Inflations, Hyperinflations, and Perceptions

Everyone has been complaining about inflation since COVID. What does the data show?

Questions
1) Is the post-COVID inflation rate unusually high?
2) Are there specific sectors of the economy that have more inflation?
3) When and where has high inflation occurred historically?
4) Are people’s perceptions of the economy reflective of the inflation rates?
5) How do opinions on the economy at my school compare with the rest of the nation?

Hypotheses
1) Inflation was unusually high during and after COVID.
2) Food and transportation have higher inflation compared to everything else.
3) Highest inflation occurred during major wars (WW1 and WW2) globally.
4) People’s opinions are negative when inflation is high, and vice versa.
5) Opinions at my school would not be representative of the rest of the nation.

Hypothesis 1 is not supported by the line charts above and below. Comparing CSI to inflation, post-COVID inflation was increasing and CSI was decreasing. However, during the Great Recession, both inflation and CSI dropped. Note that the major drop right as COVID hit in CSI is comparable to the one during the Great Recession of 2008.

Hypothesis 4 is not supported. The line charts above and below. Comparing CSI to inflation, post-COVID inflation was increasing and CSI was decreasing. However, during the Great Recession, both inflation and CSI dropped. Note that the major drop right as COVID hit in CSI is comparable to the one during the Great Recession of 2008.

Hypothesis 5 is partially supported by the line charts above and below. Comparing CSI to inflation, post-COVID inflation was increasing and CSI was decreasing. However, during the Great Recession, both inflation and CSI dropped. Note that the major drop right as COVID hit in CSI is comparable to the one during the Great Recession of 2008.

Hypothesis 3 is partially supported. The pie charts emphasize how in my school’s two classes that I surveyed—World History and Geography (WHAG) and Economics—students with more years of education have higher positive responses. In the line chart, people with college degrees almost always had higher CSI than people with only a high school education.

Hypothesis 2 is not supported. By the line chart to the left. Medical care was substantially more inflated than food and transportation. Food did not have much change in its trend post-COVID though transportation had an uptick followed by a decrease. Something I found interesting was the oscillation in apparel’s CPI with a period of half a year, which is possibly due to end-of-season sales.

Terminology
CPI—consumer price index; a measure of average price change over time where 100 is the average cost from 1982-1984 in the US.
CSI—consumer sentiment index; a measure of how consumers feel about the economy based on current economic status as well as expectations for the future.
Hyperinflation—usually defined as monthly inflation ≥ 50%.

Data Collection
Data about hyperinflations came from this data table, which is part of a paper in The Handbook of Major Events in Economic History. Weimar Republic’s hyperinflation data came from table G1 in The Ends of Four Big Inflations: CPI data in the US came from this data access, from the US Bureau of Labor Statistics. CSI data came from this data access from the University of Michigan Surveys of Consumers. I collected my school’sCSI data using a Google Form with data here and interpreted based on this document.