The impact of the new inflation data: An analysis of media coverage and user responses on social media in Argentina

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This study evaluates the effect of newly released inflation data on the attention of agents in an economy with high inflation, such as Argentina. A sample of news articles from media outlets disseminated on social networks (2020-2023) was used to create an inflation attention indicator. The preliminary findings suggest that the arrival of new information on inflation significantly increases media coverage on the topic, particularly during periods of higher uncertainty. Furthermore, the study shows that social media users tend to amplify content, displaying higher levels of engagement and emotional reactions, particularly anger, in response to new information. These findings enhance our understanding of the dynamics of agent attention and their impact in macroeconomic contexts.

inflation | social networks | media | attention | uncertainty

A significant body of literature has demonstrated the negative impact of inflation on the economy (see, for example, 9, 11, 17, 19, among others). Inflation distorts relative prices, discourages savings and investment, promotes surplus-hedging mechanisms, and has negative redistributive impacts. Furthermore, it diminishes the effectiveness of public policies, hinders economic growth, and undermines efforts to create quality employment, reduce informality, and alleviate poverty. Due to these effects, economic agents allocate resources to monitor inflation and form their beliefs and expectations. (13) show that in high-inflation economies, individuals pay more attention to inflation than in low-inflation economies due to the higher financial cost of disregarding inflation-related information. The objective of this study is to assess the effect of newly published inflation data on the attention level of agents, particularly in the context of an economy with high inflation, such as Argentina.

Agents form their beliefs about a macroeconomic phenomenon based on observed performance, preferences, preexisting beliefs, received information, and information preprocessing (8). The release of new inflation data provides agents with updated information on the current state of this macroeconomic phenomenon and the direction in which they should adjust their expectations. However, the multitude of economic events that occur in reality can be overwhelming for agents. When making economic decisions, individuals are often unable to process all relevant information. As a result, they rely on the media to provide a simplified version of events, acting as intermediaries between individuals and the state of the world (23). Additionally, individuals can use social networks to observe which messages are spreading in real-time and to promote certain narratives and amplify certain contents (10).

A considerable number of works utilize text-based methods to characterize inflation. These studies demonstrate that information shared through the media (12; 21; 20), social networks (16; Aromi and Llada; 3), and earnings conference call transcripts (14; 1; 18), can be used to estimate agents' attention levels to inflation, their inflation expectations, and predict future inflation dynamics. However, these works do not estimate the impact of new information on the inflation rate on the attention levels of agents. Analyzing this relationship would provide insight into how agents' attention levels affect inflation dynamics and how monetary policy could influence it.

In this context, this study uses a sample of journalistic articles published on social networks by various prominent media outlets in Argentina during the period 2020-2023. Based on this information, an indicator of attention to the inflation rate is proposed, and the effect of the publication of new inflation data on this variable is estimated. Specifically, the study aims to answer the following questions: What is the effect of newly published inflation rate data on the media coverage of the inflation topic? What is the effect on the reaction of social network users to this coverage? Are these responses more intense when the uncertainty revealed by the new data is higher?

Preliminary results indicate that the release of new inflation rate data has a significant impact on the attention levels of agents. On one hand, media coverage of inflation increases by an average of 1.21% after the publication of new data compared to the period before. This increase in media coverage averages 1.45% when the uncertainty revealed by the new data is higher.

On the other hand, preliminary results indicate that so-

Significance Statement

This study provides important insights into the relationship between economic information, media, and social networks in high-inflation economies, using Argentina as a case study. Analyzing the impact of new inflation data, we find a significant increase in media coverage and social media amplification, especially under conditions of heightened uncertainty. The documented link between information dissemination and heightened negative emotions highlights pertinent societal implications. This research deepens our understanding of how economic information shapes public discourse, and provides relevant guidance for policymakers navigating information dynamics in high-inflation environments. Finally, our findings contribute to the broader literature on information-driven economic dynamics.

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cial network users amplify content related to new information about the inflation rate published by the media. There is an average increase in content activation of 1.10% when considering comments and 0.81% in shared content. However, there is no statistically significant effect on likes. These findings become more pronounced when the uncertainty revealed by the new inflation rate data is higher, with effects amounting to 1.33% and 1.08%, respectively. Additionally, the study reveals a correlation between the dissemination of new inflation rate data by the media and an increase in negative emotions expressed by users. Specifically, the results suggest that users become angrier when new inflation rate data is published. The estimates show an average increase of 0.77% in emotions related to anger. The increase rises to 1.17% when the uncertainty associated with the new inflation rate data is higher. Furthermore, no statistically significant effects are observed for emotions such as amazement, happiness, or sadness.

This work is related to a literature that considers that agents make endogenous information decisions (24; 28; 22). Allocating more attention to inflation could signal optimal responses to the arrival of news related to the future evolution of inflation. Complementarily, this study is also linked to macroeconomic models of sunspots or multiple equilibria (7; 5). In these models, the macroeconomic trajectory is, in part, determined by the coordination of behavior and expectations. Increased public discussion about the inflation rate could be associated with innovations in the coordination of price-setting behavior. These innovations are not necessarily captured quickly or accurately by traditional macroeconomic indicators. Thus, social network content can serve as a valuable indicator of future inflation rates and related uncertainty levels. This work is part of a growing literature that uses text as a source of economic information (25; 6; 26; 27; 2).

This work utilizes a novel database that enables a combined analysis of media activity and the response of agents to the content they disseminate on social networks. The contribution of this study can be grouped in the following way. Firstly, it provides evidence supporting informational rigidities over rational expectations with complete information (15). Secondly, it provides evidence on how information is disseminated and how users react to new inflation data, considering the attention they allocate to this topic, content activation, participation through comments and shares, as well as the expression of emotions. Lastly, it provides evidence on how agents respond in situations of higher uncertainty.

After this introduction, the document is organized as follows. In Section 1, the data and methodology are presented. Then, in Section 2, preliminary results are reported. In Section 3, a robustness analysis is conducted. Finally, conclusions are presented in Section 4.

1. Data & Methodology

This section presents the sources of information used to estimate the effects of the publication of new inflation rate data on the level of attention assigned by agents to this topic. A database is constructed that mainly combines information on the publication dates of the inflation rate, journalistic articles addressing this topic, and indicators of attention to these articles generated by users on social networks. The data corresponds to Argentina for the period 2020-2023. In the following subsections, each source of information is developed in more detail, and the estimation strategy is defined.

A. Inflation rate information. The National Institute of Statistics and Censuses of the Argentine Republic (INDEC) is responsible for constructing and publishing the Consumer Price Index (CPI) in Argentina. The CPI measures the evolution of prices for a set of goods and services that represent the consumption expenditure of households residing in urban areas. It is used as a measure of the country's inflation. INDEC publishes new inflation rate data every month according to its dissemination calendar*. On the 14th day of each month, INDEC releases the CPI data for the previous month. A database was constructed based on the INDEC dissemination calendar, containing the publication date and inflation rate data from March 2020 to September 2023, totaling 43 publications.

B. Indicators of attention to the inflation rate. This work aims to estimate media coverage of the topic of inflation by analyzing journalistic articles shared on social media. Furthermore, we will assess the level of attention given to this topic by social media users based on their reactions to the media content.

This information is extracted from Buzzsumo, a platform that provides not only the content published by a specific domain (for example, a media outlet) but also detailed statistics on the activity that such content receives on social media (Facebook, Twitter, Pinterest, YouTube, among others). Among the available metrics are the number of shares, comments, likes, and emotional interactions (such as "angry", "love") received. This data was collected from the Buzzsumo API.†

A daily frequency database is constructed using the data available on Buzzsumo. The database contains journalistic articles published by nine prominent media outlets in Argentina, namely: Ámbito Financiero (with the domain ambito.com), Chequeado (chequeado.com), Clarín (clarin.com), Infobae (infobae.com), La Nación (lanacion.com.ar), La Política Online (lapoliticaonline.com), Página 12 (pagina12.com.ar), Tiempo Argentino (tiempoar.com.ar), and TN (tn.com.ar). Each article includes information on its publication date, update date, author, title, and URL. Additionally, there is data capturing the article's interaction with users on social media, including the number of shares, comments, and likes, as well as metrics related to emotional reactions such as angry (anger), haha (humor), love, sad (sadness), and wow (surprise or amazement). While there is disaggregated information by social network for these metrics, we will analyze them in aggregate terms. The sample covers the period from February 23, 2020, to September 21, 2023.

This work aims to estimate how the arrival of new information on the topic of inflation impacts the level of attention of agents to this topic. Therefore, it is necessary to identify articles that address the topic of interest. Specifically, a journalistic article is considered to address the topic of inflation if it contains the word "inflac" or "Inflac" in the title or URL. Once the articles addressing the topic of inflation are identified, we construct an indicator to capture the level of attention or coverage by the media on the topic of inflation. This indicator is given by:

where $Share$ is the indicator of attention to the topic of inflation corresponding to the media outlet m on day t. This

*The dissemination calendar can be consulted at https://www.indec.gob.ar/indec/web/Calendario-Fecha-0.

†The API can be consulted at https://buzzsumo.com/buzzsumo-api/.

$$Share_{m,t} = \frac{y_{m,t}}{Y_{m,t}}$$

indicator is constructed as the ratio between the number of journalistic articles addressing the topic of inflation published by the media outlet m on day t ($y_{m,t}$) and the total number of journalistic articles published by the media outlet m on day t ($Y_{m,t}$). This specification can be generalized to $Share_{i,m,t}$, where each i captures a specific indicator, such as the proportion of times that articles related to inflation topic are shared in relation to the total, the proportion of comments they receive, the proportion of likes they receive, and the proportions corresponding to metrics related to emotions: angry, haha, love, sad, and wow.

C. Descriptive statistics. Table 1 displays the descriptive statistics of the main variables. During the analyzed period, the Argentine economy not only reported a high inflation rate, which averaged around 4.9% per month, but also exhibited substantial volatility in terms of this variable (the standard deviation of the inflation rate was 2.5%).

The impact of this variable is reflected in the attention levels of the agents. On one hand, journalistic articles disseminated by the media on the topic of inflation reached, on average, 1% of the total articles published per day. On the user side, articles covering the topic of inflation were shared, on average, by 0.7%, while those receiving comments and likes were at 0.8%.

Table 1. Descriptive statistics

Variable	Minimum	Q1	Median	Mean	Q3	Maximum	St. Dev.
infla	1.500	3.250	4.100	4.912	6.250	12.700	2.478
ArtInfla	0.000	1.000	2.000	3.053	4.000	33.000	3.625
ArtTotal	1.000	116.000	406.000	351.638	529.000	957.000	213.550
SharesInfla	0.000	2.000	171.000	1156.700	761.000	138194.000	4041.182
SharesTotal	2.000	30619.750	174290.000	402805.000	549190.800	6027, 443	609536.700
CommentsInfla	0.000	0.000	27.000	277.565	171	32367.000	965.668
CommentsTotal	0.000	4223.250	24828.500	62595.760	90576.000	763103.000	88029.530
LikesInfla	0.000	0.000	51.000	572.868	302.000	76131.000	2275.025
LikesTotal	0.000	17342.500	112128	271276.600	373147.800	4399, 648	419030.000
AngryInfla	0.000	0.000	0.000	31.468	10.000	8595.000	184.494
AngryTotal	0.000	456.000	1855.500	7176.622	8628.750	143405	12593.580
hahaInfla	0.000	0.000	1.000	87.800	25.000	19699.000	560.500
hahaTotal	0.000	725.250	3571.500	11476.080	15835.000	430918.000	17416.290
LoveInfla	0.000	0.000	0.000	7.128	1.000	1470.000	50.343
LoveTotal	0.000	623.250	3824.000	9516.211	12923.500	229357.000	14500.520
SadInfla	0.000	0.000	0.000	13.521	2.000	13091.000	211.350
SadTotal	0.000	159.000	2041.500	8091.048	9656.500	188817.000	14439.140
WowInfla	0.000	0.000	0.000	4.380	2.000	1917.000	31.988
WowTotal	0.000	121.000	643.500	2981.190	3343.750	192198.000	6468.117
ShareArt	0.000	0.001	0.007	0.011	0.014	0.500	0.019
ShareShares	0.000	0.000	0.001	0.007	0.005	0.981	0.028
ShareComments	0.000	0.000	0.001	0.009	0.006	1.000	0.038
ShareLikes	0.000	0.000	0.001	0.008	0.003	16.000	0.160
ShareAngry	0.000	0.000	0.000	0.011	0.006	1.833	0.048
Sharehaha	0.000	0.000	0.000	0.013	0.007	1.000	0.051
ShareLove	0.000	0.000	0.000	0.003	0.000	0.841	0.026
ShareSad	0.000	0.000	0.000	0.009	0.001	1.000	0.049
ShareWow	0.000	0.000	0.000	0.005	0.001	1.000	0.029

The sample period is 2020-2023. $infla$ **: monthly inflation rate. The data on journalistic articles and user interactions on social media have daily frequency.** $ArtInfla$**: number of articles published on the inflation topic.** $ArtTotal$**: total number of articles published.** $iInfla$**: number of interactions received by articles on the inflation topic, where i can be shares, comments, likes, angry, haha, love, sad, wow.** $iTotal$**: total number of interactions received by all articles, where i can be shares, comments, likes, angry, haha, love, sad, wow.** $ShareArt$**: indicator of attention to the inflation topic. It is the ratio between** $ArtInfla$ **and** $ArtTotal$**.** $Sharei$**: ratio between** $iInfla$ **and** $iTotal$**, where i can be shares, comments, likes, angry, haha, love, sad, wow.**

The Figure 1 shows the daily evolution of the proportion of articles addressing the inflation topic and the total number of articles published by the media ($ShareArt$), as well as the proportion of shares received by articles on inflation and the total shares received by all articles ($ShareShares$). Each red point represents the day and the inflation rate data published by INDEC ($infla$). The level of media coverage of this topic reasonably captures the day the new data on this economic variable is published. The correlation between these variables is 0.62. On the other hand, the level of user attention, approximated by the share ratio, does not show a strong association with the publication of new data, despite intensifying on those days (correlation coefficient of 0.36).

D. Empirical strategy. The equation below summarizes the empirical strategy used to estimate the impact of the announcement of a new inflation rate on the attention level of agents:

$$Share_{i,m,t} = \alpha_m + \lambda_{ti} + \sum_{\tau=-q}^{-1} \beta_\tau D_{m,t} + \sum_{\tau=0}^{n} \delta_\tau D_{m,t} + \epsilon_{i,m,t}$$

where the treatment occurs on day 0, i.e., the publication of the new inflation rate by INDEC. It includes q lags or anticipatory effects, and n lags or post-treatment effects. The indicator $D_{m,t}$ takes the value of 1 for the day τ before or after the announcement of the new data by INDEC. The coefficients of interest correspond to δ_τ and capture the increase in user's attention levels relative to the reference period (ten days before the INDEC announcement). α_m captures fixed effects by media, which allow us to compare the attention levels captured by articles within each media outlet. The terms λ_{ti} capture fixed effects by month and year, aiming to control for possible patterns within the month or year in the attention levels of the agents. ϵ is an error term. Considering that the unit of analysis is the journalistic articles published by media outlets, robust estimation of clustered standard errors is performed at the media level.

2. Results

In this section, we present preliminary results from estimating the causal effect of INDEC's inflation rate announcements on agents' attention levels, approximated by media coverage of the topic and users' reactions to that coverage on social media.

Figure 2 shows the estimation of the model proposed in subsection D, where q and n are set to 10 to define a window around the event ($t = 0$), which is given by INDEC's inflation rate announcement. First, we observe that after the arrival of new information regarding the inflation rate, the proportion of journalistic articles addressing this topic shows a discrete jump. The estimated pre-treatment coefficients are almost in line with zero, with very small standard errors indicating a very precise estimation. After the treatment, media coverage immediately increases to 1.8%, and although the estimate is not as precise as the pre-treatment coefficients, the effect persists. These increases in coverage are statistically significant, and given that the coefficients pre-treatment are essentially zero, it is clear that the post-treatment coefficients are driven by the announcement of the new inflation rate data by INDEC.

Second, it can be observed that the effect of the arrival of new information about the inflation rate on users' reactions

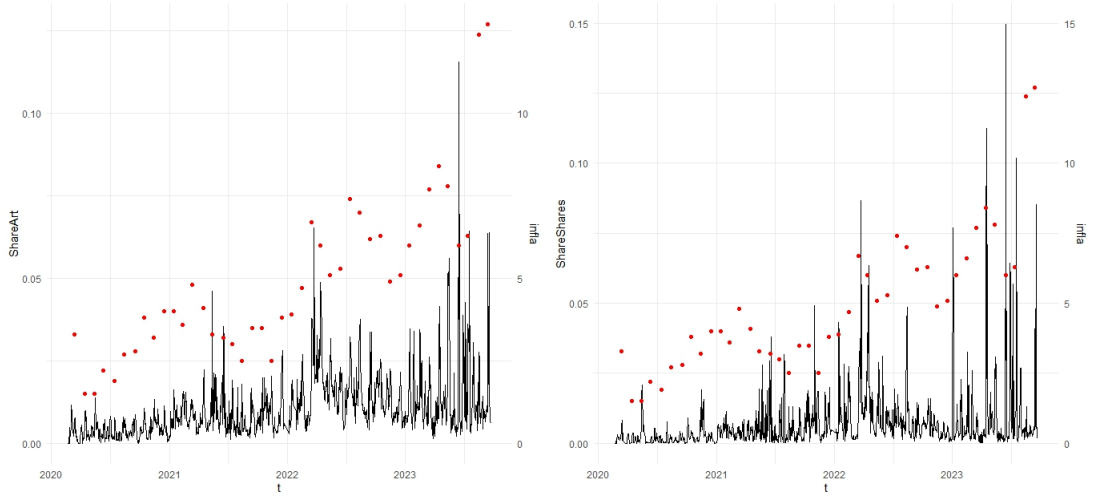

Fig. 1. Evolution of media coverage ($ShareArt$), shared rate ($ShareShares$), and inflation rate ($infla$) (in %).

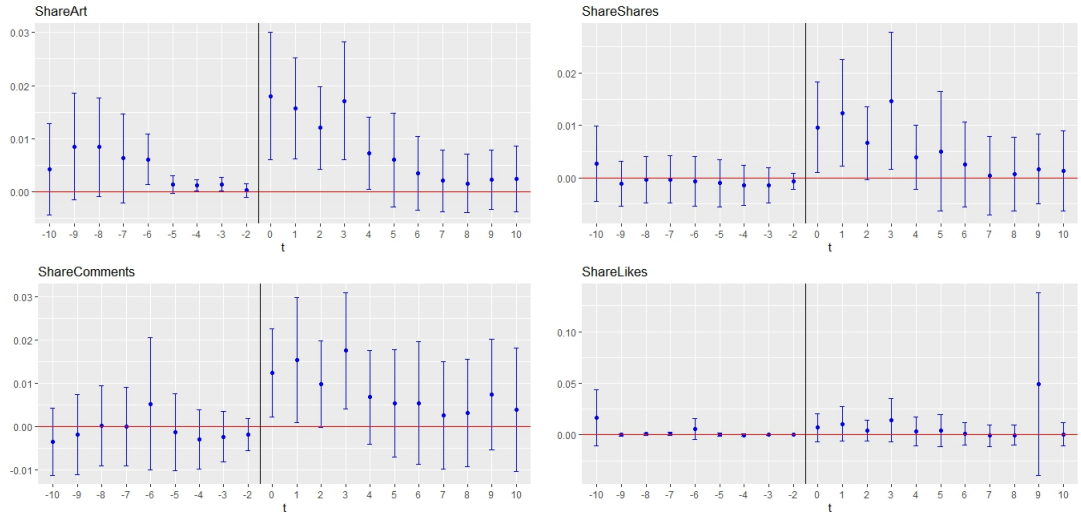

Fig. 2. Estimating the impact of the inflation rate announcement on media and user attention

in social media is statistically significant. In particular, it is evident that after the announcement of the new inflation data, the proportion of shared articles on the topic of inflation increases on average by 1%, while the proportion of articles on the topic of inflation that received comments increases on average by 1.2%. On the other hand, the proportion of likes on articles about inflation does not show statistically significant changes compared to the pre-treatment period.

Figure 3 shows the estimation of the model for the variables that capture the emotions reported by users in social media. From these results, it can be observed that users express anger after the arrival of new information about the inflation rate. In particular, after the announcement of the INDEC, the proportion of inflation-related articles expressing anger increases by 1.2% on average. On the other hand, emotions related to love, amazement, sadness and laughter do not show a statistically significant change compared to the pre-treatment phase.

Does the level of attention of agents increase when the uncertainty revealed by the new inflation data is higher? To answer this question, we will include in the analysis the forecast of the inflation rate issued by professional forecasters, which the Central Bank of the Republic of Argentina (BCRA) compiles and publishes monthly through the Market Expectations Survey (REM).[‡] This exercise not only allows us to answer this question, but also adds robustness to the regularities found in this preliminary work.

Around the 27th and 30th of each month, professional analysts submit their forecasts for several economic variables. In particular, for the inflation rate, the forecasters submit seven forecasts, including the nowcast, i.e. the forecast of the inflation rate for the last month (whose data will be known around the 14th of the following month, when the INDEC publishes the new inflation data) and the forecast for the next 6 months. In other words, for example, between March 26 and March 31, 2020, the BCRA collected forecasts from

[‡] REM data can be consulted at https://www.bcra.gob.ar/PublicacionesEstadisticas/Relevamiento_Expectativas_de_Mercado.asp.

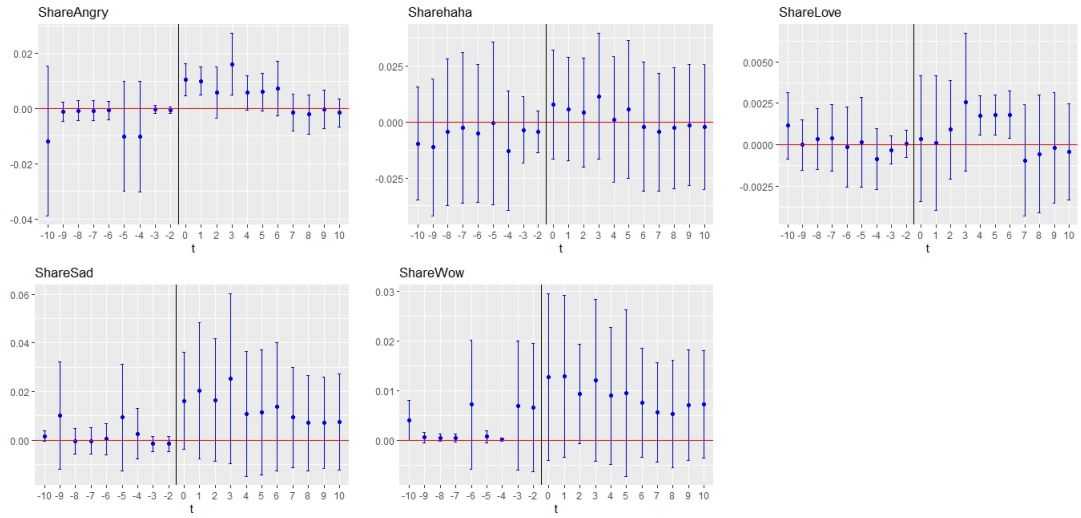

Fig. 3. Estimating the impact of the inflation rate announcement on the emotions reported by the users

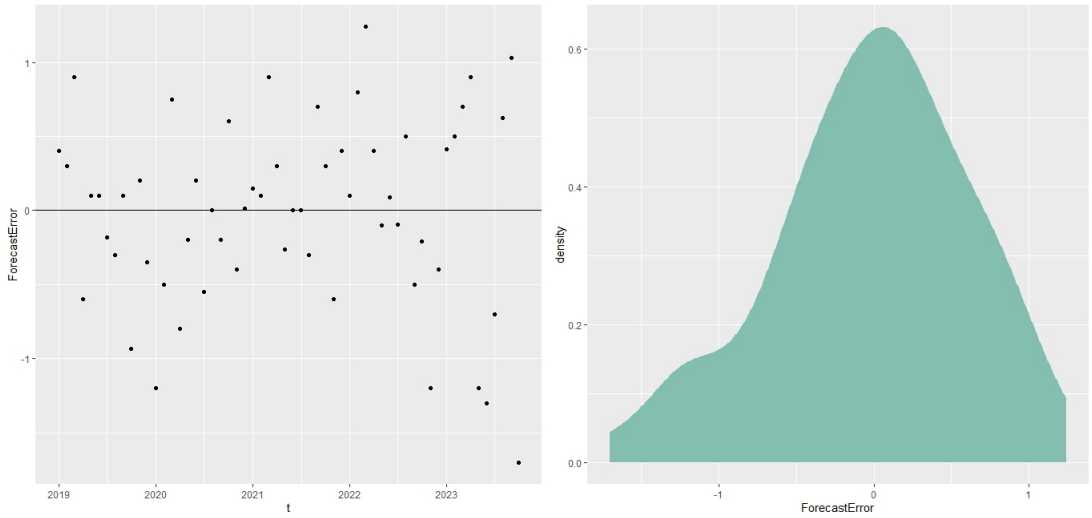

Fig. 4. Evolution and distribution of forecast errors

professional analysts. They made a forecast of the inflation rate for the following months: March (nowcast), April, May, June, July, August and September. Meanwhile, INDEC published the March inflation data on April 16. This difference in days between the release of the professional analysts' forecast and the release of the data is used to approximate the degree of surprise or uncertainty in the new inflation data.

The forecast error is given by the difference between the observed inflation rate and the consensus analyst forecast for this variable. The consensus of analysts is approximated by the median of the forecasts. Continuing with the previous example, the forecast error for March 2020 is 1.3%, which results from comparing the observed inflation for March (3.3%) and the median of the professional analysts' forecasts issued at the end of that month (2.6%). Figure 4 shows the time series and the distribution of forecast errors. As can be seen, this variable shows no obvious asymmetries, indicating that there is no evidence of systematic biases in the forecast errors for the variable of interest over the period analyzed.

Uncertainty is approximated by those announcements that show a significant gap between the observed inflation rate and the analysts' consensus forecast. Specifically, a dummy variable is constructed that takes the value 1 if

$$|ForecastError_t| >= mediana(|ForecastError_t|)$$

According to this variable, the INDEC announcement is considered uncertain with respect to the inflation rate if the absolute value of the forecast error differs from the median of its distribution. In total, 23 events are reported. It is expected that during periods of greater uncertainty about the inflation rate, the level of agents' attention will increase.

Figure 5 shows the results of the model proposed in subsection D, where the dichotomous variable capturing the event takes the value 1 when the announcement of the new inflation rate reveals higher uncertainty. As can be seen, the media coverage increases with respect to the estimated response

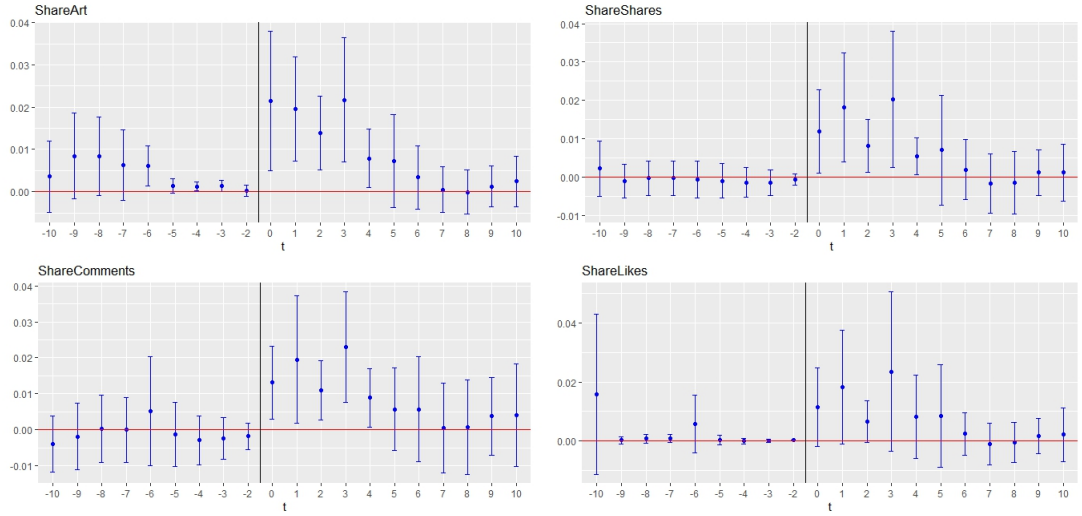

Fig. 5. Estimating the impact of the inflation rate announcement on media and user attention during periods of higher uncertainty

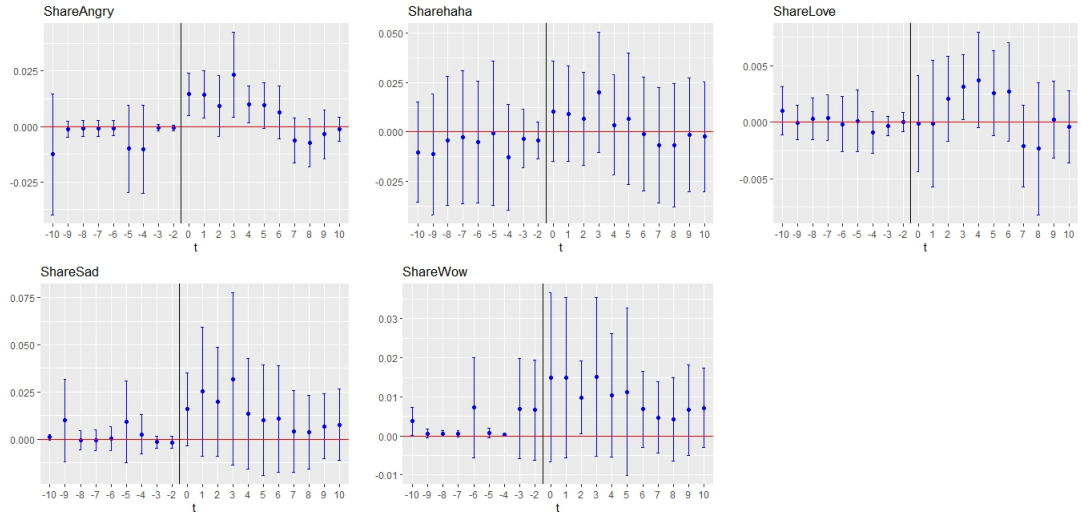

Fig. 6. Estimating the impact of the inflation rate announcement on the emotions reported by the users during periods of higher uncertainty

when considering the entire sample of releases (see Figure 2). In particular, after the INDEC announcement, the share of articles dealing with inflation increases by 1.3% on average compared to the pre-treatment period. On the other hand, the results suggest that social media users engage more intensely with the content disseminated by the media when the INDEC announcement reveals higher uncertainty. Specifically, there is a statistically significant increase in the proportion of shares and comments. Finally, although the proportion of likes on articles dealing with inflation increases, this increase is not statistically significant.

On the other hand, similar patterns are observed when analyzing the emotions reported by social media users during periods of higher uncertainty about the inflation rate. Figure 6 shows that the anger expressed by users increases more intensely compared to the results reported earlier (see Figure 3), while an effect is observed on the remaining emotions.

3. Robustness Analysis

In this section, a series of robustness exercises are conducted to assess how sensitive the regularities reported in the previous section are to changes in the model specification. First, a placebo exercise is performed by estimating the causal effect of INDEC's inflation rate announcements on agents' attention to non-inflation topics (e.g., politics, culture). In this case, given that we are working with daily frequency information, it is expected that there will be no systematic effect on agents' attention levels to other topics following the arrival of information related to the inflation rate. Second, the effect of the arrival of new inflation information on agents' attention levels during periods of low uncertainty is evaluated. In this case, positive results would support the hypothesis that agents make endogenous information choices and reduce information rigidity during uncertain periods.

Figure 7 shows the results obtained by estimating the model proposed in subsection D, considering the event ($t = 0$) as the announcement of the inflation rate data by INDEC. However,

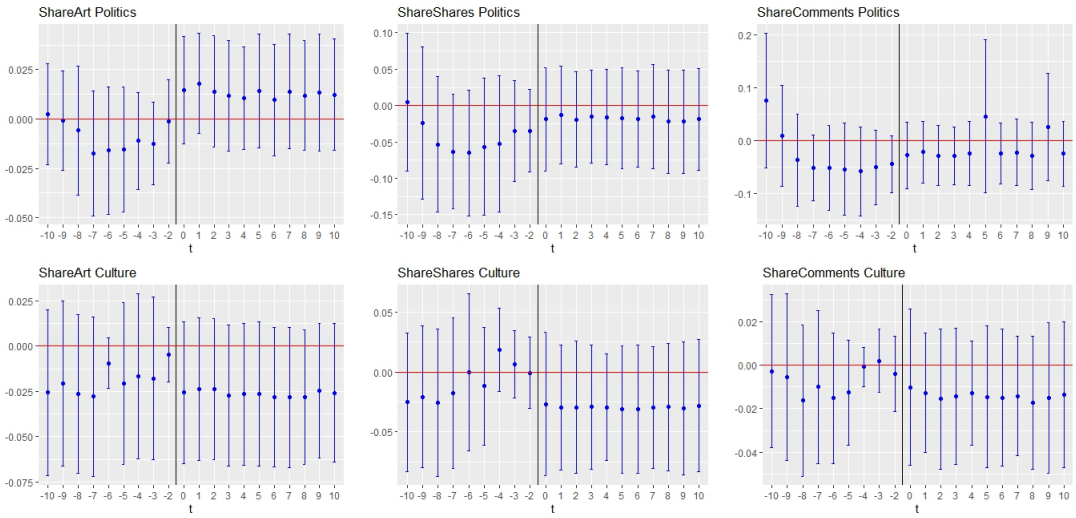

Fig. 7. Estimation of the impact of the inflation rate announcement on media and user attention to political and cultural issues

the attention levels of the agents correspond to the journalistic articles distributed on the political topic[§] and culture[¶]. As we can see, in both cases there is no statistically significant change in the level of attention of the agents to topics other than the inflation rate after the arrival of information about this phenomenon.

Finally, an estimation of the model presented in section D is performed, but in this case the event $(t = 0)$ is considered if the published inflation rate data by INDEC show a low uncertainty around this phenomenon. In this case, the announcement is considered to reflect low uncertainty if the absolute value of the forecast error is below the median of its distribution. Figure 8 shows the estimated effect of the arrival of new information on the inflation rate on agents' attention levels during periods of low uncertainty. On the one hand, while there is a statistically significant effect on media coverage, the magnitude of this discrete jump is smaller than that shown in Figure 2. On the other hand, there is no statistically significant change in users' attention levels compared to the pre-treatment period during periods of low uncertainty.

4. Conclusions

This study provides evidence on how the release of new inflation data affects the attention of agents in a high inflation economy such as Argentina. The results suggest that both the media and social media users respond significantly to the arrival of new information about the inflation rate. The increased media coverage and social media amplification, especially during periods of greater uncertainty, indicate that agents' attention is sensitive to relevant economic information. These findings not only support the existence of informational rigidities rather than rational expectations with perfect information, but also highlight the importance of considering agents' attention when analyzing the effects of monetary policy and economic developments.

There are several directions in which this work could be extended. First, it would be interesting to assess how agents update their inflation expectations with the arrival of new information about this phenomenon. This analysis would provide a deeper understanding of the dynamics of expectation formation in the context of high inflation. Second, one could assess whether media coverage of inflation is heterogeneous. This would shed light on possible biases in the coverage. Third, since this paper focuses on an economy with a high inflation rate, a possible extension is to assess whether the documented regularities persist in economies with moderate or low inflation.

[§] An article is considered to be on the political topic if it contains the word "politic", "Congreso", "Gobierno", "oposición", "presidente", "diputad" o "senado" (in English "politic", "congress", "government", "opposition", "president", "deputy", or "senate", respectively) in the title or URL.

[¶] In this case, an article is considered to be about culture if it contains the word "arte", "tradición", "cultura", "historia", "religión", "costumbres", "literatura", "música", "danza", "arquitectura", "gastronomía", "folclore", "museo", "teatro", "cine", "moda" (in English, "art", "tradition", "culture", "history", "religion", "customs", "literature", "music", "dance", "architecture", "gastronomy", "folklore", "museum", "theater", "cinema", "fashion").

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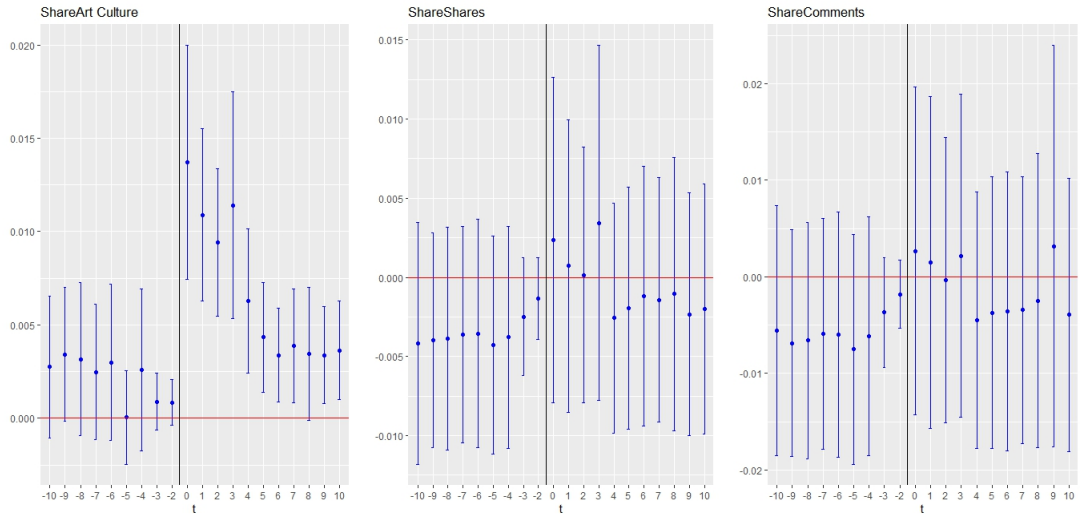

Fig. 8. Estimating the impact of the inflation rate announcement on media and user attention during periods of low uncertainty

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