

1

5

If lenders guess inflation **very wrong** they end up
giving money away!

True Cost of Inflation: Arbitrary redistribution of income
from lenders to borrowers

If lenders guess inflation **wrong** they could end up

earning **zero** interest

True Cost of Inflation: **Arbitrary** redistribution of income
from lenders to borrowers

If lenders guess inflation **wrong** they could end up
earning **zero** interest

If lenders guess inflation **very wrong** they end up
giving money away!

Who are Lenders?