

# ECONOMIC PULSE

## DIVERGING TREND IN ECONOMIC UNCERTAINTY IN THE UNITED STATES (UPWARDS) AND THE EURO AREA (DOWNWARDS)

Our various uncertainty indicators are complementary in terms of scope and methodology.

At the top left of the chart, uncertainty about US economic policy, based on media coverage, fell in June after a rebound in May. This decline is due, in part, to the status quo on Federal Reserve (Fed) policy rates following its 13-14 June meeting, thus marking a pause in its tightening cycle that began in March 2022.

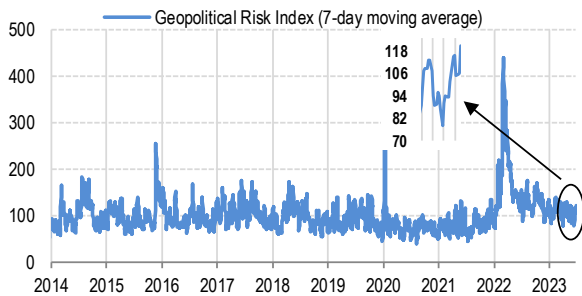
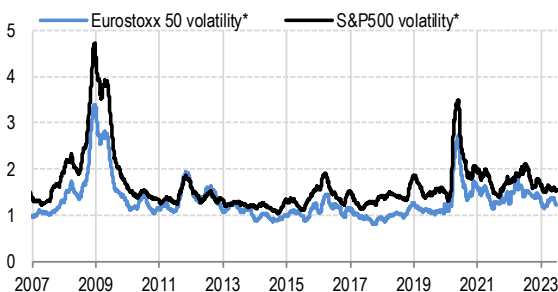
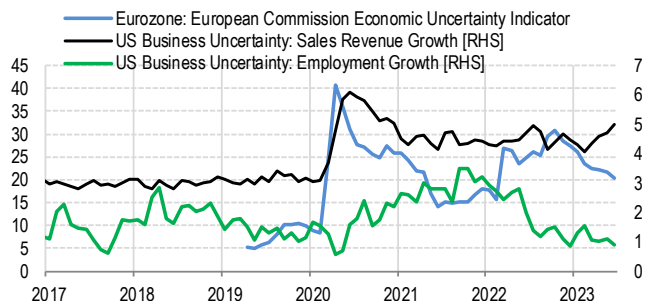
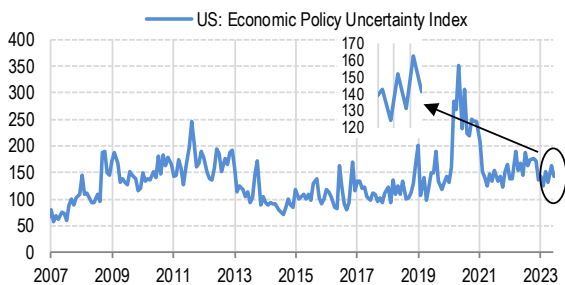
Continuing in the clockwise direction, the uncertainty felt by US companies about their revenue growth continues to increase and remains high compared to the pre-Covid-19 pandemic. Such an increase is to be carefully monitored as it could be linked to the risk of recession hanging over the US economy. On the other hand, uncertainty about the employment outlook declined after two stable months.

The European Commission’s economic uncertainty index fell in June, continuing its decline since October 2022, as uncertainty in the various sectors of activity decreased, except in industry, where the index remained stable.

The geopolitical risk index (bottom right), which is also based on media coverage, recently increased after a drop in the first two weeks of June but it remains very volatile. Finally, our stock market-based uncertainty indicator (dispersion of the daily returns of stock market index components) resumed declining in June in the euro area, halting its rise since February 2023, while it tends to stabilise in the United States, after the turmoil in the US banking sector last March.

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### CHANGES IN UNCERTAINTY



\*volatility = 60-day moving average of the cross-sectional standard deviation of daily returns of the index constituents  
 Source: Refinitiv, Economic Policy Uncertainty, European Commission, Atlanta Fed, GPR Index (MATTEOACOVIELLO.COM), BNP Paribas