

PRESS RELEASE

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Inflation Warning: New Real-Time Index Uses Social Media

- Economic researchers track inflation expectations
- New indicator works faster than traditional inflation monitoring
- EPoS Economic Research Center at Bonn and Mannheim presents new paper

Bonn, Mannheim, Germany, 11.02.2026 – Economists at the EPoS Economic Research Center have built a new index based on data from X (formerly Twitter) to keep daily track of consumers' expectations about inflation. The new indicator works faster and more frequently compared to traditional surveys used to monitor inflation. Keeping track of users' anticipated costs of living is essential for policymakers, businesses and investors alike, as expectations shape actual spending. The new index helps to monitor the impact of policies. The details are published by the EPoS Economic Research Center at the Universities of Bonn and Mannheim in the discussion paper “From Tweets to Transactions: High-Frequency Inflation Expectations, Consumption, and Stock Returns”.

“Our social media index based on posts from X is a powerful early-warning system for real inflation – considerably improving short-run forecasting,” says Benjamin Born, from the EPoS Economic Research Center who built the index with his colleagues. The researchers used a data set comprising more than 12 million German-language posts related to “inflation” from over one million users.

“Gauging inflation expectations is important because today’s spending decisions are based on what people think the price level will be tomorrow,” says Born. “Our high-frequency measurement index detects shifts in inflation dynamics fast.”

Inflation expectations hit consumer wallets and financial markets

When the index rises, households cut spending soon afterwards, especially on purchases they can delay or replace, the researchers find. This is a familiar economic pattern: When people expect higher inflation, they buy fewer non-essential goods such as electronics, furniture or travel. Companies operating in such sectors will experience lower stock market returns as demand for their goods declines.

Index falls after ECB move

The new index also reacts to policy changes of the European Central Bank: After unexpected monetary tightening, the indicator falls within about a week, particularly in times of high inflation. “Compared to traditional survey methods, our index adjusts much faster,” says Born. “As inflation expectations can change quickly, indicators must keep pace.”

Concerns about “affordability” in the US

In the US, people’s worries about rising costs of living are on top of the political agenda. “Concerns of US voters are just the most recent example highlighting the importance to track inflation expectations,” says Born. “In today’s world, policymakers should generally use high-frequency, real-time indicators such as our tweet-based index to detect shifts in inflation expectations quickly. This helps them to evaluate the impact of policy announcements and adjust communication if necessary.”

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The presented discussion paper is a publication without peer review of the Collaborative Research Center Transregio 224 EPoS. Access the full discussion paper here: <https://www.crctr224.de/research/discussion-papers/archive/dp724>

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Established in 2018, [the Collaborative Research Center Transregio 224 EPoS](#), a cooperation of the universities Bonn and Mannheim, is a long-term research institution funded by the German Research Foundation (Deutsche Forschungsgemeinschaft, DFG). EPoS addresses three key societal challenges: how to promote equality of opportunity; how to regulate markets in light of the internationalization and digitalization of economic activity; and how to safeguard the stability of the financial system.

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