

# Live Well, Work Well

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## Supply Chains, Inflation and What This Means for You

The pandemic continues to disrupt supply chains. Amid rising inflation, you may be noticing higher prices when it comes to purchasing everyday items, dining at restaurants and fueling up at the gas pump. This inflation began to soar in early 2021 and continues to be the highest it's been in more than three decades. Undoubtedly, drastic consumer pricing changes may fuel financial anxiety.

Supply chains and inflation are intertwined, but it remains to be seen how consumer pricing will continue to be impacted in 2022 and beyond. This article explores today's supply chain issues, consumer pricing and your budget.

### Supply Chain Issues

Supply chain problems were apparent at the beginning of the pandemic as many store shelves were empty of essential items like toilet paper. Nearly two years later, you may still be struggling to find specific items or, if you find them, may need to pay more than usual. The pandemic has disrupted most aspects of the global supply chain, making it challenging for companies to manufacture, transport and distribute their goods. For example, e-commerce mixed with consumer demands has surpassed the market's capacity to produce or ship orders. Retailers and other businesses are also having difficulty finding enough employees.

The pandemic has made supply and demand volatile, shifting faster than supply chains can adjust. It's unknown when shortages and delays will end, but they're likely to continue to some extent this year—and maybe longer.

### Inflation and Consumer Pricing

Inflation is a normal occurrence in which prices of goods and services go up, and your purchasing power of money goes down. Your dollar won't buy as much today as it did five or 10 years ago. Inflation is a key reason why many choose to invest a proportion of their money instead of keeping it as cash; cash loses its value every year due to inflation.

The Consumer Price Index rose to 7% in December 2021, the highest since the early 1980s. The debate on this topic focuses on whether current rising costs are temporary or permanent. Some industry experts believe soaring costs are temporary due to messy supply chains. On the other hand, some experts believe inflation is here to stay amid a tight labor market and supply constraints. As experts—and even officials within the Federal Reserve—are on both sides of the debate, only time will tell if hiked inflation is here to stay.

### What You Can Do

To deal with this uncertainty, it's best to focus on what you can control. The cost of necessary goods will likely continue to rise, so this could mean fitting larger grocery bills and transportation costs into a budget.

Inflated consumer goods and services are a reality today, so it's critical to have a financial game plan. Your budget will likely have to change as you plan for everyday and large purchases.

Regardless of your situation—it can be helpful to discuss your financial and investment goals with a financial advisor. If you have additional questions or need resources for financial assistance, speak to your employer.

