

Buffett and Powell Talk Inflation

The Oracle of Omaha and the Fed Chair seem to be at odds.

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What does it mean when two of the most powerful voices in American financial life seem to be saying two different things?

In one corner, we have the “Oracle of Omaha,” investor Warren Buffett. As one of the nation’s richest people and most frequently sought opinions on business matters, he’s a voice that gets a great deal of attention. He says that prices are going up.

“We are seeing very substantial inflation,” Buffett told his shareholders this weekend. “We are raising prices. People are raising prices to us and it’s being accepted.”¹

In the other corner, Federal Reserve Chair Jerome Powell sees a slightly different story. While it’s true that prices are up, for now, the economic recovery is in progress and it might be a mistake to see inflation as a guest long overstaying its welcome.

“One-time increases in prices are likely to only have transitory effects on inflation,” Powell said. He later added, “It will take some time before we see substantial further progress.”²

While economic recoveries always take a bit of time, it can certainly test the patience of any investor, even one like Buffet who has lived through many economic ups and downs. The good news is that a financial professional helps you create a strategy that weathers difficult economic times, including periods of inflation. That said, if you have questions, I look forward to having a conversation with you about what’s happening in the news.

Raymond Dahlman may be reached at 281-724-8181, 8310 South Valley Hwy, Suite 300, Englewood, CO 80112 or r.dahlman@dsafinancialgroup.com.

www.dsafinancialgroup.com

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Citations

1. CNBC.com, May 3, 2021
2. CNBC.com, April 28, 2021