Abstract

Title: Forecasting Consumer Confidence in Germany via Twitter Data

The aim of this study is to forecast the change in the German private consumption. To achieve this aim we are using the consumer confidence as an appropriate indicator for forecasting household spending. However, consumer confidence indicators are mostly reported with a delay and are a result of time consuming and expensive consumer surveys. To measure the current consumer confidence, we develop an approach, in which we forecast the consumer sentiment using tweets from Germany. For measuring the consumer sentiment, we use text-mining tools and daily tweets for 2019. Our findings indicate that there is a high correlation between the consumer confidence indicator based on survey data, and the consumer sentiment that we compute using Twitter data. With our approach, we are even able to forecast the change in next month’s consumer confidence. Via these consumer sentiments, it may be possible to forecast the turning points of the German economy and to avoid time consuming and expensive consumer surveys.