The Effects of QE3 on Your Wallet

September 19, 2012 - I've been saying for some time that the FED's policy of "quantitative easing" -translated to mean "printing money" - would lead to inflation. This shouldn't be a shock to anyone. Since Ben Bernanke started using the policy, we've seen gas prices double and commodity prices go straight through the roof. The FED has had two prior rounds of so called "easing". The latest round, known as QE3, was announced last week, and today I got a glimpse at the effects of the policy first hand.

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I took the picture to the left this morning. It is from a Mobil station located on Burbank Blvd just east of the 170 freeway in North Hollywood, CA. While this is the highest gas price I've seen lately in the LA area, I have no reason to believe it will remain that way.

Over the course of the past week, the amount that this particular station is charging has gone up by more than 20 cents per gallon. That's frightening because for every penny that fuel prices rise, consumers have more than $1 Billion less to spend on other things. There is also a corresponding increase in food due to increased harvesting and transportation costs.

In the end, QE3 could cause the economy to falter badly. While the stock market has greeted it is some glee, average consumers are likely to be the ones footing the bill for this policy. So you may want to fill up your tank today. By tomorrow, you could be paying a lot more for gasâ€¦ and everything else too.

byJim Malmberg
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