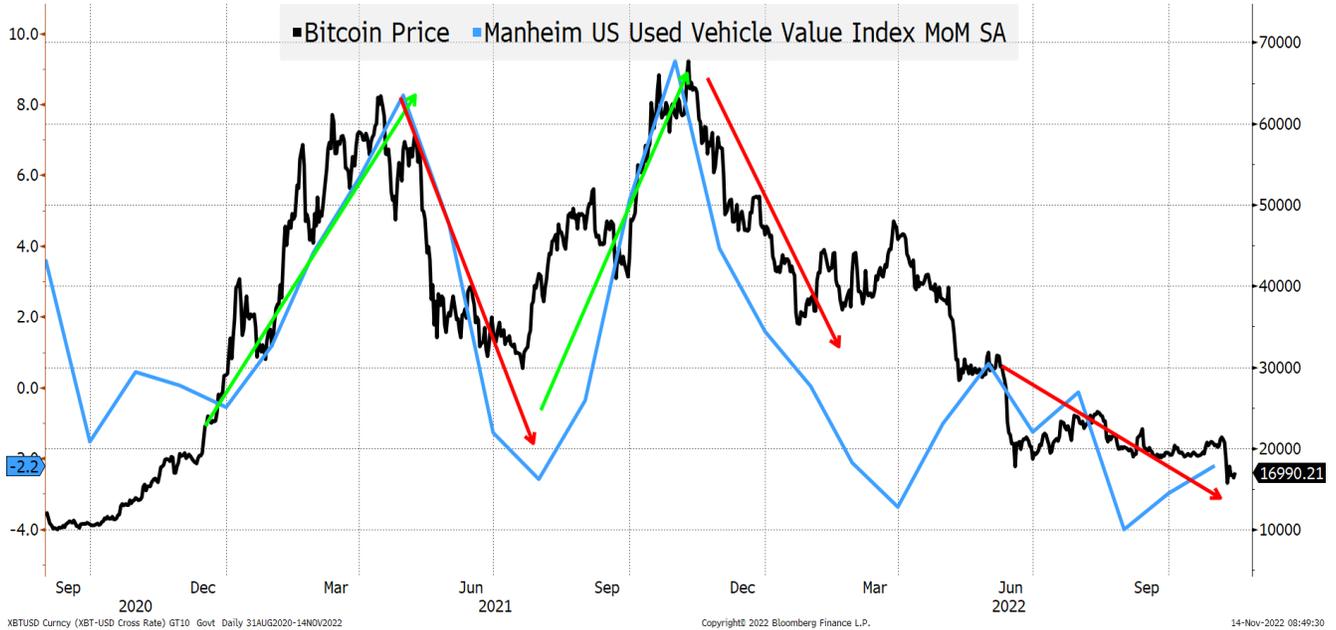


Some Chart Crimes I Couldn't Resist Committing

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I normally try to put multiple data series onto one chart as it tends to show correlations (or at least co-movement) more fairly. I also like to use the same time scale for multiple charts as it seems more "fair" to represent the data over similar time horizons. I even, sometimes, show charts that contradict my view. Today, we will have none of that! This is chart crime on so many levels, but I couldn't resist as it is interesting.

It is "almost" like people spent crypto winnings on car purchases.



It is "almost" like people spent crypto winnings on rent.



Some Chart Crimes I Couldn't Resist Committing

The "Disruptive" Portfolio at work.

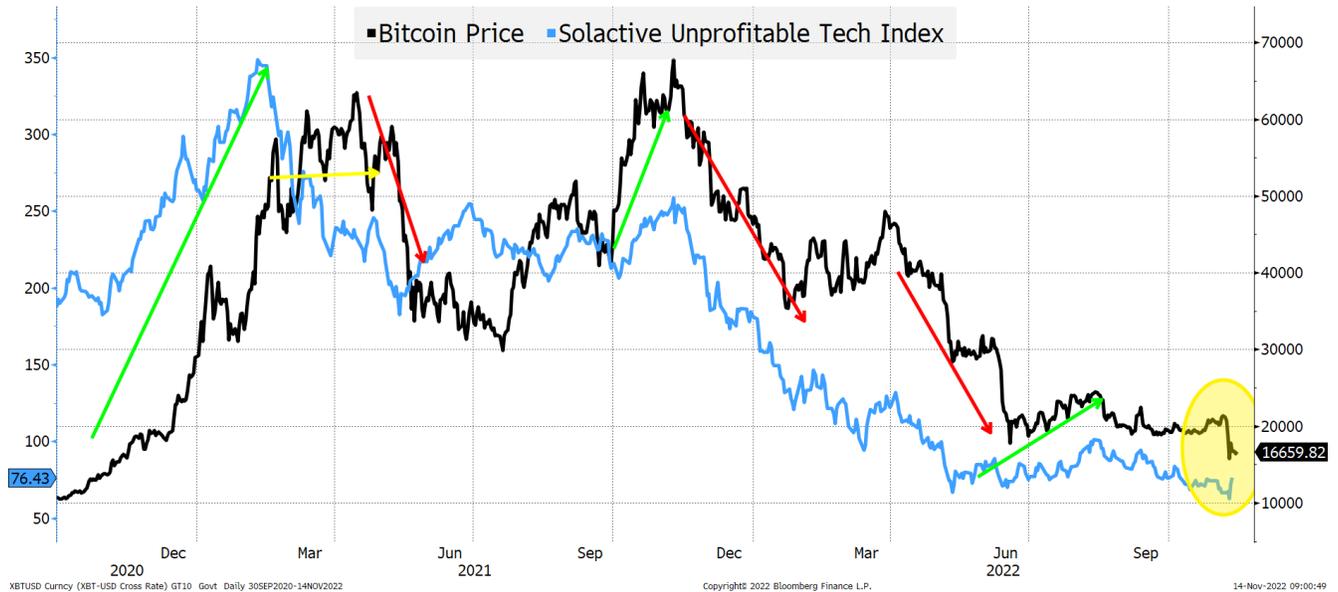
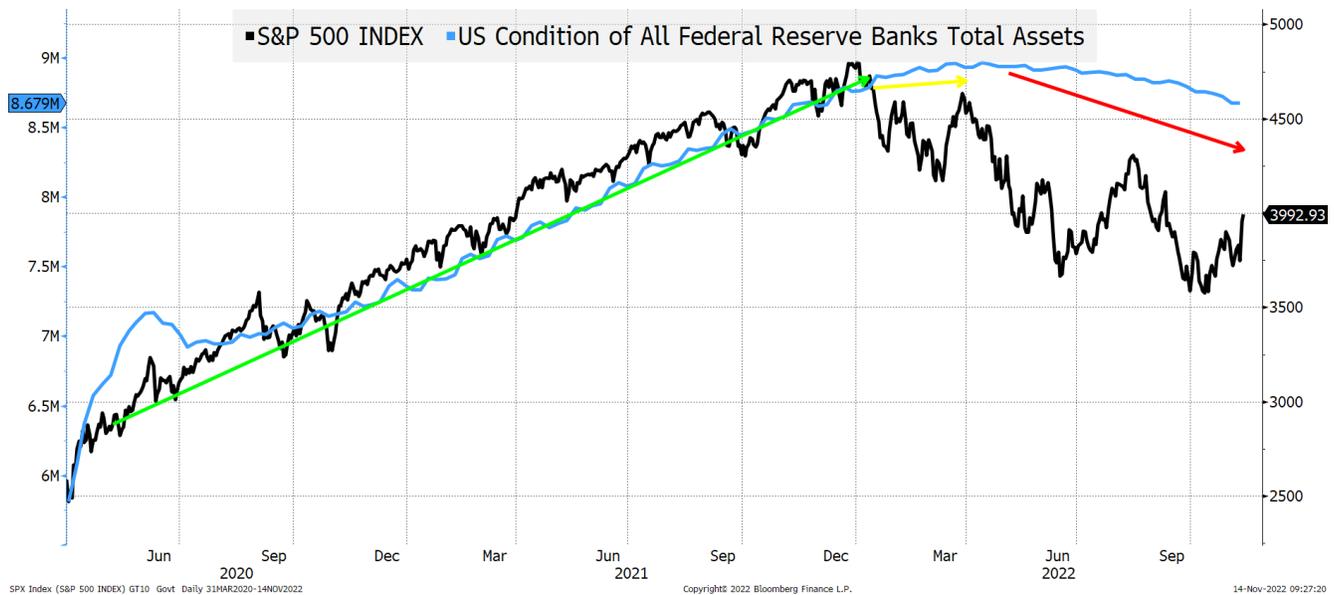


Chart Truth #1

Maybe it wasn't just bitcoin and crypto that fueled inflation. It was also the **extremely rapid rise** in so many other assets. Sure, PPP and stimulus checks helped, but maybe people also quickly spent their windfall gains. Maybe, at the time, the stimulus checks and PPP seemed "transitory" or not a regular occurrence, **but the gains in stocks and crypto seemed certain.**

Maybe Quantitative Easing Inflates Asset Prices?



I have argued (and will continue to argue) that QE and QT impact markets and the economy very differently than rate hikes! They more directly and immediately impact asset prices. When an asset is purchased, it forces holders to move out of the risk spectrum. This, in turn, pushes others further out on the risk spectrum until you get an "explosion" of prices. Asset price inflation (which we had) also leads to regular inflation (which we had). However, asset price deflation (which we are getting) will lead to real world deflation.

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Bottom Line

Despite creating some heinous chart crimes, I can feel good about it, because it hopefully explains why inflation is set to roll over.

I will be wrong if:

- There is no wealth effect of any order of magnitude.
- There is no lag effect between the wealth effect hitting the economy and the inflation data that we receive (certainly housing seems to be on my side).

I'm going to take my chances on this view, and I do apologize for the misuse of charts, but I can't help but think that there is something to this narrative!

If you missed the crypto and inflation discussion in "[Was There an Election Last Week?](#)", now is a good time to catch up on it!

Thanks!

Some Chart Crimes I Couldn't Resist Committing

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