

Borradores de Economía - Inflation Expectations Measurement and its Effect on Inflation Dynamics in Colombia

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Publication Date: Wednesday, 6 of December 2023 **Abstract**

This study follows a novel approach proposed by Angelico et al. (2022) using Twitter to measure inflation perception in Colombia in real time. By applying machine learning techniques, we implement two real-time indicators of inflation perception and show that both exhibit a dynamic similar to inflation and inflation expectations for the sample period January 2015 to March 2023. Our interpretation of these results suggests that our indicators are closely linked to the underlying factors that drive inflation perception. Overall, this approach provides a valuable instrument for gauging public sentiment towards inflation and complements the traditional inflation expectations measures used in the inflation–targeting framework.