Fomoflation

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Fomoflation Latest News

The recent signing of a proclamation by the U.S. president raising the annual fee for H-1B visas to $100,000 a year led to a sudden panic-driven demand that pushed ticket prices higher, illustrating a textbook case of fomoflation.

About Fomoflation

- Fomoflation occurs **when consumer behaviour (demand psychology) and market or supply pressures** combine to **create rapid inflation** even in essentials, where **prices rise faster than underlying economic factors would justify.**
- The **cycle of panic-driven demand and resultant price surges** illustrates how fomoflation operates.
- Therefore, it is the **fear of ‘scarcity’ or the Fear Of Missing Out (FOMO)** which triggers buying frenzy, **setting off an ‘artificial demand’ loop** and eventual price rises.
- Unlike usual **inflation**, which is an outcome of macroeconomic factors, fomoflation **arises from behavioral psychology, often amplified by social media.**
- It can **also be seen in consumer goods.**

- For example, during festive seasons, demand for staples such as pulses and cooking oil spikes after media reports highlight potential shortages or price hikes.
- Influenced by the reports, consumers rush to stock up, pushing prices higher even when supply is sufficient.

Source: **TH**
