Information and Macroeconomic Expectations: Global Evidence*

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Abstract

Global data on 47,000 consumers across 47 countries representing 90% of world GDP reveal universal patterns in macroeconomic belief formation. Most consumers rely on local information sources (utility bills, grocery shopping, and social media) not representative for the overall consumption bundle, so that seeking more information leads them to forming more biased macroeconomic expectations. Distrust in governments and central banks, the producers of aggregate economic information, helps explain reliance on local sources and the lack of learning from realized data. Macroeconomic volatility fuels distrust rather than the level of macro variables. Demographics predict information choice; however, condition on information sources, most demographics barely explain expectation biases. These facts inform advances of rational inattention models and the design of communication strategies as a macroeconomic policy tool.

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"I think the people in [the UK] have had enough of experts, from organisations with acronyms, saying that they know what is best and getting it consistently wrong."

Xiathorn (nicknamed user), Reddit, June 2025

"China and its ruling clique, the Chinese Communist Party, are continuing a long tradition of communist or socialist authoritarian nations faking economic statistics."

Keith Naughton, The Hill, May 2025

"In my opinion, today's Jobs Numbers were RIGGED [...] – A TOTAL SCAM"

Donald J. Trump, Truth Social, August 1, 2025

1 Introduction

Traditional research in macroeconomics and finance assumes agents use unbiased economic information, such as official statistics, to form beliefs consistent with the benchmark of full-information rational expectations (FIRE). Over the past two decades, theory has relaxed this assumption by postulating costly and slow information acquisition (e.g., Sims (2003); Woodford (2003); Reis (2006); Maćkowiak and Wiederholt (2009); Afrouzi and Yang (2021)) or assuming mistakes in belief formation (e.g., Gennaioli and Shleifer (2018); Bordalo et al. (2022); Bianchi et al. (2024); L'Huillier et al. (2023)). In these frameworks, expectations can deviate from FIRE due to infrequent acquisition of or overreaction to new information, but independent of the specific mechanism, agents view the available information as unbiased and acquiring more information should on average not result in more biased expectations.

Contrary to this ubiquitous assumption, distrust in economic institutions and in the information they produce and disseminate is rising globally (Ehrmann, 2025; Algan et al., 2025)—so much as that even U.S. President Donald Trump has claimed that his own administration's statistics are a "total scam." When agents are distrustful, they may ignore aggregate information produced by economic institutions, such as governments and central banks, and instead rely on non-representative sources and signals to which they are exposed in their daily life and which they trust more. If such sources provide signals that depart systematically from ex-post

aggregate realizations, seeking more information would deepen rather than reduce perception and expectation biases.

In this paper, we propose, to the best of our knowledge for the first time, a global study of consumers' subjective macroeconomic expectations covering about 47,000 individuals across 47 countries that represent 90% of global GDP with the aim of producing universally consistent facts that can inform realistic adaptations of models of belief formation. Specifically, we ask whether the information sources agents select to form their subjective macroeconomic perceptions and expectations can help us understand disparate and apparently unrelated deviations from FIRE documented in earlier research. And, if so, whether agents' trust in the institutions that produce aggregate economic information plays a role in source selection. Our global setting is crucial to ask these questions, because economies operate in radically different political and cultural systems, and the extent of trust in economic institutions could correlate with different demographics in different countries, thus making it hard to isolate common features of expectations formation in standard single-country settings.

We start from two motivational facts. First, current perceptions and expectations of several macroeconomic variables (inflation, interest rates, and house prices),[1] display a globally consistent upward bias for the average consumer, although the size of the bias varies (see Panel A of Figure 1 for inflation). Second, we document large heterogeneity both within and across countries in consumers' reliance on economic information from their local environments (shopping, utility bills, family & friends, social media) or from aggregate information sources (government reports, official statistics, or traditional media) when forming their expectations. Further analyses reveal that the size of perception and expectation biases is strongly related to information sources at both the extensive and intensive margin: consumers who mostly seek information from local economic environments form perceptions and expectations that are more positively biased than those who rely on aggregate information sources. Among those who rely mostly on local information sources, seeking and gathering more information

[1] We elicited the three variables that existing research on subjective macroeconomic expectations has studied most extensively.

(intensive margin) relates to larger biases relative to ex-post realizations.

The global facts we document are only partially consistent with existing theories of information acquisition and expectation formation. Models of rational inattention (e.g., see Sims (2003); Woodford (2003); Reis (2006); Maćkowiak and Wiederholt (2009); Afrouzi (2023)) postulate that agents trade off the costs of gathering and processing information with the benefits of being informed. In these models, when consumers pay the costs of gathering information and being informed, they form more accurate expectations. Instead, we show that those who rely on local sources form more *inaccurate* subjective perceptions and expectations when gathering more information. This result arises because signals from local economic environments are not as representative of the full distribution of macroeconomic variables as signals from aggregate information sources.

Minor adjustments of rational inattention models can barely reconcile these facts. The physical costs of accessing aggregate information are minimal in our setting due to widespread global internet access and information availability. In fact, recalling and processing a multitude of scattered signals from local economic environments, such as grocery prices, even if observing them might come for free during grocery chores, is cognitively harder than reading and recalling a single official number reported by economic institutions and/or the media (D'Acunto and Weber (2023)). Moreover, the lack of learning that signals from local economic environments lead to systematically biased perceptions and expectations seems inconsistent with virtually any rational-inattention framework.[2]

Cavallo et al. (2017) motivate our analysis. They find that consumers in Argentina during a time of high inflation put more weight on priors when updating inflation expectations compared to consumers in the U.S. at a time when local inflation was low. Yet, Argentine consumers still put large weights on prices of individual supermarket goods even when aggregate inflation statistics were provided for free when updating expectations. We assess empirically a parsi-

[2]Learning frameworks that postulate priors that are so strong that agents do not update at all when facing new information, for instance, might deliver predictions consistent with this fact. At the same time, it is unclear how assuming such a learning framework differs from the notion of cognitive dissonance advanced by psychologically-based behavioral departures from rational expectations.

monious departure from standard rational inattention frameworks: consumers may distrust the institutions that produce aggregate economic information, and thus ignore it. Distrust may lead them to believe that concrete signals they gather directly from their local sources are more representative of the true distribution of macroeconomic variables.[3] They would not learn that those signals are not representative over time because, due to distrust, they keep rejecting ex-post realizations disclosed by aggregate sources.

For an empirical test, alongside eliciting macroeconomic perceptions and expectations, we measured consumers' trust in governments and central banks, which produce and disseminate aggregate economic information in each country. We detect substantial variation in this form of trust both within and across countries. Moreover, in line with our conjecture, lower trust in economic institutions correlates with greater reliance on local information sources. Notably, even among those who use both aggregate and local sources, lower-trust consumers give more weight to information from local sources when forming their perceptions and beliefs. Note that local sources, by construction, provide signals that agents observe and measure directly, rather than through the mediation of institutions or media, which eliminates a role for trust in these sources under the plausible assumption that agents trust themselves.

Because trust in economic institutions varies systematically across demographics, we move on to investigate whether the trust-induced sorting into information sources we detect globally has the scope of providing a unifying mechanism for the disparate demographic correlates of subjective expectations documented over the last decade including gender (Jonung, 1981; Bryan and Venkatu, 2001; Pfajfar and Santoro, 2009; Bruine de Bruin et al., 2010; D'Acunto et al., 2021), income (Pfajfar and Santoro, 2009; Kuhnen and Miu, 2017; D'Acunto et al., 2023), race (Bryan and Venkatu, 2001; D'Acunto et al., 2023) and formal education and IQ (Pfajfar and Santoro, 2009; D'Acunto et al., 2022, 2021; Coibion et al., 2020). After confirming that most of these demographics correlate with belief biases universally, we show that selection into information sources is key to explaining these relationships. Demographics correlate with

[3]This mechanism is also consistent with the evidence in De Bruin et al. (2011) who find that consumers typically think about the prices of concrete goods when forming inflation expectations.

the decision to sort into local or aggregate sources of economic information. Once we account for the information sources agents use, though, we observe no or only minor differences in the (in)accuracy of subjective expectations across demographic groups.

Our evidence inspires at least three ways in which rational-inattention frameworks could be adapted to describe macroeconomic expectations formation more realistically yet parsimoniously. First, in addition to whether and how much information consumers acquire, the *quality* of information sources—whether they provide representative signals for macroeconomic variables' distributions—matters, and hence heterogeneity in information quality across sources should be modeled explicitly. Note that the common modeling device of signals with varying degree of noise is not addressing this issue given that it does not tackle the issue of biasedness of signals which is key to our results.

Second, heterogeneous quality across information sources makes agents' source-selection choice relevant to the accuracy of macroeconomic perceptions and expectations. Our results suggest that sorting into a source of information depends not only on the source's objective informativeness but also on the extent agents trust the producers and disseminators of aggregate information. Because of trust, agents' subjective perceived informativeness of a source might deviate from its objective informativeness. A potential microfoundation for subjective perceived informativeness that does not simply postulate a mistake, among many others, is perceived strategic motives by the producers and disseminators of aggregate information, which can be grounded in objective conflicts of interest in information disclosure by economic institutions and traditional media (Fabo et al., 2021). Alternatively, trust could depend on the accuracy of economic institutions' forecasts relative to ex-post realizations. Note, though, that most countries in our sample were in a liquidity trap for years until COVID-19 erupted, with minimal scope for systematic and prolonged inaccuracy of official forecasts. Moreover, if consumers formed trust based on the forecast inaccuracies witnessed during their lifetime, this microfoundation would imply that all consumers in the same country-cohort have the same level of trust in economic institutions, which is inconsistent with the data.

Third, if one allows for mistakes in information processing, systematic differences in the

characteristics of signals agents gather from local or aggregate sources can deliver systematic biases in expectations. For instance, empirical research has documented that, when forming their subjective expectations, agents put more weight on frequently observed signals and on signals that imply losses rather than gains for them, such as inflationary signals in the shopping context (Cavallo et al., 2017; D'Acunto et al., 2021; Anesti et al., 2024). Because signals from local information sources are more volatile than those from aggregate sources, an agent who faces this distortion in belief formation and attends (more) to local information sources would form more systematically biased expectations than an agent facing the same distortion but attending to aggregate information. A representative agent setting in which the distortion does not vary across agents, but is microfounded with realistic decision-making processes documented in the cognitive psychology literature, can thus produce systematic and heterogeneous biases once information sources of heterogeneous quality are modeled explicitly.

In terms of policy, our results highlight a neglected role for communication and engagement with consumers as a policy tool, and especially with consumers in vulnerable demographic groups, who tend to trust economic institutions less (Christelis et al., 2020; D'Acunto et al., 2021). Increasing trust could lead consumers to rely more on aggregate economic information sources and form expectations that align more closely with policymakers, thereby enhancing the effectiveness of fiscal and monetary policy transmission (D'Acunto et al., 2021).

The paper contributes to at least three strands of literature. First, the fast-growing body of work that studies the characteristics, drivers, and consequences of subjective economic expectations. Most work in this area has studied demographic correlates of subjective expectations within individual economies and institutional settings, such as single countries or monetary areas. Recent reviews of this fast-growing literature include Armantier et al. (2013); Weber et al. (2022); Haaland et al. (2023); D'Acunto and Weber (2024); Dräger and Lamla (2024). In this paper, we elicit for the first time perceptions, expectations, and characteristics homogeneously for a broad cross-section of consumers, economies, and institutional settings. Our results point to heterogeneous sorting into information sources of varying quality as a potentially unifying explanation for many demographic correlates of subjective expectations that earlier work has

studied in isolation.

Second, our results speak to theoretical and empirical research in macroeconomics, microeconomics, and finance that considers deviations from the FIRE paradigm, their potential microfoundations, and their consequences. This line of work has developed along two main lines—the study of frictions in the acquisition of economic information to which consumers respond rationally (e.g., see Mankiw and Reis (2010), Sims (2003), and, for a recent review, Maćkowiak et al. (2023)), and the study of systematic deviations from rational belief formation motivated with psychological, sociological, and limited cognition microfoundations (e.g., see Akerlof, 2002; Stiglitz, 2011; Bordalo et al., 2022). We document facts that are consistent with both lines of departure from FIRE. We show that accessing economic information does not always lead consumers to form more accurate subjective expectations, because consumers distrust the institutions that produce economic information in their countries attend to local information sources, which provide non-representative signals for the distribution of macroeconomic variables.

Third, our work speaks to the strand of macroeconomics that uses microdata to discipline heterogeneous-agent models (Kaplan et al., 2018; Auclert, 2019; Bayer et al., 2024)[4]. This micro-to-macro approach has diffused swiftly since microdata based on firm and consumers' financial account transactions, credit registries, and surveys have become available. Early examples include Nakamura and Steinsson (2014), Chodorow-Reich et al. (2012), and Serrato and Wingender (2016) who use regional data to estimate the size of fiscal multipliers. Nakamura and Steinsson (2018) and Chodorow-Reich (2019) provide recent reviews. Our aim is to provide universal homogeneous and consistent micro-data-based facts about heterogeneous beliefs and agents that could inspire realistic advances in this literature.

[4]See Kaplan and Violante (2018) and Auclert et al. (2025) for recent reviews.

2 Information from Aggregate vs. Local Sources

We follow the taxonomy proposed by D'Acunto and Weber (2024) in a recent literature review, who synthesize and organize the findings in the previous literature, and categorize the information sources consumers self-declare using to form perceptions and beliefs about aggregate macroeconomic variables into two groups—aggregate and local information sources.

Aggregate information sources provide signals about macroeconomic variables drawn from the full distribution of such variables. For instance, government or central banks' forecasts and measures of past inflation, interest rates, and house prices produce representative signals of these variables aggregated to the economy level. Agents can access aggregate signals from several sources, such as government and central banks' reports and communications, or traditional media outlets, such as TV and newspapers. These signals are pre-processed and publicly available. Agents incur search costs to acquire them and cognitive costs to use them in their belief-formation process.

In contrast, local information sources provide agents with signals that are not necessarily representative of the full distribution of signals for macroeconomic variables and thus can be biased predictors. These signals are directly observable in daily activities and often available for free by doing day to day activities but must be processed and aggregated. The costs of processing such signals (e.g., memorizing, recalling, and aggregating them) are likely higher than the cost of recalling a single aggregate statistic reported by aggregate information sources. Shopping is a prime example: agents draw price signals and other information that reflect only a small subset of the household consumption bundle, and one that is often especially volatile, to the point that it is excluded from standard measures monitored by central banks to gauge future inflationary pressures, such as the U.S. Core CPI.

In principle, if agents trust aggregate signals but find it less costly to gather and process local signals, they could adjust for the fact that local signals capture only a subset of the representative consumption bundle and thereby still form accurate perceptions and expectations. However, it is implausible that agents would find it cheaper to gather, process, and correct

numerous local signals for each macroeconomic variable than to read and recall a single number from aggregate information sources. Ultimately, the physical and cognitive costs of accessing aggregate signals are unlikely to be the main reason many agents rely on local information when forming their economic beliefs.

In addition, consumers might not be fully aware what overall inflation is and that information signals from local information sources are not representative of the overall distribution of signals and as such are biased signals. In fact, because some consumers focus on local signals when forming expectations, they might have lower trust in central banks and governments given that their "lived experience" does not line up with what aggregate signals suggest.

2.1 Information, Perceptions, and Expectations

Drawing signals from one's local economic environment is reminiscent of the Lucas (1975)'s islands model, whereby economic agents observe prices from their own island as signals about the aggregate price. In the Lucas islands model, though, the overall price in the economy is an average of the prices across all islands. For this reason, the distribution of price signals in each island is representative of the aggregate price distribution. In such a setting, even if agents draw signals from their own island, on average, those signals are unbiased predictors of the aggregate price.

Our taxonomy departs from Lucas (1975) by relaxing this assumption. It allows signals from local sources to not be representative of the aggregate variable's distribution. For instance, in the case of inflation, price signals observed through shopping are not necessarily representative of the aggregate price level, but only of a limited category of goods and services, such as groceries.

The contrast between aggregate and local information sources has important implications for how information acquisition shapes beliefs. In a rational inattention framework, agents for whom remaining uninformed about the economy would be costly choose to pay the cost of acquiring and processing economic signals, which allows them to form more accurate beliefs

about future macroeconomic outcomes. However, this logic should hold only if agents obtain signals from aggregate information sources. If agents rely primarily on local information sources, and the cost of remaining uninformed is sufficiently high, they may collect biased signals that lead to systematically biased aggregate beliefs.

Over time, as agents observe realizations of aggregate variables and compare them with their prior signals, standard models predict they should recognize and correct these biases. Yet, the persistence of systematic belief biases within and across countries suggests that some feature of the belief formation process limits learning. The growing global distrust in economic institutions and aggregate economic information sources we discussed in our opening quotes and motivation is a natural candidate, because if agents distrust aggregate information, they would not update their beliefs when confronted with unbiased evidence simply because they do not believe the evidence to be true.

The rest of the paper builds on this discussion using our global data on economic perceptions, beliefs, information sources, and consumers' trust in economic institutions. First, we provide descriptive evidence on the sources of economic information agents use, with a focus on the contrast between aggregate and local information sources. We then relate information sources to subjective macroeconomic perceptions and expectations to assess if agents who gather information from local sources form more systematically biased perceptions and beliefs. Third, we test whether agents gather more information and from whichever source, when it would be costlier for them to stay inattentive. Fourth, we ask whether agents' trust in the institutions that produce aggregate economic information—governments and central banks—helps explain their sorting across economic information sources. Finally, we revisit a list of correlations between demographics and beliefs documented in specific, single-country settings and populations by earlier research, and assess the extent to which these correlations are explained by differential sorting into information sources by demographics or differential processing of the same information across demographics.

3 Global Subjective Expectations Survey

We collaborated with Morning Consult, a U.S.-based market insights company that specializes in online surveys and conducts interviews around the world daily (Hajdini et al., 2024). We selected countries in the sample to represent a large share of global GDP spanning all continents and having different inflation histories, for which Morning Consult could guarantee the sampling and recruitment of representative consumer populations. Morning Consult uses a stratified sampling approach and cooperates with several panel providers to guarantee the stability of sample representativeness.[5]

We designed a survey to elicit subjective perceptions and expectations about macroeconomic variables, information sources, trust in institutions, and demographic characteristics, among other variables, homogeneously for consumers around the world. The targeted average completion time was around 15 minutes. The institutional review board (IRB) of the University of Chicago approved the survey instrument and project under protocol number IRB22-1574. All the costs related to the translations of the survey, the recruiting of respondents, the micro-data collection, and data preparation were covered by a grant from the Alfred P. Sloan Foundation.

To make the sample representative of each country's population, sampling was stratified at the country level based on a set of demographic characteristics. The survey used a total of 12-16 combinations with two groups for sex assigned at birth, three to five age groups (e.g. 18-34, 35-44, 45+), and two educational attainment levels based on college completion. The age and education threshold may vary slightly by country. To ensure the representativeness of the data by countries, the data is weighted based on demographic population targets with weighting groups based on age, gender, education level, citizenship status, and region of residence.[6]

[5]Morning Consult calculates weights using iterative post-stratification (raking) to targets from up-to-date high-quality population targets based on census estimates for age, gender, education, region, as well as race and ethnicity.

[6]The weighting targets are based on official statistical data. For some countries, the weights are based on official sub-population data or inter-governmental organizations' population estimates, depending on the availability and quality of national statistical data.

Morning Consult translated the survey into all the national languages used in a first set of 20 countries and fielded the survey on April 11, 2023. Morning Consult concluded the data collection process on May 24, 2023. Surveys' fielding times varied across countries.

The final dataset included consumers from 47 countries across all five continents, representing more than 75% of the world's population and 90% of global GDP in U.S$. For each country, the targeted sample size was 1,000 respondents,[7], with the exception of Morocco (750) and Zimbabwe (500), due to known difficulties in accessing sufficiently large online samples in those countries. Our final sample consists of 46,285 observations.

3.1 Survey Structure and Questions

Based on the available budget, the survey was designed to target an average per-respondent duration of 15 minutes, which allowed us to ask 34 questions, which is in line with other recent survey structures used in the literature (for instance, see D'Acunto et al. (2021); Coibion et al. (2022)).

The survey consisted of four parts. In the first part, we elicited respondents demographic characteristics, including their age, gender, employment status, marital status, income brackets targeted to math the income quartiles at the country level, education level, area of study (for college graduates), and household size.

The second part of the survey elicited a set of financial characteristics of the respondents' households including, among others, the availability of rainy-day funds, the value of accumulated wealth relative to the household's income, homeownership and mortgage status, and the allocation of shopping and financial decision-making authority within the household.

In the third part, respondents faced a set of questions that elicited their numerical macroeconomic perceptions and expectations. To ensure everybody was familiar with the concept of inflation and the required answer format in percent changes, we started this block with

[7]Final sample numbers vary slightly in some countries due to multiple respondents starting the survey just before the 1,000 was reached. For instance, we obtained 1,007 answers in the U.S. and 1,002 in Spain.

Question 1 *As you may know, inflation is the percentage rise in overall prices in the economy. For example, if a price increases from 10 to 11, the rate of inflation is (11-10)/10 = 10%. If a price decreases from 10 to 9, the rate of inflation is (9-10)/10 = -10%.*

and provided examples of both inflation and deflation to not prime or bias responses (Weber et al., 2022; D'Acunto et al., 2022).

For inflation perceptions and expectations elicitation, we followed standard question wordings in the literature and directly asked about inflation as in the New York Fed Survey of Consumer Expectations (see, e.g., Crump et al., 2022) rather than the price change of goods people typically purchase as in the Michigan Survey of Consumers to not bias consumers to largely think about groceries (De Bruin et al., 2011; D'Acunto et al., 2023). We elicited perceptions by asking for the point estimate of the perceived rate of inflation in the 12 months prior to the survey. For expectations of inflation over the next twelve months, we elicited the lowest possible, highest possible, and most likely rate of inflation that the respondent believed could be prevalent in their country over the 12 months after the survey. This elicitation format allows for the computation of the second moment of respondents' inflation expectations under the assumption that subjective expectations follow a simple triangular distribution, which avoids asking cognitively taxing questions such as those eliciting probability weights attached to pre-set intervals of the beliefs distribution (Guiso et al., 2002; Coibion et al., 2024; D'Acunto et al., 2025).[8] We also asked for point estimates of the expected change in average nominal wage or salary of all workers in the country and the average house price change, and interest rates in the respondent's country over the 12 months subsequent to the survey. The survey also elicited expectations about respondents' saving plans, although, contrary to macroeconomic expectations, we cannot compare these forecasts of household-level outcomes to the actual ex-post realizations, which we do not observe.

[8]We avoided asking a question based on probability distributions with pre-specified bins because, based on Morning Consult's trials, such a question would have required us to eliminate 5 other questions from the survey to maintain the average response time within the limit allowed by our budget but also because these bins would have to be set at the country level, which had complicated the comparison across countries given the response scale shapes elicited moments of inflation expectations (Becker et al., 2023; Boctor et al., 2024).

In the last part of the survey, we first elicited respondents' information acquisition by eliciting the importance of a set of non-mutually-exclusive sources of economic information for inflation based on a 4-point qualitative scale from "Not important at all" to "Very Important" including "TV," "Newspapers," or "Personal Shopping Experiences," among others as well as whether respondents thought about the prices of specific goods when answering the questions on inflation such as "eggs," "gasoline," or "rent" based on D'Acunto et al. (2021). We then used standard questions in the literature to elicit respondents' financial and numerical literacy (Lusardi and Mitchell, 2014), their risk and time preferences (Falk et al., 2018), and their trust in a set of country-level and international institutions including the central bank (Guiso et al., 2006). Finally, we asked respondents if the political party that best aligned with their political views had any roles in government at the time they were interviewed.[9]

The survey also included two attentiveness checks: one being a randomly generated basic task asking respondents to solve an addition or subtraction problem and one asked respondents about their usage of prominent social media and media sources, and included two non-existent sources.

3.2 Summary Statistics

Table 1 reports summary statistics of expectations and perceptions, demographics, use of information sources, and trust in institutions. Table 2 reports summary statistics of the demographic variables such as age, higher education, gender, financial literacy, employment status, and marital status by country.

On average, across the 46,285 survey participants, individuals perceive a prevailing inflation rate of 14.70% and expect slightly higher inflation of 15.75% over the subsequent 12 months. A right tail is present in both inflation perceptions and expectations because the median for both is 10% and average perception and expectations errors, that is, perceptions and expectations

[9]Based on the potential sensitivity of this question, we could not ask the trust and political leaning question to respondents in the following countries: Egypt, Saudi Arabia, United Arab Emirates, Morocco, People's Republic of China, Russian Federation, and Zimbabwe.

minus realized inflation at the time of the survey and twelve months later, respectively, are 4.22% and 7.36%. On average, survey participants expect house prices to increase by 4% and an average interest rate of 2.5%.

In most countries, a large percentage of respondents are in the age range of between 35 to 64 years. Bangladesh, Egypt, and India are an exception because 70% of the respondents are younger. The percentage of females in the survey is 48% and is equally balanced across countries with the exception of UAE, India, and Nigeria where they represent less than a third of the sample. Cross-sectional heterogeneity is present also in terms of education and financial literacy: in Argentina and Hungary more than 70% of survey participants understand basic financial questions, whereas in other countries, such as Canada, India, Japan, Malaysia, Saudi Arabia, and Thailand, the majority of respondents have limited financial knowledge. Also, in most countries, more than half of those surveyed are full-time employed, except for Bangladesh, Hungary, and the United States.

4 Use of Information Sources and Their Quality

We find substantial cross-sectional variation in the information sources households use both across and within countries. We isolated the eight most common sources households indicated in earlier surveys of preferences and beliefs (D'Acunto et al., 2021), and measured if respondents use them. Based on our taxonomy, three sources are aggregate—official government and central bank reports, TV, and newspapers—and five are local—utility bills, own shopping activities, family members, friends, or co-workers, work-related activities (like customers, suppliers, competitors), and social media.[10] Crucially, respondents were not aware of this taxonomy, and we presented sources to respondents in randomized order on a single screen in matrix format to minimize concerns about experimenter demand effects. Respondents re-

[10]We categorize social media as a local source because most respondents focus on discussions on grocery and utility prices on social media. In principle, social media might also provide signals about the aggregate economy through official institutional accounts and traditional media outlets' accounts (Ehrmann and Wabitsch, 2022). We will see later that social media in some respect is indeed more similar to other local information sources, whereas in other respects it mimics aggregate sources.

ported the extent to which they relied on each information source when forming perceptions and beliefs about the economy on an ordered scale from 1 to 4.

Figure 2 reports the share of respondents who declared that each of the information sources listed on the x-axis, about which we asked directly in our survey, was "Very Important" or "Somewhat Important" to them. In the rest of the paper, we refer to information sources that are deemed "Very Important" or "Somewhat Important" as information sources from which individuals gather information.

Figure 2 reveals substantial heterogeneity in the sources of economic information households use. Two sources of information about local economic environments (red bars)—utility bills and shopping activities—appear to be the most common sources and are selected by more than 80% of our respondents. At the same time, some aggregate sources (blue bars) also appear to be highly attended to. Notably, about 70% of respondents declare that they consult government reports and other official reports.

One might be concerned that some respondents overclaim their attendance to aggregate information sources, and especially official reports, due to desirability (they think survey makers would like them to gather information from those sources). Or, respondents in authoritarian countries might perceive a chance that the government observes their responses, and fear negative consequences if they do not list aggregate sources as important. This potential bias is immaterial to our results, because our conjecture has directional predictions regarding the size of biases in perceptions and beliefs: if respondents claim they use aggregate sources, which are unbiased relative to the (official) variables' realizations, but they actually do not, they would not form accurate perceptions and beliefs, thus leading us towards not detecting systematic differences in the perceptions and beliefs of respondents who declare using aggregate or local sources.

4.1 Quality of Information Sources: Economic Perceptions

We propose a direct test to assess our taxonomy about the quality of economic information from aggregate and local sources. Specifically, we correlate the use of each information source with respondents' perception bias of each macroeconomic variable we consider—the difference between the respondent's perceived level of each variable in their country over the 12 months before the survey and the actual level of such variable based on official statistics.

In Figure 3, we report graphically the results for inflation. The left panel plots the estimated coefficients for linear regressions in which the outcome variable is the ratio between respondents' perceived inflation over the 12 months before the survey and the actual inflation rate over the same period (inflation perception error, left graph) or the absolute value of this ratio (absolute inflation perception error, right graph). Note that we define errors as the ratios between perceptions and realizations to allow comparisons across countries. If we were using the level difference between these two variables, given the dramatic differences in inflation levels across countries, estimates that do not restrict the variation within countries would be difficult to interpret. In Figure 3, each bar refers to a different regression, whose right-hand side includes a dummy variable that equals 1 if the respondent declare using the specified source, and zero otherwise, as well as the full set of demographic characteristics we observe.

Figure 3 corroborates the conjecture that those who use local sources to form beliefs about macroeconomic variables form positively biased inflation perceptions relative to realizations. In contrast, the bias is economically and statistically smaller for respondents who use aggregate information sources. We detect the same pattern for the absolute value of perception errors and perceptions about house prices and interest rates.

These patterns arise in separate regressions of perception errors on each information source at a time. In Table 3, we propose multivariate specifications in which the extent of attendance to each information source by the same agent enters the same specification, in addition to observed demographic characteristics, and when allowing cross-country variation to contribute to the estimation or restricting the variation within countries by adding country fixed effects.

Columns (1)-(3) of Table 3 confirm the robustness of the patterns in Figure 3 across all specifications, and show these patterns are similarly relevant when using across-country or within-country variation in attendance to information sources.

Overall, we interpret the results on the relationship between information sources and perception errors as direct evidence that aggregate sources provide higher quality information, that is, signals about macroeconomic variables that are more informative about the aggregate distribution of such variables. In contrast, local information sources provide signals that lead agents to form excessively positively biased perceptions of aggregate macroeconomic variables.

5 Information Sources and Subjective Expectations

5.1 Use of Information Sources and Beliefs: Global Cross Section

We move on to ask if and how accessing different information sources relates to subjective macroeconomic expectations, and especially whether different sources are systematically correlated with belief biases.

Figure 5 plots the results for the three macroeconomic variables whose expectations we elicit, that is, inflation, house prices, and interest rates. For each variable, we regress numerical macroeconomic expectations on a set of dummies that equal one if the respondent attends to each information source, and zero otherwise. We also absorb the standard demographic characteristics we elicit, which include age, gender, college education, whether the respondent has an economics/finance/business degree, income groups, employment status, marital status, and household size. In the most restrictive specifications, we add country fixed effects to absorb time-invariant differences across countries, such as national economic narratives and the extent of independence of economic institutions and the press from national governments. Crucially, country fixed effects also absorb variation in country-level inflation rates to which all respondents are exposed, which allows interpreting the outcome variables as biases in perceptions and expectations, i.e., differences between the level reported by each respondent and

the realization of that variable in their country.

Starting with inflation expectations, first, we detect a dramatic difference in the numerical expectations of agents who attend to any aggregate information source relative to those who attend to any local source. On average, the inflation expectations of those who gather information from official reports are more than 3 percentage-point lower than the inflation expectations of others. Although the association between using TV or newspapers is smaller, it is still negative and economically and statistically significant. In sharp contrast, the inflation expectations of those attending to local sources are higher than those of others. This relationship is especially strong for respondents who gather information from utility bills and shopping activities, whose inflation expectations are almost 2 percentage-point higher.

The pattern we uncover for inflation expectations holds similarly for the two other macroeconomic expectations we consider. House price expectations are between 0.5 and 2 percentage-point lower for those who use aggregate sources. Conversely, they are up to 1 percentage point higher for those who use local sources. For interest rate expectations, we detect the same statistically significant associations, although the estimates sizes are lower. The differences are still economically relevant, given that the average and range of interest rate expectations are substantially lower than those of inflation expectations both within and across countries.

When we elicit the use of sources, we purposefully avoid asking respondents to rank each source so that those who use multiple sources or no sources at all can be detected: respondents can report that they attend to all sources or none or any combination in between these two extremes. For this reason, in columns (4)-(6) of Table 3, we report the estimates for specifications that include all dummies for attendance to information sources at once as right-hand-side variables.[11] Across the board, Table 3 confirms qualitatively and quantitatively the results reported in Figure 5, and supports their economic and statistical significance.

[11]The number of observations varies across columns based on the share of respondents that chose "Don't know/no opinion" when asked about attendance to each source, which we exclude from the analysis.

5.2 Use of Information Sources and Beliefs by Country

The evidence so far considers the full cross section of respondents absorbing systematic time-invariant differences across countries. An alternative way to assuage economic significance is to run regressions of expectations on the dummies for information sources separately by countries to check if the relationships in Figure 5 hold for most countries or are driven by outliers. These tests also provide direct evidence on the cross-country range and variation in the relationship between information sources and subjective expectations. Following Falk et al. (2018), we report the estimated country-level coefficients sorting countries based on the estimate value (from smaller to larger). Figures 6, A.1, and A.2 report the results for inflation rates, house prices, and interest rates, respectively. For ease of reading, in all figures, we use the shape and color of country-level estimate markers to indicate statistical significance: black circles, dark gray diamonds, and light gray triangles denote estimates for which we can reject the null below the 1%, 5%, or 10% levels, whereas white circles represent statistically insignificant estimates.

In Figure 6, the country-level regressions show that the signs of the average estimates in the full sample are largely confirmed within most countries. In Panel A, the graph reporting country-level estimates of the relationship between using official reports and inflation expectations reveals that this relationship is negative for 41 out of 47 countries. And, the estimates are significantly different from zero for the vast majority of countries. Similar patterns arise for the other aggregate sources. These specifications also show that the larger point estimate for official reports we detected in the full cross section is due to the fact that the relationship is flatter across countries for TV and newspapers than it is for official reports.

Moving on to local sources, in Panel B, we detect symmetric patterns: In this case, the estimates are positive for most countries. And, again, the range of estimate sizes is similar across countries, but the cross-sectional steepness of these relationships varies: it is steeper for sources for which we detect larger positive coefficients in the full cross section, such as utility bills and shopping activities, and flatter for others.

5.3 Intensity of Exposure to Information Sources and Beliefs

The associations discussed so far concern the extensive margin, i.e., whether agents use an information source at all. Building on earlier research, we also collected quantitative measures of how intensively respondents engage with certain local sources. Specifically, we asked how frequently they shop and encounter utility prices through visits to gas stations. The answer to this question allows us to compare expectations among respondents who all rely on these local sources for belief formation, due to potentially unobserved characteristics, but differ in the intensity with which they use them.

We report the results graphically in Figure 7, where Panel A only considers respondents who declare using own shopping activities as a source of information, and Panel B those who declare using utility bills. In each panel, the y-axis plots the average ratio of respondents' inflation expectations over ex-post realized inflation in their country, which is a direct measure of belief bias.[12] The average is computed across groups of respondents sorted on the x-axis based on the reported frequency of exposure to each source.

For both local sources, we detect a stark positive association between the intensity of exposure and the size of bias in subjective expectations within the set of respondents who all report using each source to form their beliefs.

6 Demographics and Beliefs: Differences in Belief Formation vs. Information Sources

An ideal experiment to assess if exposure to alternative information sources causally affects consumers' macroeconomic expectations would allocate access to each information source (and denial of access to the others) to consumers randomly for a certain period of time and then elicit consumers' beliefs. This ideal experiment cannot be run in our setting or other settings

[12] We use a direct measure of bias rather than level of expectations as above because these graphs do not report estimated coefficients from regression specifications, in which we can include a full set of country fixed effects like in the previous analysis.

of which we are aware.

Our setting, though, allows us to compare the relevance of sorting into information sources relative to the marginal additional effect of demographic characteristics that have been shown to predict macroeconomic expectations. Specifically, we can assess the extent to which macroeconomic beliefs appear to differ across demographic groups conditional on their sorting into alternative sources of information. If beliefs behave similarly across demographic groups conditional on the information sources they use, we would conclude that demographics might be relevant to explain sorting into information sources but not necessarily to explain how consumers in different demographic groups process the information they obtain from the same sources. This result would stress the relative importance of information sources in shaping consumers' expectations and in explaining existing evidence on the relationship between demographics and mistakes in macroeconomic expectations.

We report the results of this test graphically in Figure 10, where each Panel replicates the baseline results for the relationship between sorting into information sources and inflation expectations from Figure 5 but separately across demographic splits of our respondents.

The results show that not only qualitatively, but also quantitatively, respondents across demographic splits appear to form similar inflation expectations conditional on the information sources they attend.

This lack of variation across demographics suggests that information sources are an important driver of differences in beliefs across demographic groups, and stresses the importance of understanding what individual characteristics ultimately determine consumers' sorting into information sources. Moreover, these results have important implications for fruitful theoretical directions. In particular, information sources appear to be a first-order driver of biases in information sources, and potentially more relevant than differences in processing the same information by agents with different demographic characteristics, given that we find agents forming similarly (un)biased expectations irrespective of their demographics, once information sources are held constant.

7 Trust in Economic Institutions

Our results so far reveal that the information sources to which households attend relate systematically to the accuracy of their macroeconomic expectations. But then, what drives households' decision of which information sources to consider?

As we discussed in the introduction and the opening quotes, in this section, we consider a potential driver of information source choice that we uniquely measure at the household level in our survey: the extent to which households trust the public economic institutions in their countries, which are responsible for producing aggregate economic information, and can influence macroeconomic variables through their policy actions. Specifically, our survey elicits separately respondents' trust in their central bank and in their government.[13] We compute the first principal component of the two variables as a measure of respondents' trust in the economic institutions that are active in their countries.

In Figure 8, we describe the variation in the estimates of linear regressions of the dummy for whether the respondent sorts into each economic information source on her trust in central banks and government run separately by country level after sorting the coefficients estimates from the smallest to the largest. In Panel A, we can see that respondents' trust in their government and central bank is strongly positively correlated with their willingness to attend to official reports as a source of economic information: the estimated associations are positive for all countries and statistically significant for all but one of the countries in our sample. Similarly, respondents who trust their government and central bank more are more likely than others to sort into newspapers and TV as sources of economic information, even if in this case the size of the estimated associations are smaller and in some cases not statistically different from zero. Moving on to local economic sources, Panel B of Figure 8 shows the opposite pattern for most countries in our sample: higher trust in governments and central banks correlates with lower attendance to local economic environments as sources of information about the economy

[13] We were not able to ask questions about trust in national governments in Egypt, Saudi Arabia, United Arab Emirates, Morocco, People's Republic of China, Russian Federation, and Zimbabwe. For this reason, these countries are excluded from the analysis in this section.

in most countries in our sample. For these sources, statistical significance is a bit more sparse for more countries but the pattern is consistent across economic sources.

Ultimately, we want to assess if trust in economic institutions does help us understand the emergence of perception and expectations biases based on these patterns of sorting into alternative information sources. We ask this question first univariately in Figure 9. The top panels are binscatter plots of agents' inflation perception bias (left) and inflation expectations bias (right) against their level of distrust in their country's central bank and government. We detect a strong positive correlation between distrust and both biases. The bottom panels of Figure 9 reveal that higher distrust shifts the whole distribution of perception and expectations biases to the right.

Because we do not have any sources of quasi-exogenous variation in trust in economic institutions at the global level in our single cross-section, to support of our interpretation, we propose a falsification test whereby we consider two other forms of trust in economic institutions that are neither responsible for producing a country's aggregate economic information nor for implementing policies that can actively interfere with the realization of macroeconomic variables, namely, a country's business and corporations and a country's stock market. Intuitively, trust in public economic institutions and in these other private economic institutions both capture households' general attitudes towards the economic system in their countries, but only trust in public economic institutions should capture households' trust in aggregate economic information, which is what we aim to isolate. Moreover, in our survey, we asked agents whether their preferred political party is in power in their country or is part of the coalition that runs their government at the time of the survey, which helps us disentangle general political preferences from distrust in economic institutions.

We add these forms of distrust as covariates in multivariate specifications in which we regress individual-level perception and expectations biases on the demographic controls we observe, with or without restricting the variation within countries. Table 4 reports the estimates, which reveal two relevant patterns. First, we confirm that the association between distrust in economic institutions and both forms of biases is economically and statistically significant

even after absorbing variation in trust in private economic institutions, political preferences, as well as demographic characteristics. Interestingly, the size of this association is similar both within and across countries, indicating that variation in distrust across agents operating within the same economies, and not fully captured by observed demographics, is a key driver of the univariate relationship. Second, we find that distrust in other institutions as well as political preferences actually have barely any explanatory power for perception biases, and especially expectations biases, which further supports our interpretation of the results.

7.1 Trust in Economic Institutions and Past Economic Conditions

Our analysis so far has considered distrust in economic institutions as an independent variable, and assessed its empirical relationship with agents' choice of economic information sources and their perception and expectations biases. At the same time, trust in economic institutions is an endogenous variable that might depend on many observed and unobserved individual and country-level characteristics.

The results in the previous section suggest that the demographic characteristics we observe do not fully capture the variation in trust across agents, nor do country-level time-invariant characteristics, given that our estimated associations survive when restricting the variation within countries. Unfortunately, by construction, we cannot study which demographic or other agent-level characteristics that are unobserved in our setting shape agents' trust in economic institutions. Answering this question, which we leave for future research, is important to inform the microfoundations of models that incorporate trust in economic institutions and the consequential quality of the economic information agents use to form beliefs in otherwise standard rational inattention frameworks.

What our setting allows studying, which we find equally important, is whether trust is correlated with a country's past macroeconomic conditions, and hence whether and which macroeconomic realizations might predict a population's subsequent trust in their country's economic institutions, thus the quality of the information they use to form perceptions and

beliefs, and, ultimately, their accuracy. Past macroeconomic realizations are the same for all agents in a country, and hence, based on our previous results, cannot explain the whole variation in trust across agents and its relationship with perceptions and beliefs in full. Isolating the potential role of such realizations, though, could allow defining policy interventions or targeted communication strategies that aim to, at least in part, foster trust in economic institutions.

Specifically, we consider two dimensions of past macroeconomic realizations—the average rate of inflation in each country over a long period before the survey (first moment) and its standard deviation (second moment). Intuitively, we aim to assess empirically whether agents might distrust the economic institutions of their country more after prolonged periods of consistently unstable macroeconomic conditions and/or after periods of highly volatile macroeconomic conditions.

We report the results for these tests in Table 5, whose columns regress agents' distrust in economic institutions on their country's average inflation rate over the previous 10 years (column (1)), the 10-year standard deviation in inflation rates (column (2)), both variables at once (column (3)), and the coefficient of variation, defined as the ratio between standard deviation and average realizations (column (4)). All specifications include the demographic characteristics we observe.[14]

Table 5 reveals two striking patterns. First, a country's average past level of inflation per se appears unrelated to the distrust of local agents in their economic institutions. This is apparent from the fact that the association is economically negligible and statistically insignificant irrespective of whether average inflation enters the specification alone or together with the standard deviation of inflation. Second, and in sharp contrast, a higher standard deviation of past inflation rates is positively associated with distrust in economic institutions, and both economically and statistically significant. And, this relationship is robust and similar in magnitude and statistical significance when average inflation and standard deviation—which are positively correlated—enter the same specification. We further confirm these patterns when

[14] All three macroeconomic realizations are invariant within countries, so we cannot run these specifications within countries.

finding that the coefficient of variation of past inflation rates is positively associated with distrust in economic institutions.

Overall, our results suggest that a past history of high inflation per se does not appear to lead to higher distrust in a country's economic institutions. Rather, it is a high volatility of macroeconomic conditions that leads to higher average distrust by agents in their countries' economic institutions.

8 Conclusions

Using novel data on 47,000 consumers across 47 countries representing 90% of global GDP, we document facts that can help us understand why consumers' macroeconomic beliefs are systematically biased—a regularity that has been documented across space and over time, but that standard rational-inattention frameworks can barely explain.

We find that, even when paying the cost to access economic information, not all consumers obtain accurate signals that are representative of the distribution of macroeconomic variables because many consumers seek information from their local economic environments–utility bills, shopping, family & friends, and social media rather than gathering information from aggregate sources such as official reports by governments and central banks or traditional media. Agents who sort into local information sources end up forming biased macroeconomic perceptions and beliefs. We find that consumers' trust in economic institutions—governments and central banks—which produce aggregate economic information is an important driver of this phenomenon. Our setting does not allow identifying all the individual-level determinants of trust in economic institutions, which we leave for future research and is important to design realistic microfoundations of models of macroeconomic beliefs formation. At the same time, we find that trust is lower in countries that witnessed more volatile medium-term macroeconomic conditions, rather than countries in which past macroeconomic realizations were unfavorable but stable.

The facts we document can inspire evidence-driven adaptations of the rational-inattention

framework that could allow this framework to not only account for the cross-sectional dispersion in consumers' macroeconomic expectations but also for their systematic bias. For instance, models could allow for two or more signals that consumers can choose to observe, whose accuracy varies. Crucially, even if the cost consumers need to pay to observe different signals is similar, consumers' trust in the source that produces such signals should feature as a driver of their willingness to observe them. One way to capture trust in the source of the signal could be via the perceived precision of the signal. Our results on trust stress an important role of increasing the broader public's trust in economic institutions through direct communication and reaching out to consumers (D'Acunto et al., 2021): higher trust leads consumers to sort more into aggregate economic information sources when forming their macroeconomic beliefs, and hence to make choices that enhance the effectiveness of fiscal and monetary policy (D'Acunto et al., 2021).

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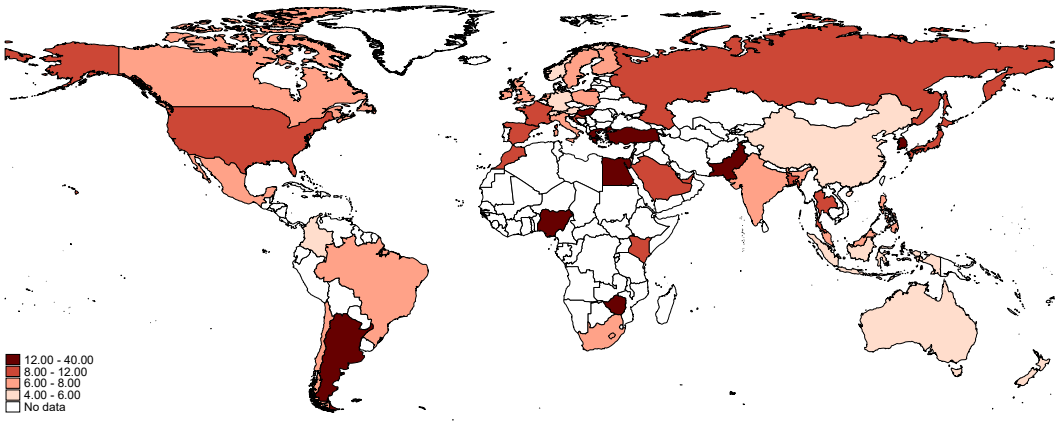
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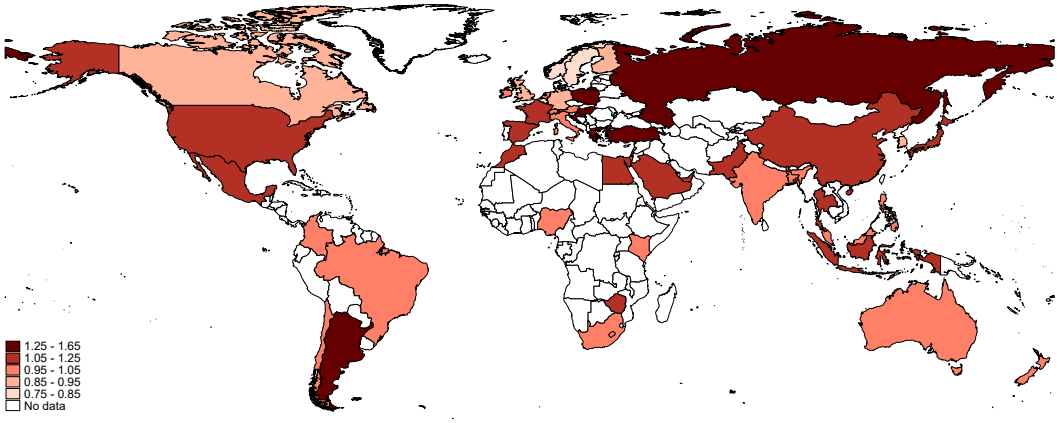
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Figure 1: **Macroeconomic Perception Errors and Economic Information Sources Around the World**

Panel A. Average Inflation Perception Error

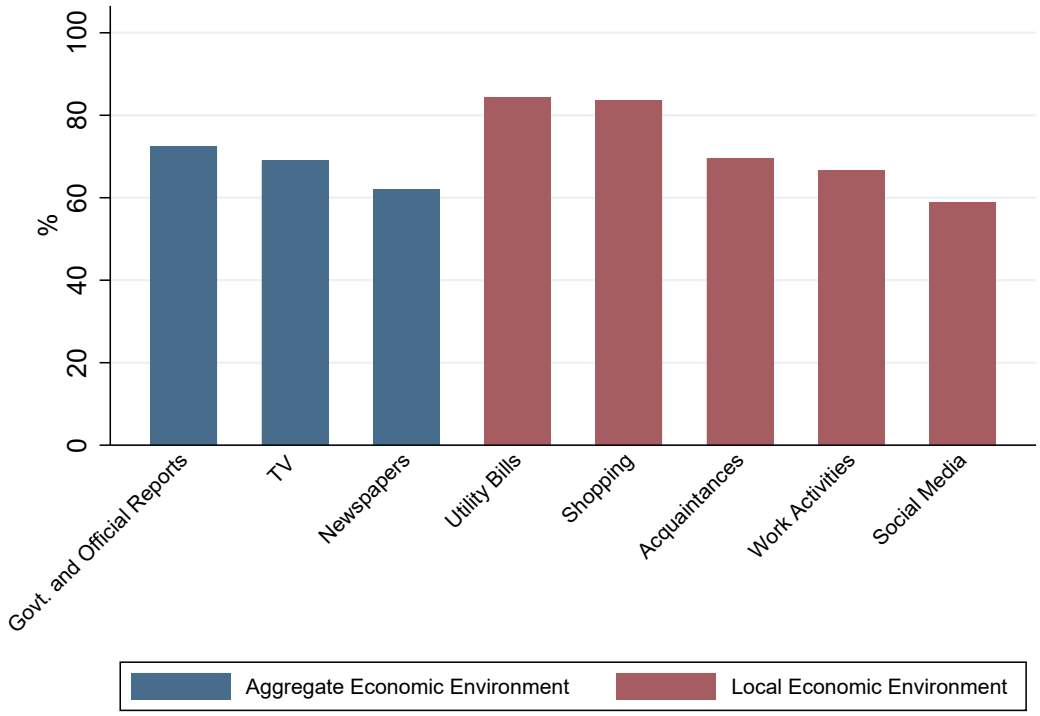


Panel B. Ratio Use of Local vs. Aggregate Economic Information Sources



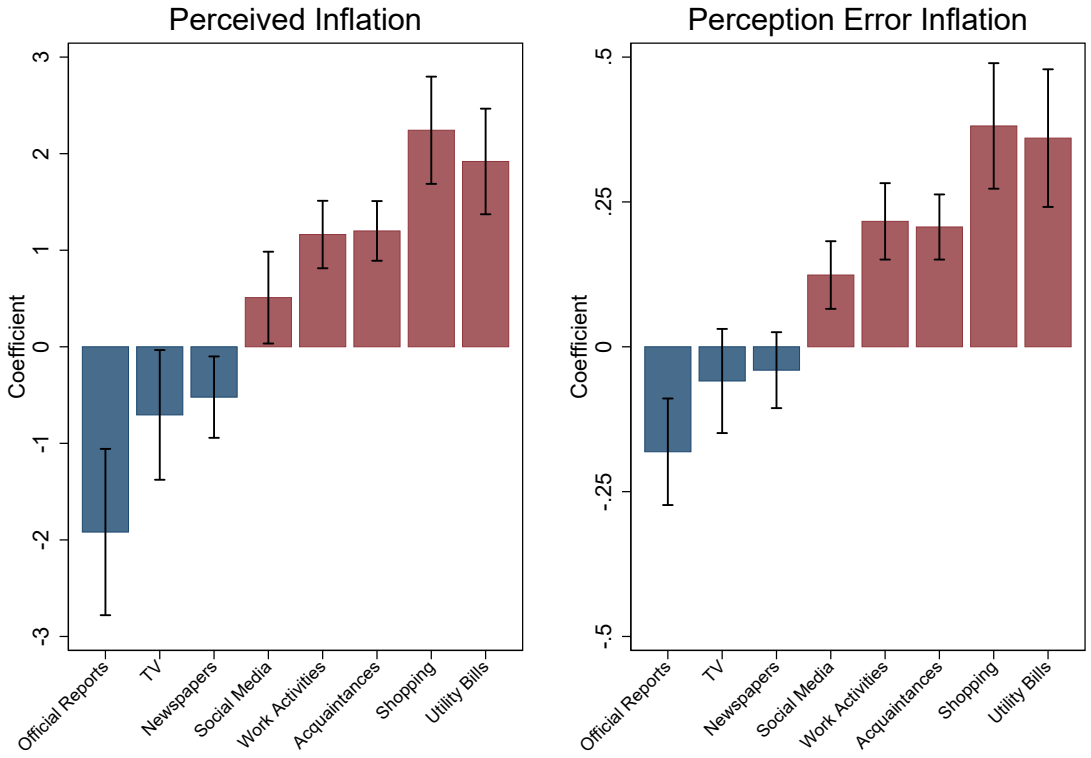
Notes: This map plots the country-level averages of the absolute inflation perception error (top map) and the ratio between the country-level respondents who attend to local economic information sources over those attending to aggregate economic information sources (bottom map) based on 46,285 respondents across 47 countries in the *Global Inflation Expectations Survey* conducted in April/May 2023. The respondents were asked to provide the perceived inflation in their country in the previous 12-month period within -1000 and 1000. Absolute inflation perception error is the absolute value of perceived inflation minus actual inflation in April 2023, which is is winsorized at 5-95 levels.

Figure 2: **Distribution of Use of Aggregate vs. Local Economic Information Sources**



Notes. This figure plots the reported importance of different information sources for the formation of inflation expectations based on the survey responses of 46,285 respondents representative of the households across 47 countries in April/May 2023. *Global Subjective Inflation Expectations Survey.*

Figure 3: **Quality of Information Sources: Inflation Perceptions**

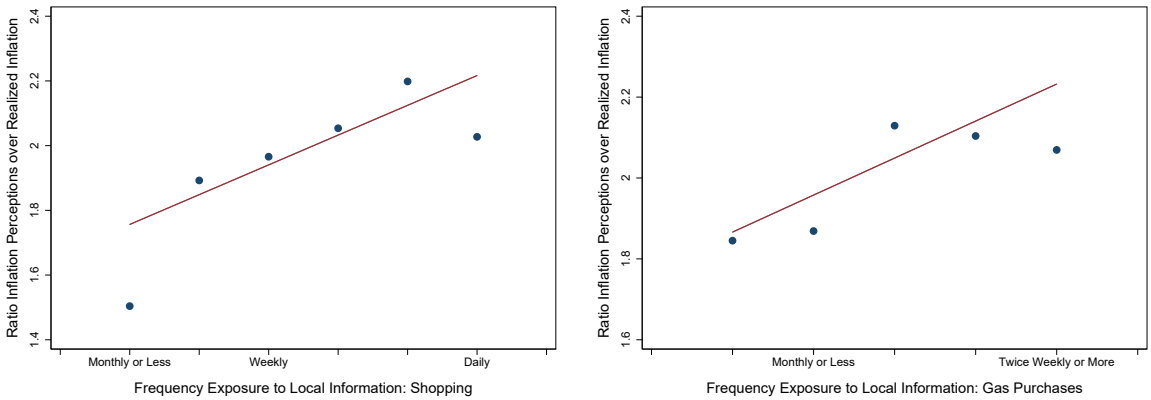


Notes: Each bar in each panel reports an estimated coefficient $\hat{\beta}$ and relative 95% confidence interval from the following specification:

$$Perception\ Inflation_i = \alpha + \beta Information\ Source_k + X_i'\delta + \eta_c + \epsilon i, \tag{1}$$

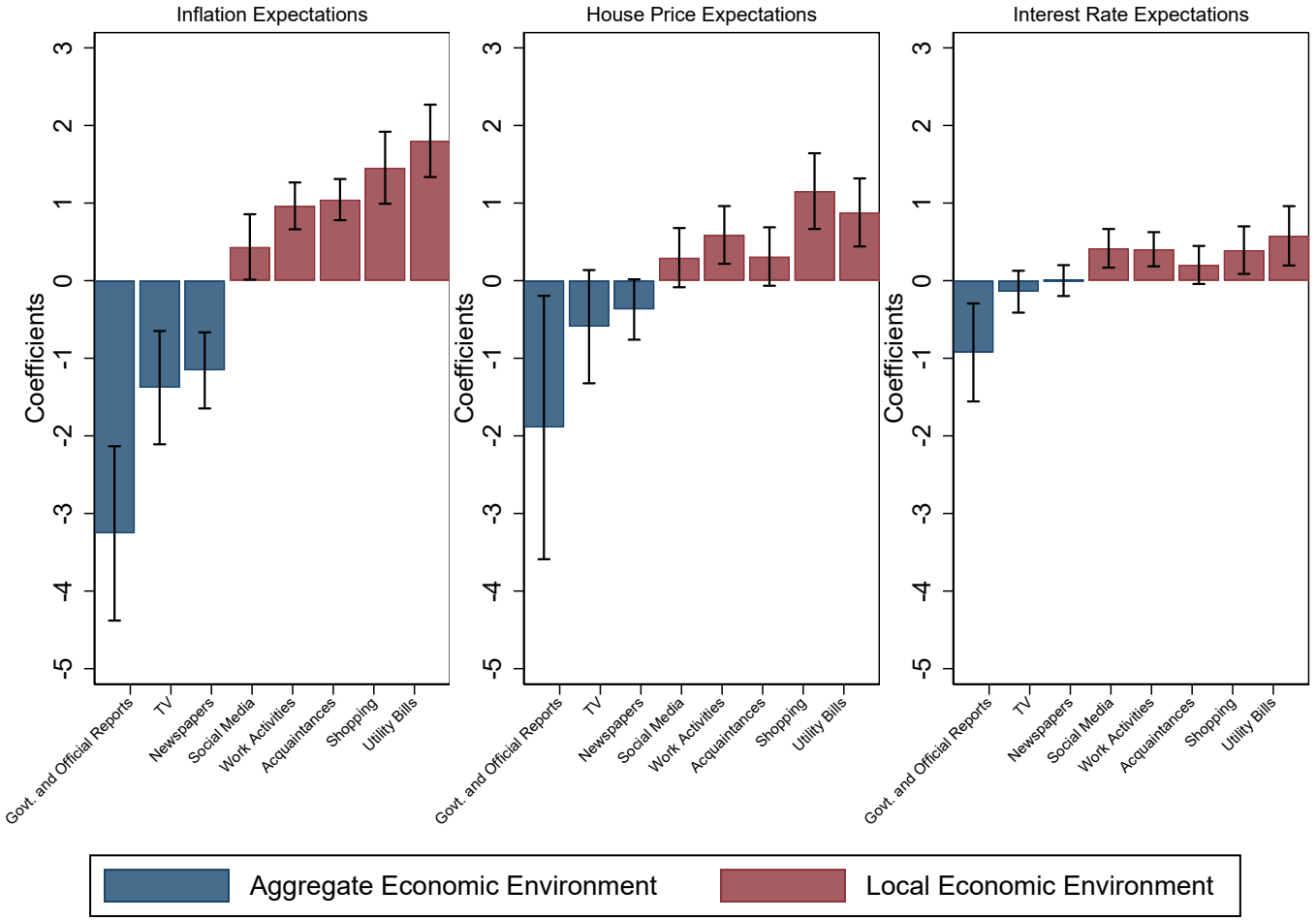
where $Perception\ Inflation_i$ is respondent's i numerical inflation perception in their country over the 12 months before the interview in the left panel, and the perception error for inflation (computed as the ratio between i's numerical inflation perception and the actual realized inflation from official statistics obtained from the OECD or national statistics office of the respective countries) over the 12 months before the interview in the right panel. Inflation perceptions data are from the *Global Inflation Expectations Survey* that surveyed 46,285 respondents conducted in April/May 2023. Each bar refers to the coefficient β estimated in separate regressions run for each information source k at a time, $Information\ Source_k$, which is a dummy that equals 1 if the respondent declares that source k is "Very Important" or "Somewhat Important" for the formation of their subjective expectations, and zero otherwise. Demographic controls X_i include dummy variables for respondents' gender, financial literacy, risk tolerance, numeracy, impulsiveness, patience, expertise with financial decisions, grocery shopping frequency, gas purchase frequency, and ability to cover sudden liquidity shocks; η_c are a full set of country fixed effects (note that for the perception error for inflation, the realized official value is the same for all respondents in the same country). Inflation perception and the perception error for inflation are winsorized at 5-95% level.

Figure 4: **Intensity of Exposure to Local Information Sources and Perception Errors**



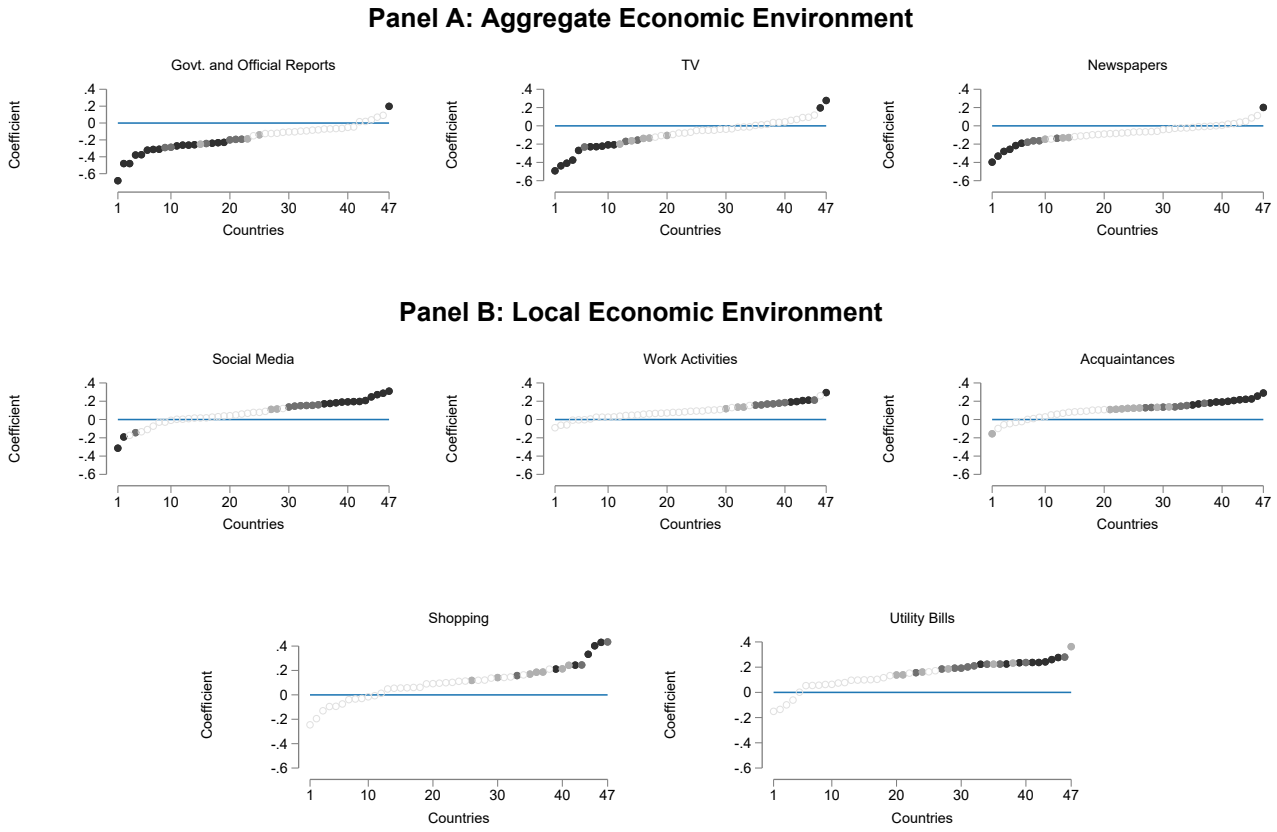
Notes: The y-axis plots the average ratio between numerical inflation perceptions and realized inflation for each group of survey respondents based on the frequency of exposure to the two local information sources for which we have data—grocery prices via shopping (left graph) and utilities prices via gas station visits. Realized inflation data is from OECD or national statistics office or the central banks of respective countries. Continuous variables are winsorized at 5-95 levels. The data is from the *Global Inflation Expectations Survey* that surveyed 46,285 respondents conducted in April/May 2023.

Figure 5: **Information Sources and Subjective Expectations**



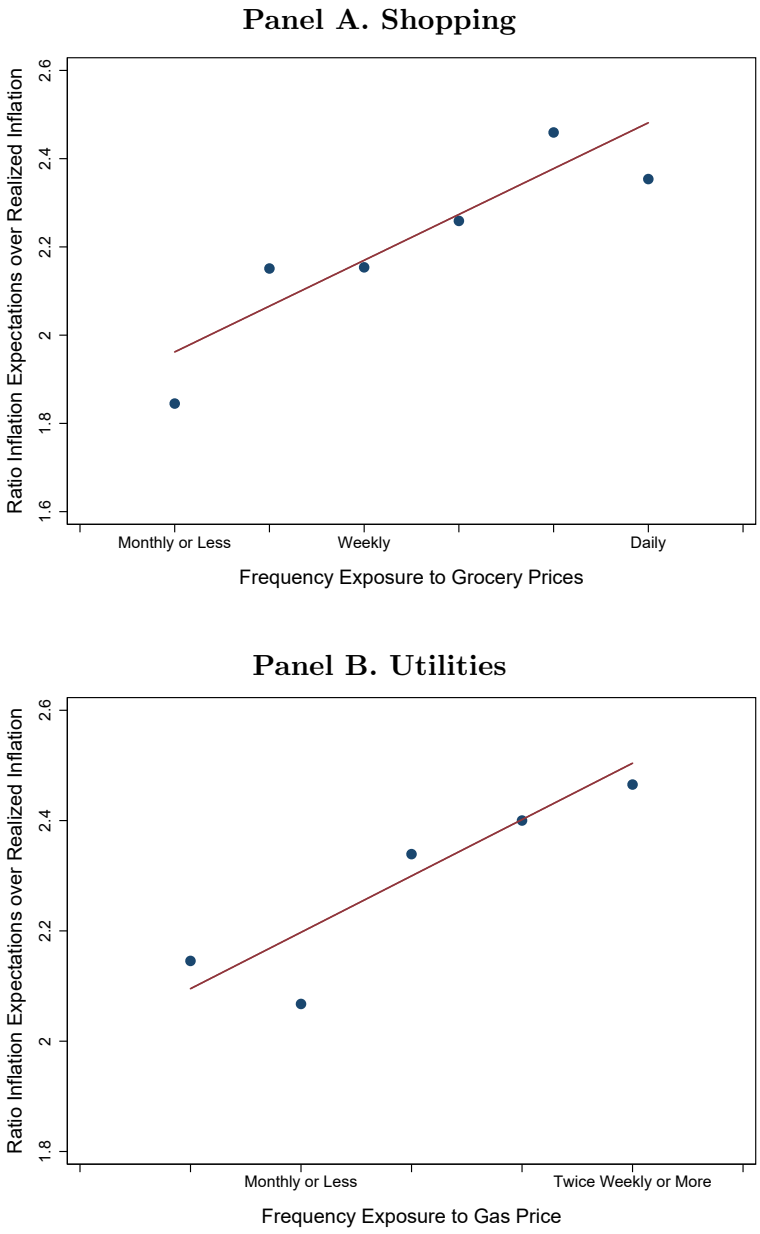
Notes: In this figure, we regress macroeconomic expectations (Inflation Expectations, House Price Expectations, and Interest Rate Expectations) on each information source (1 if the responses fall under "Very Important" and "Somewhat Important" category; 0 if otherwise. "Don't know/no opinion" responses were deemed as missing values) with country FE and demographic controls. The coefficient from each information source is plotted in this figure. Most likely inflation expectations is winsorized at (5-95) levels; house price and interest rate expectations are winsorized at (1-99) levels. The data is elicited from 46,285 respondents in the *Global Inflation Expectations Survey* conducted in April/May 2023.

Figure 6: **Information Sources and Subjective Expectations by Country**



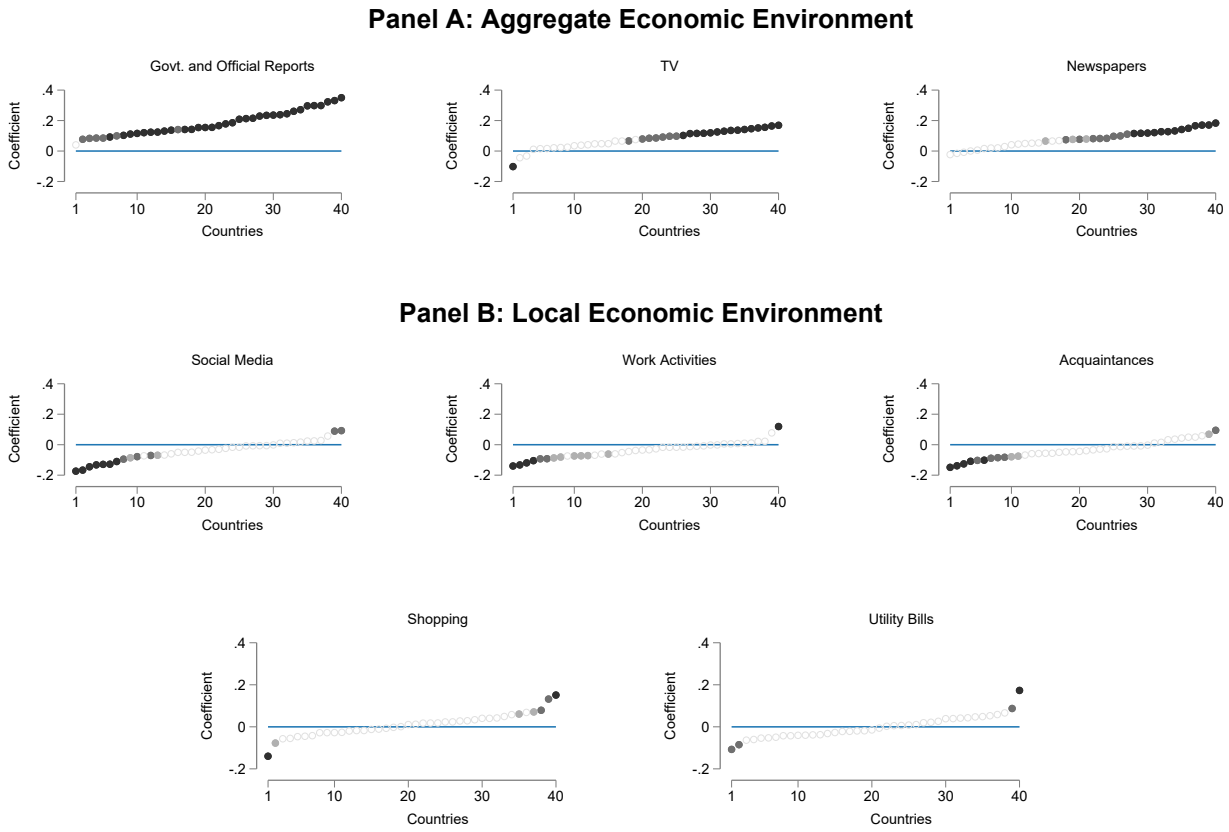
Notes: For each country, the respondent-level 12-month-ahead inflation point forecast is regressed on each of the dummies for whether the respondent sort into an information source. The coefficient estimates for each country-level regression are plotted in order of size from the smallest to the largest. To allow comparison across countries, expectations have been standardized (z-scores) within each country before running each regression. Hollow circles denote countries for which the estimate is not statistically different from 0 at the 10% level. Darker Grey solid circles, Light Grey solid circles, and Lighter Grey solid circles denote country-level estimates that are significant at 1%, 5%, and 10% levels. The information source variable is a dummy (1 if the source is "Very Important" or "Somewhat Important" to the respondent, and 0 otherwise. "Don't know/no opinion" responses were treated as missing values). Expectations are winsorized at 5-95 levels.The responses were elicited from 46,285 respondents in the *Global Inflation Expectations Survey* conducted in April/May 2023 across 47 countries.

Figure 7: **Intensity of Use of Local Information Sources and Subjective Expectations**



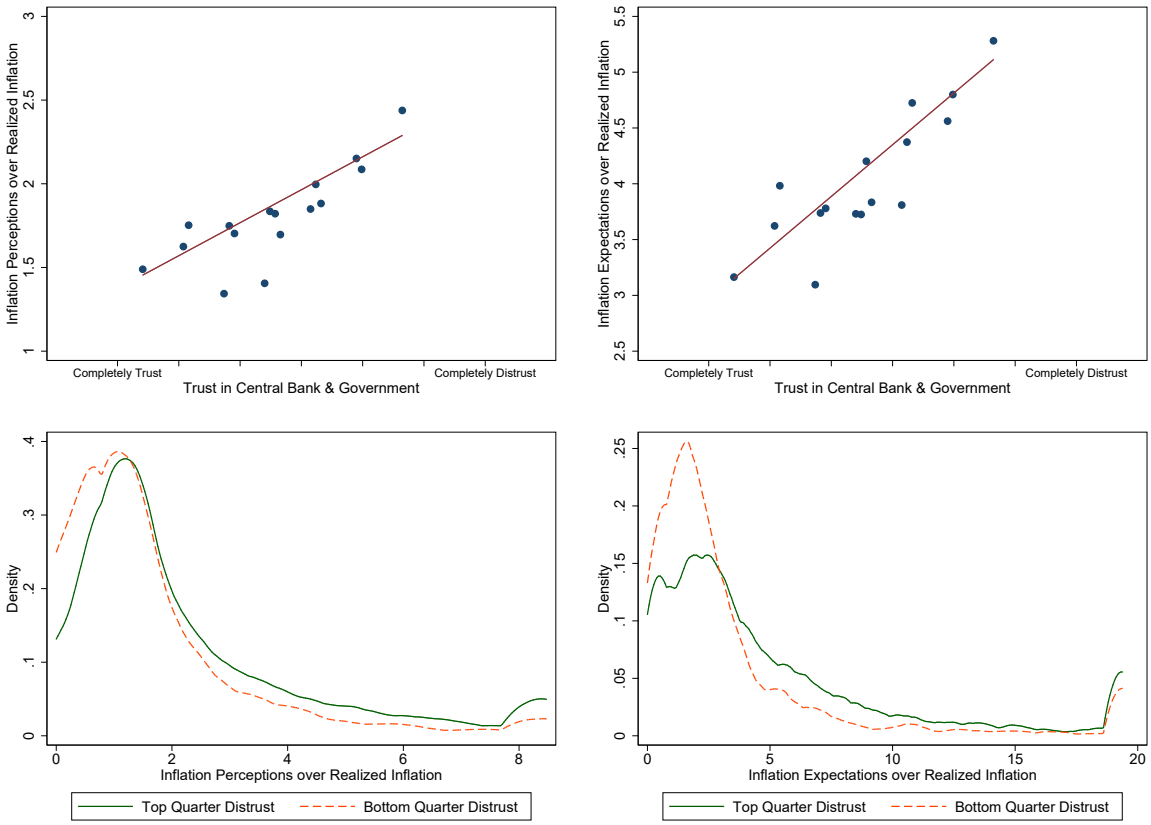
Notes: The y-axis plots the average ratio between numerical inflation expectations and ex-post realized inflation for each group of survey respondents based on the frequency of exposure to the two local information sources for which we have data—grocery prices via shopping (left graph) and utilities prices via gas station visits. Realized inflation data is from OECD or national statistics office or the central banks of respective countries. Continuous variables are winsorized at 5-95 levels. The data is from the *Global Inflation Expectations Survey* that surveyed 46,285 respondents conducted in April/May 2023.

Figure 8: **Trust in Economic Institutions and Sorting into Information Sources**



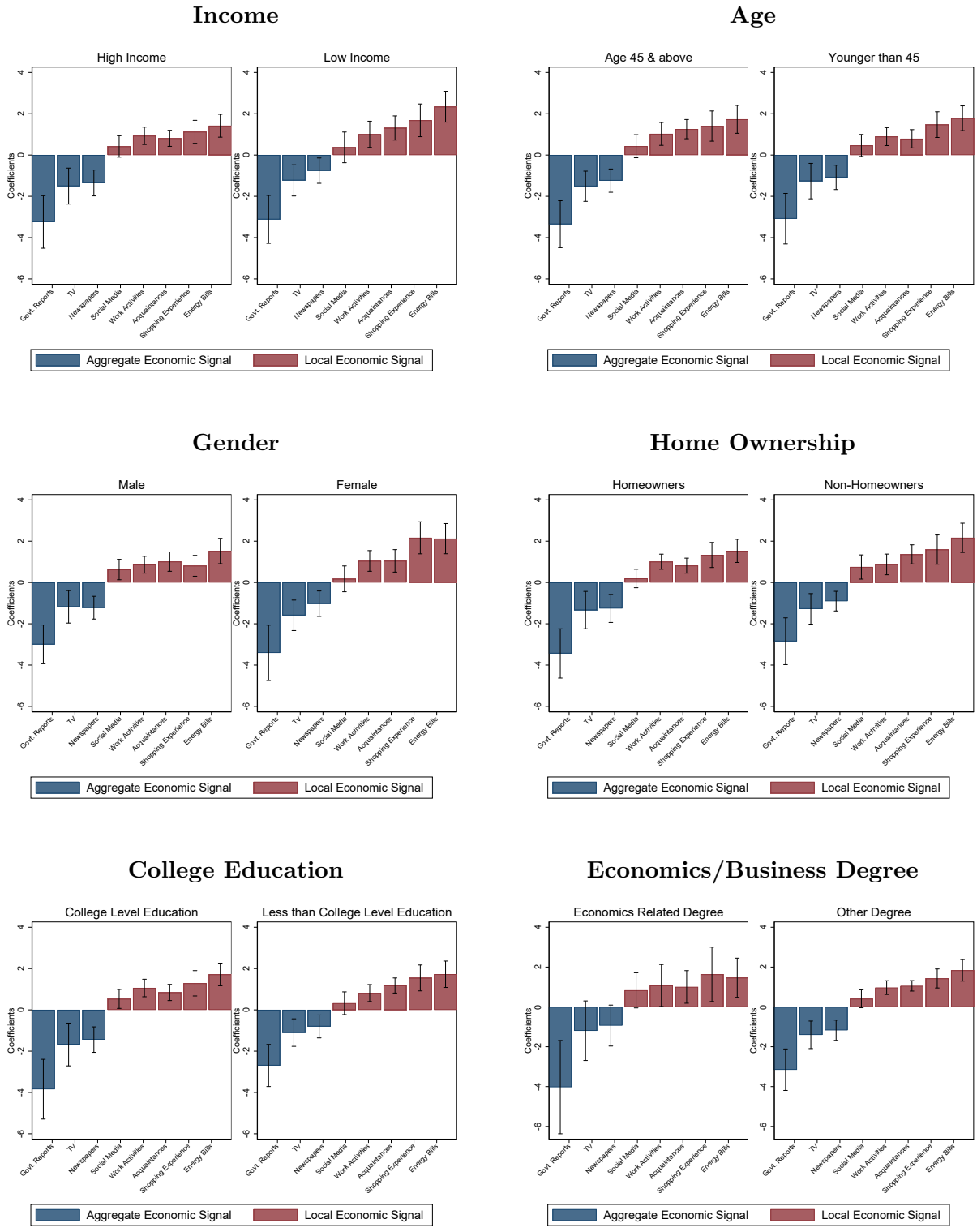
Notes: For each country, each information source is regressed on the principal component of trust in central bank/government and principal component of trust in other institutions. The coefficients of the principal component of trust in central bank/government are plotted here by country. In order to compare across all countries, responses for each information source have been standardized (z-scores) within each country before the regression.Hollow circles denote countries for which the estimate is not statistically different from 0 at the 10% level. Darker Grey solid circles, Light Grey solid circles, and Lighter Grey solid circles denote country-level estimates that are significant at 1%, 5%, and 10% levels. The responses were elicited from 46,285 respondents in the *Global Inflation Expectations Survey* conducted in April/May 2023 for countries. PC was predicted based on the trust variable (1 if the respondents reported they repose "A lot" or "Some" trust; 0 if otherwise;"Don't know/no opinion" responses were deemed as missing). The information source variable is a dummy (1 if the responses fall under "Very Important" and "Somewhat Important" category; 0 if otherwise. "Don't know/no opinion" responses were deemed as missing values). We do not have data on trust in government from 7 countries – Egypt, Saudi Arabia, UAE, Morocco, China, Russia, and Zimbabwe.

Figure 9: **Inflation Perception and Expectation Errors by Trust in Economic Institutions**



Notes:

Figure 10: **Information Sources and Subjective Expectations: (Lack of) Variation by Demographics**



Notes: For this figure, we regress the most likely inflation expectations on each information source (1 if the responses fall under "Very Important" and "Somewhat Important" category; 0 if otherwise. "Don't know/no opinion" responses were deemed as missing values) with country FE and demographic controls (except if used for the split). The coefficient from each information source is plotted in this figure. The data is elicited from 46,285 respondents in the Global Inflation Expectations Survey conducted in April/May 2023.

Table 1: **Summary Statistics: Macroeconomic Expectations and Perceptions**

Variables	Mean	Std. Dev.	p5	p25	p50	p75	p95	N
Panel A Expectations/Perceptions:								
Mostly Likely Inflation Expectations	15.51	17.46	0.00	5.00	10.00	17.00	70.00	46,285
Minimum Inflation Expectations	10.40	12.28	0.00	3.00	7.00	10.00	50.00	46,284
Maximum Inflation Expectations	21.47	24.78	0.00	8.00	12.00	25.00	100.00	46,284
Average Inflation Expectations	15.75	17.35	0.00	5.50	10.00	17.50	70.00	46,284
Range of Inflation Expectations	9.89	13.02	0.00	2.00	5.00	10.00	50.00	46,284
Inflation Perception (Past 12-month period)	14.70	17.20	0.00	5.00	10.00	16.20	70.00	46,285
Inflation Perception Error	4.22	13.09	-20.60	-2.57	1.88	7.78	40.09	46,285
Absolute Inflation Perception Error	10.00	12.19	0.30	2.10	5.09	12.22	45.90	46,285
Inflation Expectations Error	7.39	14.33	-22.50	1.10	5.27	11.40	46.20	46,285
House Price Expectations	4.02	8.99	-10.00	0.00	0.00	6.00	30.00	46,285
Interest Rate Expectations	2.48	5.31	-3.00	0.00	0.00	3.00	20.00	46,285
Average Historical 10-year Inflation Rate	4.06	4.34	0.69	1.51	2.31	4.49	18.37	46,285
Average Historical 20-year Inflation Rate	4.23	3.58	1.41	1.85	2.38	5.02	14.09	46,285
Panel B Demographic Characteristics:								
Age (18 - 34)	0.39	0.49	0.00	0.00	0.00	1.00	1.00	46,285
Age (35 - 44)	0.20	0.40	0.00	0.00	0.00	0.00	1.00	46,285
Age (45 - 64)	0.31	0.46	0.00	0.00	0.00	1.00	1.00	46,285
Age (65+)	0.10	0.30	0.00	0.00	0.00	0.00	0.00	46,285
Female	0.48	0.50	0.00	0.00	0.00	1.00	1.00	46,285
Employment	0.65	0.48	0.00	0.00	1.00	1.00	1.00	46,285
College Education	0.49	0.50	0.00	0.00	0.00	1.00	1.00	46,285
Economics/Business/Finance Degrees	0.12	0.32	0.00	0.00	0.00	0.00	1.00	46,285
Married	0.57	0.50	0.00	0.00	1.00	1.00	1.00	46,285
Household Size	3.90	1.43	2.00	3.00	4.00	5.00	6.00	46,285
High Income	0.60	0.49	0.00	0.00	1.00	1.00	1.00	46,285
Panel C Information Sources:								
Govt. and Official Reports	0.78	0.41	0.00	1.00	1.00	1.00	1.00	42,900
TV	0.73	0.44	0.00	0.00	1.00	1.00	1.00	43,513
Newspapers	0.68	0.47	0.00	0.00	1.00	1.00	1.00	42,064
Social Media	0.63	0.48	0.00	0.00	1.00	1.00	1.00	43,203
Work Activities	0.77	0.42	0.00	1.00	1.00	1.00	1.00	40,257
Acquaintances	0.74	0.44	0.00	0.00	1.00	1.00	1.00	43,400
Shopping	0.88	0.32	0.00	1.00	1.00	1.00	1.00	43,826
Utility Bills	0.89	0.31	0.00	1.00	1.00	1.00	1.00	43,642
Panel D Trust in Government/Central Bank:								
Principal Component of Trust in Govt./Central Bank	0.00	1.22	-1.43	-1.43	-0.01	1.42	1.42	36,779

Notes: This table summarizes the respondents' expectations and perceptions, demographic characteristics, importance of information sources, and trust reposed by the respondents in Government/Central bank elicited from 46,285 respondents across 47 countries in the *Global Subjective Inflation Expectations Survey* conducted in April/May 2023.

Table 2: **Summary Statistics: Demographic Variables by Country**

	AR	AT	AU	BD	BR	CA	CL	CN	CO	DE	EG	FI	FR	GR	HR	HU
Age: 18-34	0.37	0.26	0.27	0.79	0.44	0.26	0.35	0.51	0.53	0.25	0.76	0.27	0.25	0.24	0.26	0.25
Age: 35-44	0.22	0.16	0.22	0.15	0.22	0.19	0.18	0.19	0.24	0.21	0.15	0.19	0.21	0.19	0.18	0.18
Age: 45-64	0.34	0.35	0.33	0.06	0.29	0.33	0.41	0.26	0.22	0.43	0.09	0.39	0.42	0.36	0.35	0.33
Age: 65+	0.08	0.23	0.17	0.01	0.04	0.21	0.06	0.04	0.01	0.11	0.00	0.15	0.11	0.20	0.21	0.24
College Education	0.40	0.21	0.46	0.52	0.51	0.86	0.68	0.50	0.51	0.32	0.76	0.40	0.25	0.52	0.46	0.22
Female	0.52	0.51	0.50	0.24	0.51	0.52	0.51	0.46	0.51	0.53	0.39	0.51	0.55	0.48	0.50	0.53
Financial Literacy	0.75	0.59	0.48	0.45	0.55	0.60	0.63	0.19	0.58	0.55	0.35	0.52	0.54	0.55	0.69	0.75
Full-time Employment	0.76	0.51	0.57	0.44	0.81	0.64	0.69	0.86	0.72	0.60	0.75	0.60	0.62	0.60	0.48	0.48
Married	0.56	0.50	0.55	0.43	0.62	0.53	0.50	0.72	0.55	0.50	0.62	0.54	0.60	0.63	0.62	0.59

	ID	IE	IL	IN	IT	JP	KE	MA	MX	MY	NG	NL	NO	NZ	PH	PK
Age: 18-34	0.63	0.28	0.35	0.78	0.25	0.21	0.57	0.43	0.49	0.45	0.60	0.29	0.30	0.34	0.61	0.64
Age: 35-44	0.21	0.21	0.19	0.09	0.19	0.17	0.24	0.31	0.21	0.20	0.21	0.17	0.17	0.14	0.21	0.19
Age: 45-64	0.15	0.33	0.39	0.12	0.45	0.50	0.13	0.23	0.26	0.33	0.18	0.34	0.33	0.33	0.17	0.16
Age: 65+	0.00	0.19	0.07	0.01	0.11	0.11	0.06	0.02	0.04	0.02	0.01	0.20	0.20	0.19	0.01	0.01
College Education	0.49	0.42	0.53	0.64	0.22	0.47	0.44	0.53	0.77	0.55	0.73	0.36	0.45	0.31	0.60	0.42
Female	0.47	0.51	0.51	0.33	0.51	0.48	0.51	0.51	0.53	0.48	0.32	0.49	0.49	0.52	0.55	0.35
Financial Literacy	0.23	0.47	0.51	0.25	0.43	0.38	0.41	0.37	0.51	0.48	0.41	0.59	0.51	0.58	0.38	0.38
Full-time Employment	0.70	0.60	0.74	0.73	0.61	0.65	0.71	0.61	0.76	0.73	0.80	0.60	0.55	0.60	0.68	0.52
Married	0.53	0.62	0.58	0.48	0.63	0.59	0.53	0.50	0.61	0.53	0.47	0.60	0.55	0.60	0.49	0.56

	AE	CH	ES	GB	KR	PL	RU	SA	SE	SG	TH	TR	US	ZA	ZW	Total
Age: 18-34	0.27	0.27	0.26	0.27	0.33	0.27	0.37	0.47	0.30	0.29	0.35	0.37	0.27	0.50	0.60	0.34
Age: 35-44	0.38	0.17	0.22	0.22	0.24	0.20	0.18	0.23	0.19	0.17	0.23	0.21	0.19	0.32	0.22	0.22
Age: 45-64	0.34	0.34	0.45	0.42	0.34	0.32	0.34	0.29	0.34	0.41	0.39	0.42	0.31	0.15	0.17	0.34
Age: 65+	0.01	0.21	0.06	0.10	0.09	0.22	0.10	0.00	0.17	0.13	0.02	0.01	0.23	0.02	0.00	0.10
College Education	0.81	0.27	0.38	0.43	0.67	0.36	0.49	0.61	0.21	0.53	0.69	0.66	0.37	0.34	0.61	0.49
Female	0.24	0.49	0.50	0.54	0.47	0.52	0.51	0.39	0.49	0.51	0.51	0.50	0.52	0.51	0.50	0.48
Financial Literacy	0.35	0.44	0.54	0.52	0.65	0.62	0.62	0.32	0.50	0.52	0.32	0.67	0.44	0.47	0.51	0.50
Full-time Employment	0.89	0.62	0.69	0.61	0.68	0.52	0.57	0.67	0.60	0.78	0.79	0.70	0.46	0.69	0.65	0.66
Married	0.81	0.51	0.59	0.57	0.55	0.65	0.62	0.69	0.52	0.60	0.50	0.70	0.49	0.46	0.41	0.58

Notes: This table summarizes the demographics elicited from 46,285 respondents across 47 countries from the *Global Subjective Inflation Expectations Survey* conducted in April/May 2023.

Table 3: **Information Sources, Perceptions, and Expectations**

	(1)	(2)	(3)	(4)	(5)	(6)
	Perception Error			**Expectation Error**		
	$\frac{Inflation\ Perceptions_t}{Realized\ Inflation_t}$			$\frac{Inflation\ Expectations_t}{Realized\ Inflation_{t+1}}$		
Aggregate Sources						
Govt. & Official Reports	-0.33***	-0.31***	-0.28***	-0.57**	-0.46**	-0.50***
	(0.10)	(0.09)	(0.04)	(0.21)	(0.19)	(0.07)
Newspapers	-0.15**	-0.18**	-0.04	-0.58**	-0.54*	-0.18**
	(0.07)	(0.08)	(0.03)	(0.24)	(0.27)	(0.07)
TV	-0.10	-0.10	-0.08**	-0.20	-0.23*	-0.22***
	(0.08)	(0.08)	(0.04)	(0.13)	(0.13)	(0.07)
Local Sources						
Shopping	0.43***	0.37***	0.32***	0.62***	0.65***	0.41***
	(0.10)	(0.08)	(0.04)	(0.20)	(0.20)	(0.07)
Utility Bills	0.31***	0.27***	0.29***	0.76***	0.71***	0.58***
	(0.07)	(0.05)	(0.05)	(0.17)	(0.15)	(0.10)
Social Media	0.04	0.12	0.06**	0.25	0.33	0.23***
	(0.09)	(0.08)	(0.03)	(0.31)	(0.25)	(0.05)
Friends	0.07	0.09*	0.10***	0.17	0.15	0.26***
	(0.05)	(0.05)	(0.02)	(0.17)	(0.15)	(0.04)
Work Activities	0.10	0.08	0.09***	-0.15	-0.056	0.17***
	(0.07)	(0.05)	(0.03)	(0.18)	(0.12)	(0.05)
Demographic Controls		X	X		X	X
Country FE			X			X
R^2	0.02	0.03	0.23	0.01	0.03	0.33
Observations	46,285	46,285	46,285	46,285	46,285	46,285

Notes: We regress respondents' 12-month inflation perception errors (columns (1) -(3)) and 12-month-ahead inflation expectation errors (columns (4) -(6)) on whether respondents attend to each information source (1 if the responses fall under "Very Important" and "Somewhat Important" category; 0 if otherwise. Demographic controls include age, gender, college education, whether or not a respondent has an economics/finance/business degree, income, employment status, marital status, and household size. The data is elicited from 46,285 respondents across 47 countries in the *Global Inflation Expectations Survey* conducted in April/May 2023. Perception and expectation errors are winsorized at 5%-95% levels. Standard errors clustered at the country level are reported in parentheses. *p<0.10, **p<0.05, ***p<0.01

Table 4: **Trust, Perceptions, and Expectations**

	(1)	(2)	(3)	(4)	(5)	(6)
	Perception Error			**Expectation Error**		
	$\frac{Inflation\ Perceptions_t}{Realized\ Inflation_t}$			$\frac{Inflation\ Expectations_t}{Realized\ Inflation_{t+1}}$		
Distrust in Economic Institutions	0.20***	0.14***	0.16***	0.46***	0.36***	0.36***
	(0.05)	(0.04)	(0.02)	(0.15)	(0.11)	(0.04)
Distrust in Corporations		0.03	0.04***		-0.04	0.04
		(0.03)	(0.01)		(0.11)	(0.03)
Distrust in Stock Market		0.08	0.04**		0.02	0.05
		(0.05)	(0.02)		(0.13)	(0.04)
Preferred Party in Power		0.05	-0.01		-0.10	-0.02
		(0.05)	(0.03)		(0.13)	(0.07)
Demographic Controls		X	X		X	X
Country FE			X			X
R^2	0.02	0.03	0.19	0.01	0.04	0.36
Observations	36,779	34,785	34,785	36,779	34,785	34,785

Notes: We regress respondents' 12-month inflation perception errors (columns (1) -(3)) and 12-month-ahead inflation expectation errors (columns (4) -(6)) on respondents' distrust in economic institutions (first principal component of distrust in their country's central bank and in their country's government, elicited on a scale from 1 to 4), distrust in their country's corporations, in their country's stock market, and on a dummy variable that equals 1 if respondents indicate that their preferred political party is in power/part of the majority coalition in their country. Demographic controls include age, gender, college education, whether or not a respondent has an economics/finance/business degree, income, employment status, marital status, and household size. The data is elicited from 46,285 respondents across 47 countries in the *Global Inflation Expectations Survey* conducted in April/May 2023. Perception and expectation errors are winsorized at 5%-95% levels. Standard errors clustered at the country level are reported in parentheses. *p<0.10, **p<0.05, ***p<0.01

Table 5: **Distrust in Economic Institutions and Historical Inflation Outcomes**

	(1)	(2)	(3)	(4)
	Distrust in Economic Institutions			
10-year Average Inflation	0.03		-0.02	
	(0.03)		(0.03)	
10-year St. Dev. Inflation		0.17***	0.20***	
		(0.04)	(0.05)	
10-year Coeff. Var. Inflation				0.16**
				0.06
Demographic Controls	X	X	X	X
R^2	0.10	0.13	0.13	0.11
Observations	35,047	35,047	35,047	35,047

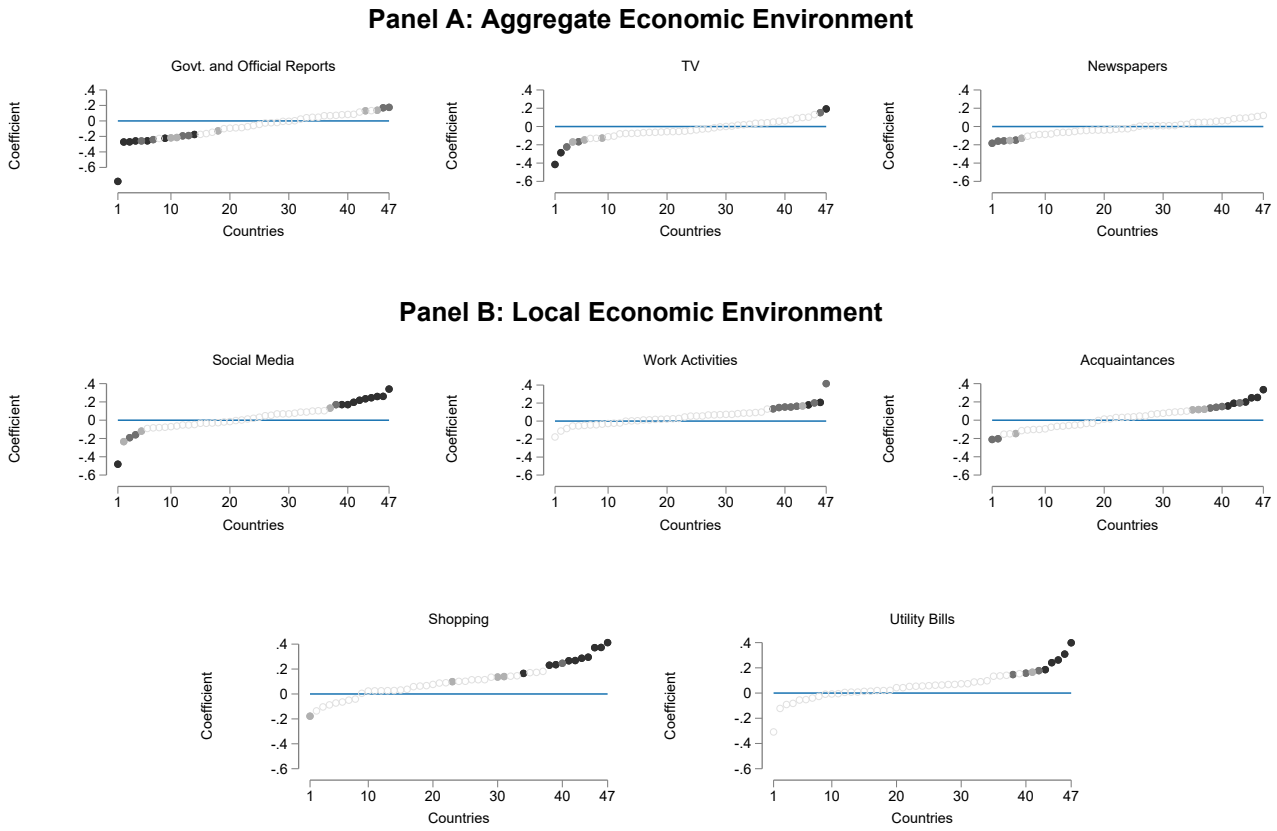
Notes: We regress respondents' distrust in economic institutions (first principal component of distrust in their country's central bank and in their country's government, elicited on a scale from 1 to 4) on the 10-year average realized inflation in the country before our survey (columns (1) and (3)), on the 10-year standard deviation (columns (2) and (3)), and on the 10-year coefficient of variation (column (4)). Demographic controls include age, gender, college education, whether or not a respondent has an economics/finance/business degree, income, employment status, marital status, and household size. The data is elicited from 46,285 respondents across 47 countries in the *Global Inflation Expectations Survey* conducted in April/May 2023. Standard errors clustered at the country level are reported in parentheses. *p<0.10, **p<0.05, ***p<0.01

Online Appendix: Inflation Expectations, Trust, and Information Sources: Global Evidence

Francesco D'Acunto and Michael Weber

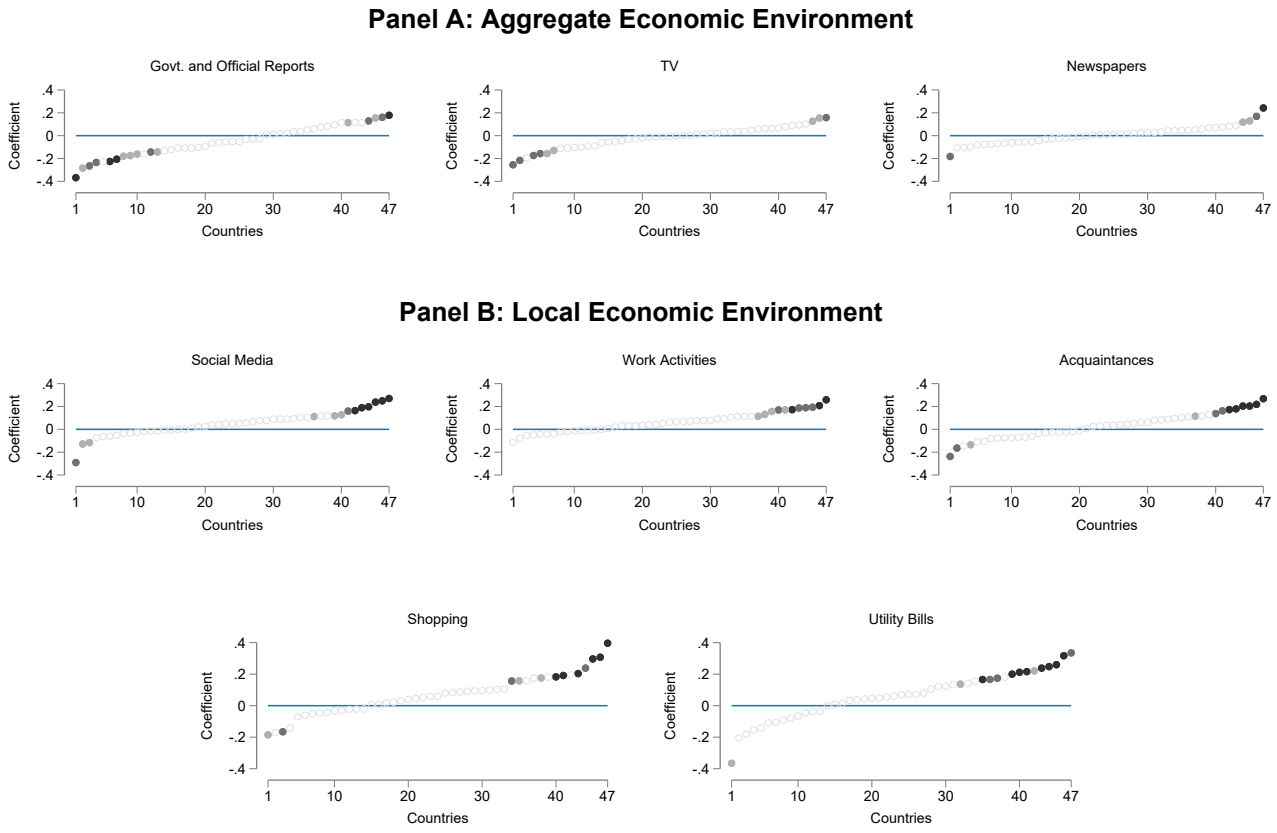
Not for Publication

Figure A.1: **Information Sources and House Price Expectations across Countries**



Notes: For each country, the respondent-level 12-month-ahead national house price point forecast is regressed on each of the dummies for whether the respondent sort into an information source. The coefficient estimates for each country-level regression are plotted in order of size from the smallest to the largest. To allow comparison across countries, expectations have been standardized (z-scores) within each country before running each regression. Hollow circles denote countries for which the estimate is not statistically different from 0 at the 10% level. Darker Grey solid circles, Light Grey solid circles, and Lighter Grey solid circles denote country-level estimates that are significant at 1%, 5%, and 10% levels. The information source variable is a dummy (1 if the source is "Very Important" or "Somewhat Important" to the respondent, and 0 otherwise. "Don't know/no opinion" responses were treated as missing values). Expectations are winsorized at 1-99 levels.The responses were elicited from 46,285 respondents in the *Global Inflation Expectations Survey* conducted in April/May 2023 across 47 countries.

Figure A.2: **Information Sources and Interest Rate Expectations across Countries**



Notes: For each country, the interest rate expectations is regressed on each of the information sources. The coefficients of each of the information sources are plotted here by country in the respective panel. In order to compare across all countries, responses for interest rate expectations has been standardized (z-scores) within each country before the regression. Hollow circles denote countries for which the estimate is not statistically different from 0 at the 10% level. Darker Grey solid circles, Light Grey solid circles, and Lighter Grey solid circles denote country-level estimates that are significant at 1%, 5%, and 10% levels. The information source variable is a dummy (1 if the responses fall under "Very Important" and "Somewhat Important" category; 0 if otherwise. "Don't know/no opinion" responses were deemed as missing values). Interest rate Expectation is winsorized at 1-99 levels.The responses were elicited from 46,285 respondents in the *Global Inflation Expectations Survey* conducted in April/May 2023 for countries.