Monitoring attention to inflation in the news

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The degree of attention people devote to inflation can affect inflation expectations, the pass-through of shocks to inflation and the transmission of monetary policy. Specifically, the level of attention shapes how inflation expectations are formed, which are central to price and wage dynamics. Attention to inflation varies over time.[1] When it is high, expectations are more sensitive to developments, potentially leading to a stronger and faster pass-through to actual prices and wages. Research also shows that responsiveness to monetary policy can differ between those who are attentive to inflation and those who are not. As such, the degree of attention may influence the effectiveness of monetary policy transmission (Pfäuti, 2024; Song and Stern, 2024).

We proxy the attention paid to inflation by measuring how prominently the topic features in the news. Surveys can provide a direct measure of attention via tailored questions, but news coverage offers an indirect alternative, reflecting the information available to economic agents.[2] News coverage has been found to shape consumers' perceptions and expectations, as households rely on the media to stay informed about price developments.[3] In addition, news data are available at high frequency and in a timely manner.

This box puts forward a dictionary-based measure of inflation attention, which draws on a large corpus of articles in general content newspapers from the four largest euro area countries. To measure inflation attention in the euro area, we follow the methodology proposed by Baker et al. (2016) to derive an index of economic policy uncertainty. We calculate the proportion of newspaper articles that contain one or more keywords associated with inflation.[4] We use articles published in their original languages in newspapers from France, Germany, Italy and Spain.[5] These articles are sourced from Factiva, a news database maintained by Dow Jones. After applying several preprocessing and "cleaning" steps, the resulting dataset contains over three million articles, with an average of 10,000 articles published each month.[6] For each language, we construct a set of inflation-related keywords (the "dictionary") and calculate the daily proportion of articles in each newspaper's corpus that contain at least one of these keywords. The daily time series for each newspaper is standardised to have a unit standard deviation over the period 1997-2011. We then compute the average of these standardised proportions across the different newspapers to get the consolidated daily time series. Finally, this time series is normalised to have a mean of 100 over the same 1997-2011 period.[7] Thus, an inflation attention index value of 500 means that attention to inflation is five times higher than the average inflation attention between 1997 and 2011. Our inflation attention index exhibits a strong correlation (0.85) with inflation over the whole available sample period.

Chart A

Inflation attention in the news and HICP inflation

(left-hand scale: index of relative number of articles; right-hand scale: annual percentage changes)

- Inflation attention in the news
- HICP inflation (right-hand scale)
- 2% inflation target (right-hand scale)
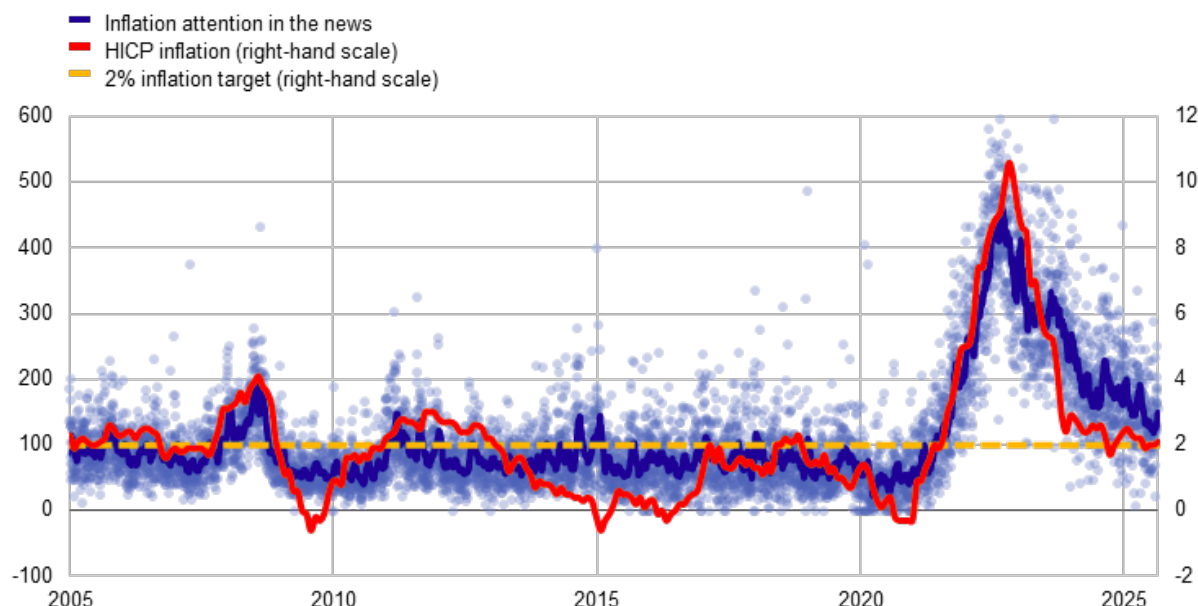
Sources: Dow Jones Factiva, Eurostat and ECB calculations.
Notes: Inflation attention in the news is calculated using the 28-day moving average of the daily index. The daily index is represented as blue shaded dots. The latest observations are for August 2025.

While attention to inflation in the news has decreased from its peak in 2022, it remains higher than the levels observed prior to the inflation surge (Chart A). As inflation rates rose sharply in the euro area and beyond and higher prices eroded purchasing power, news articles increasingly focused on inflation dynamics. This heightened attention to inflation during the inflation surge highlights the influence of the broader economic environment on attention patterns, as documented in several studies.[8] Even though inflation has now been close to the ECB's 2% medium-term target for some time, media coverage of inflation is still relatively high.[9] This persistence may reflect the longer-lasting effects of the most significant inflationary episode experienced by the euro area in recent history. The memory of high inflation is still fresh in people's minds, price levels are elevated compared with pre-surge levels and purchasing power has been recovering only gradually (Bates et al., 2025).
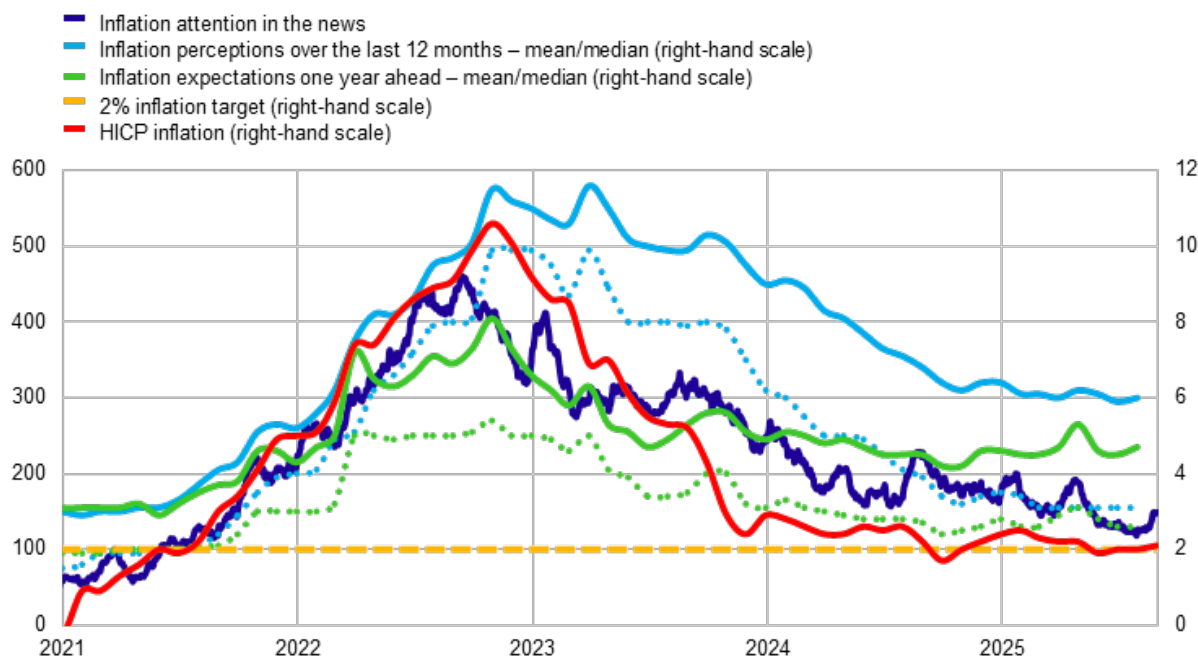
The sustained attention to inflation in the news has coincided with people's perceptions that the decline in inflation was slower than it actually was. According to the ECB Consumer Expectations Survey, consumers' perceptions of inflation rose sharply in response to increasing inflation but declined more gradually once actual inflation began to ease (Chart B). This slower adjustment likely contributed to the persistence of elevated inflation expectations, particularly one year ahead, given the strong relationship between the two variables. The level of inflation-related coverage in the news correlates closely with consumers' perceptions of past inflation and their short-term expectations, both during the rise in inflation and its subsequent decline. Similar to inflation attention in the news, both perceptions and expectations have remained somewhat elevated compared with pre-

surge levels, even as actual inflation has unwound more quickly.

Chart B

Inflation attention, perceptions and expectations in the recent high inflation period

(left-hand scale: index of relative number of articles; right-hand scale: annual percentage changes)

- Inflation attention in the news
- Inflation perceptions over the last 12 months – mean/median (right-hand scale)
- Inflation expectations one year ahead – mean/median (right-hand scale)
- 2% inflation target (right-hand scale)
- HICP inflation (right-hand scale)

Sources: Dow Jones Factiva, Consumer Expectations Survey, Eurostat and ECB calculations.
Notes: Inflation attention in the news is calculated using the 28-day moving average of the daily index. Inflation perceptions and inflation expectations show the mean rate reported in the survey's responses with solid lines, and the median rate with dotted lines. The latest observations are for August 2025 for inflation attention in the news and HICP inflation, and for July 2025 for inflation perceptions over the last 12 months and inflation expectations one year ahead.

Attention to inflation in general has moderated somewhat this year but, while it has normalised for the energy sub-component, it remains elevated for food. By the end of August, inflation attention was lower than it was at the beginning of the year. A temporary spike in news coverage about inflation occurred in early April, coinciding with the announcement of US tariffs on 2 April, but subsided as tariff-related tensions eased. A closer look at energy and food – two sub-components which were central to the initial inflation surge and highly influential for expectations – reveals some commonalities and some contrasting trends. During the inflation surge, both inflation sub-components received significantly more attention in the news than inflation in general. Specifically, coverage of energy inflation grew up to seven times its historical average, and coverage of food inflation reached a level up to eleven times its historical average. In comparison, news about overall inflation increased around fivefold. Attention to energy inflation has largely returned to pre-surge levels, whereas food inflation continues to receive considerable media coverage.[10] This pattern is consistent with food inflation remaining elevated at 3.2% year-on-year in August 2025 and food prices in general still significantly exceeding pre-pandemic levels.

Overall, attention to inflation has declined, underscoring the relevance of the broader economic environment in shaping media coverage. However, attention remains above the levels seen before the inflation surge. This may reflect inflation rates for certain items, such as food, that are still higher than pre-pandemic levels, as well as the longer-lasting effects of the most pronounced inflationary episode in recent euro area history on Europeans' collective memory. Such enduring attention could have implications for how future shocks propagate through the economy (Salle et al., 2023; Pfäuti, 2025).

Chart C

Attention to sub-components of inflation in the news

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a) Food inflation attention

(left-hand scale: index of relative number of articles; right-hand scale: annual percentage changes)

- Food inflation attention in the news
- Food inflation (right-hand scale)

b) Energy inflation attention

(left-hand scale: index of relative number of articles; right-hand scale: annual percentage changes)
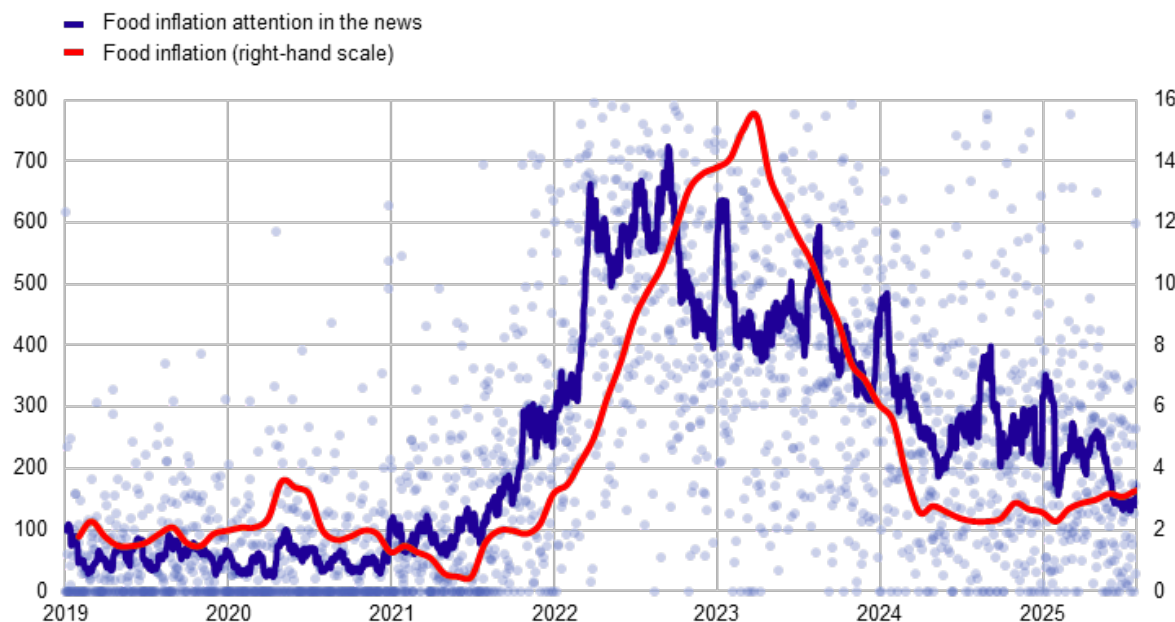
- Energy inflation attention in the news
- Energy inflation (right-hand scale)
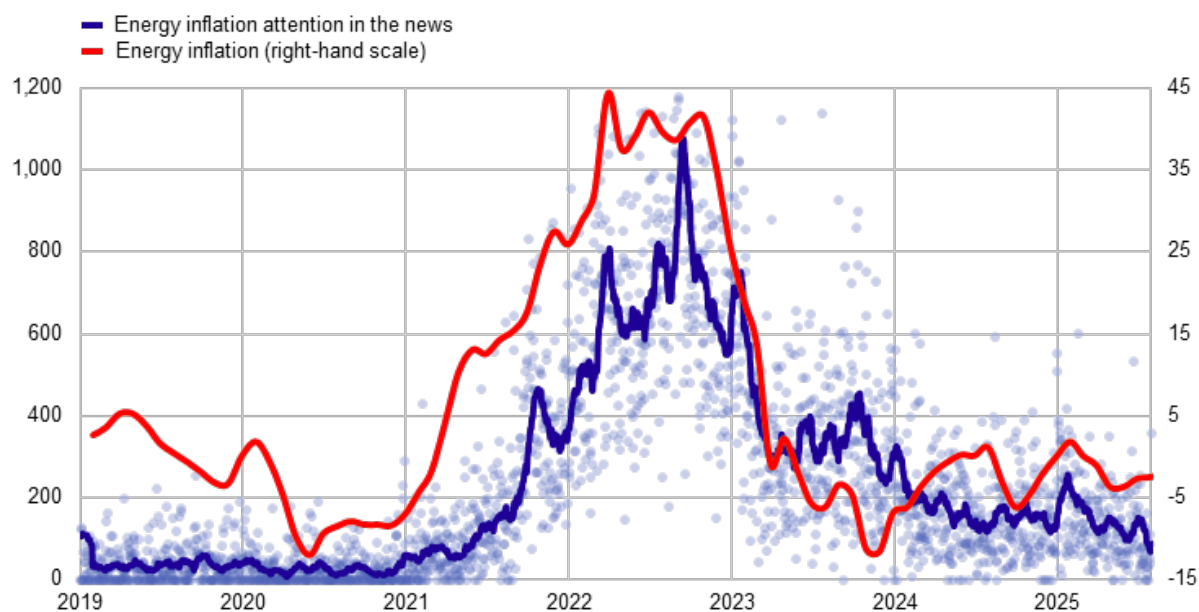
Sources: Dow Jones Factiva, Eurostat and ECB calculations.
Notes: Food inflation attention in the news and energy inflation attention in the news are calculated using the 28-day moving averages of the daily indices. The daily indices are represented as blue shaded dots. The daily indices are normalised to have a mean of 100 over the period 1997-2011. A food inflation attention index value of 700 means that attention to the food sub-component of inflation is seven times higher than the average food

inflation attention between 1997 and 2011. The latest observations are for August 2025.

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1.

Individuals often do not gather or process all available information when making decisions, either owing to cognitive limitations or the costs of doing so. In the latter case, they tend to prioritise the signals that are most relevant (Handel and Schwartzstein, 2018; Coibion et al., 2018). This mechanism, known as "rational inattention" (for a review, see Maćkowiak et al., 2023), can influence expectations and therefore has significant implications for economic dynamics.

2.

Other studies have looked at other data sources, such as X (formerly Twitter), Google Trends or television coverage, both for the United States and European countries, and found similar results to those presented in this box (see, for example, Buelens, 2023; Korenok et al., 2022).

3.

See, for instance, Larsen et al. (2021); Nimark and Pitschner (2019); and Arndt (2024).

4.

Apart from "inflation" itself, we also use several related terms and expressions, including synonyms for price increases, dynamics and pressures, developments in purchasing power and currency value, along with their grammatical variants in each language.

5.

France: *Le Monde*, *Les Echos*, *Le Figaro*; Germany: *Der Tagesspiegel*, *Die Welt*, *Die Süddeutsche Zeitung*; Italy: *Il Corriere della serra*, *Il Sole 24 ore*, *La Repubblica*, *La Stampa*; Spain: *El Mundo*, *El País*, *Expansión*, *La Vanguardia*.

6.

This methodology assumes a high quality of textual data. To ensure this, we apply several preprocessing steps designed to exclude documents that are unlikely to be relevant and to clean other data artefacts that might blur the signal. Examples of documents that are unlikely to be relevant include those that are extremely short or extremely long, those containing explicitly re-published content, and those whose subject code falls outside the list of economics-related categories.

7.

Our methodology differs from that of Baker et al. (2016) in two ways. First, we compute the index at a daily frequency, whereas they use a monthly frequency. This approach was chosen since sufficient data are available and we are interested in capturing high-frequency news, which provides valuable information ahead of the monthly release of the harmonised index of consumer prices (HICP). Second,

for the standardisation and normalisation steps, we use the period 1997-2011, whereas they use the period 1985-2009. This adjustment includes the sovereign debt crisis, which is of particular relevance for European countries.

8.

Bracha and Tang (2025); Coibion and Gorodnichenko (2025); and Weber et al. (2025).

9.

A similar pattern can be observed in the United States, with a different measure of inflation attention (Pfäuti, 2025).

10.

To analyse the sub-components of inflation, we build on the methodology of Baker et al. (2016) by following a hierarchical labelling approach and adding a layer in the keyword matching mechanism. Specifically, within the set of inflation-related articles, we identify those containing one or more keywords broadly associated with the sub-component. We then compute the proportion of these articles relative to the total number of articles published, rather than restricting the calculation to the subset of inflation-related articles alone. The same standardisation and normalisation steps used for the overall inflation attention index are applied. By focusing on inflation-tagged articles and applying large dictionaries specific to food and energy, we maximise recall without losing precision.