



# Rani Jarkas – How Can Market Inflation Influence Investment Profitability

Inflation is an economy-wide, sustained trend of increasing prices from one year to the next. An economic concept, the rate of inflation is important as it represents the rate at which the real value of an investment is eroded and the loss in spending or purchasing power over time. Inflation also tells investors exactly how much of a return their investments need to make for them to maintain their standard of living.

Inflation has the same effect on liquid assets as any other type of asset, except that liquid assets tend to appreciate in value less over time. This means that, on net, liquid assets are more vulnerable to the negative impact of inflation. Illiquid assets are also affected by inflation, but they have a natural defense if they appreciate in value or generate interest.

**RANI JARKAS**

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# How Does Inflation Impact You And How Can You Protect Your Money.

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Investors can implement the following measures to protect themselves from the declining purchasing power of money during periods of inflation:

Treasury Inflation-Protected Securities (TIPS) are government-backed bonds that are issued by the US Department of Treasury. It means that they are free of default risk, and there is zero risk that the government will default on its obligation.

Stocks hedge against inflation in two main ways, i.e., stocks pay a dividend, and they grow over time. As companies grow their net revenues, they also increase the dividends distributed to shareholders, which assures investors higher cash flows in the future.

Another measure that investors can take to hedge against inflation is to create a diversified portfolio of stocks from around the world. When the US economy is experiencing a decline in the purchasing power of money, other economies such as Japan, Australia, and South Korea may be experiencing stable cycles that produce positive returns to investors.

[Cedrus Investments](#) is a global boutique investment firm founded by [Mr. Rani Tarek Jarkas](#) more than 19 years ago. Cedrus Investments can offer you more insights into how this current environment is shaping risk and return potential, in the context of your specific situation and goals.