4 0

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@davidrj54: Oh we see it.

What you're talking about is our politicians and policy makers pretending its not there so they can keep their jobs. Luckily, we get the final say in that.

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**Savonarola** on Aug 9, 7:30 AM said:

12 5

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Uh-oh. Stagflation.

Oh, Michelle how was Spain? I understand the anchovies are excellent.

Oh Barry, please tell us again... about the hope and change... c'mon tell us again...

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**toddd** on Aug 9, 8:50 AM said:

3 1

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Compare the food inflation graph to the Fed Rate graph below. Coincidence?

<http://www.moneycafe.com/library/ratecharts/ratecharts2.gif>

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**Jimmy Carter** on Aug 9, 9:47 AM said:

6 1

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I'm back!!!!

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**McCain=WW3** on Aug 9, 12:23 PM said:

3 0

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What that food CPI chart shows you is that Food prices never went back down from the \$140 Oil/Sky-High-Commodities-due-to-stupid-Ethanol-subsidy-competition price explosion, that drove up everything with oil or grain as an input, in other words everything from Soda to Beef.

Why? Because even though their input prices dropped a ton, the food supply chain never went back down again on its inflated prices.

Then, during the depths of the recession (and still to this day), they realized that food is the one thing that consumers can't completely balk at buying, so let's milk them there. Now they're even revving the price hikes there a little more again.

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**Seriously** on Aug 9, 1:54 PM said:

2 0

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@McCain=WW3: Yes, These cock suckers have been ripping off the American public from the very begining of this Repression...

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**Porkchop Marquez** on Aug 9, 1:01 PM said:

0 0  
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Here come price controls..!

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**mrdarklight (URL)** on Aug 9, 4:32 PM said:

1 0  
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I thought stagflation was "inflation and deflation at the same time".

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**mirror** on Aug 9, 4:57 PM said:

1 0  
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PEOPLE THINK THAT ALL YOU NEED IS REAGANOMICS AND VOILA THIS IS OVER....NOT QUITE...THE REALITY IS THAT YOU HAVE SO MUCH OVERGROWTH, AND IT SO VAST AND EXTENSIVE THAT AN ATTEMPT AT THE TIGHTENING OF THE BELT WITH TAX CUTS ETC...WILL DO NOTHING...OBAMA IS IN FACT ALREADY USING REAGANOMICS...REAGAN PRINTED AND PRINTED AND PRINTED...BUT HE HAD A FUNDAMENTALLY STRONG ECONOMY BEHIND HIM..IN OTHER WORDS AFTER THE INFLATION OF CARTER WAS DONE, THERE WAS THE REAL POTENTIAL FOR GROWTH....BUT HERE THERE IS NO SUCH POTENTIAL.....HERE THE ONLY THING THERE IS IS THE SERIOUS POTENTIAL FOR A MUCH MUCH SMALLER ECONOMY THAN WHAT WE HAVE NOW.....AND THAT MEANS A LOT LESS FOR EVERYONE.....GET USED TO IT....I ESTIMATE THAT THIS SITUATION IS GOING TO LAST FOR A DECADE OR MORE.....AND BY THE WAY, I THINK EUROPE MAY DO BETTER THAN BOTH JAPAN AND THE UNITED STATES!!!! I THINK THE REAL REASON IS THAT EUROPE HAS A FAR BETTER GRASP ON THESE PROBLEMS THAN EITHER JAPAN OR THE UNITED STATES WHEN YOU LOOK VERY CLOSELY AT THE PROBLEM....WE ARE IN TERRIBLE TROUBLE....EUROPE IS NOT OUT OF THE WOODS YET, BUT HONESTLY, WE ARE THE WORST OFF OF ALL THESE NATIONS.....

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**mirror mirror on the wall who is the shoutiest all caps writer of all?** on Aug 9, 5:06 PM said:

0 0  
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@mirror: ALL CAPS MEANS EXTRA CREDIBILITY!!!!!!!

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**President Affirmative Action** on Aug 9, 5:04 PM said:

0 0  
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Like I keep saying ... D stands for drive. R stands for reverse! Hahahaha! The Republicans can't drive!

Speaking of drive. Watch this drive!

Oh, man. Life is good. Thanks for sending Michelle to Spain, folks. Hey didya see me playing basketball with all those NBA guys? Oh, that's right. No cameras.

Well, you saw me up there with Paul McCartney at my White House party, right? That was great. Sorry you don't have jobs. Bush's fault and all that. The good news is that Michelle and I have another date night coming up. Tune in to your network news for the details!

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