

Do You REALLY Think The Official Inflation Numbers Are Even CLOSE To Accurate?

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Last week we noted that inflation has already entered the economy. It isn't showing up in nominal price hikes because it never does at first... As we noted last week...

Let's be clear here... inflation does NOT mean prices have to move higher in nominal terms. The reason for this is because companies cannot and will not simply raise prices overnight. Consumers will not simply put up with the cost of a good going up time and again.

So don't look for the cost of an item to necessarily go straight up in nominal terms. This can happen, but more often than not, corporations engage in a number of different strategies to maintain profit margins without raising prices.

These strategies include:

- 1) Shrinking the box/package of the good, thereby selling less for the same amount.
- 2) Not filling the package all the way; again selling less for the same amount.

- 3) Changing what's considered a "serving size" or the quantity of good being sold.
- 4) Swapping in lower quality ingredients, thereby selling a lower quality good for the same amount.

Companies have been doing all of these since 2008. Most recently however, costs have risen to the point that these strategies won't cut it anymore. Consequently, we're starting to see prices going up across the board.

Regarding #4, Burger King was caught putting wood pulp in its **burgers**.

There may be more fiber in your food than you realized. **Burger King, McDonald's and other fast food companies list in the ingredients of several of their foods**, microcrystalline cellulose (MCC) or "powdered cellulose" as components of their menu items. **Or, in plain English, wood pulp.**

The emulsion-stabilizing, cling-improving, anti-caking substance operates under multiple aliases, ranging from powdered cellulose to cellulose powder to methylcellulose to cellulose gum. The entrance of this non-absorbable fiber into fast food ingredients has been stealthy, yet widespread: The compound can now be found in buns, cheeses, sauces, cakes, shakes, rolls, fries, onion rings, smoothies, meats—basically everything.

The cost effectiveness of this filler has pushed many chains to use progressively less chicken in their "chicken" and cream in their "ice cream." McDonald's ranks highest on the list with cellulose integrated into 14 of their menu items including their renowned **fish fillets, chicken strips and biscuits**, with Burger King ranking second on the list with 13 menu items containing

cellulose. Moreover, many cellulose-laden ingredients (such as honey mustard, bbq sauce, and cheese blends) can be found in multiple items throughout the menu making the filler difficult to avoid.

<http://qz.com/223742/there-is-a-secret-ingredient-in-your-burgers-wood-p...>

One has to wonder... just how high are real costs that a food company substitutes wood pulp for meat?

One also has to wonder... just how accurate is the CPI or any government inflation metric that looks primarily at nominal pricing? The simple answer to that one is “not accurate at all.”

Inflation is a reality. Firms around the world are doing whatever they can to maintain profits while keeping costs low. Using wood pulp instead of meat in burgers is just one more trick.

We'll be seeing more stories like this in the coming months. I wouldn't be surprised if food companies everywhere have been resorting to similar strategies.

This concludes this article. If you're looking for the means of protecting your portfolio from the coming collapse, you can pick up a FREE investment report titled **Protect Your Portfolio** at <http://phoenixcapitalmarketing.com/special-reports.html>.

This report outlines a number of strategies you can implement to prepare yourself and your loved ones from the coming market carnage.