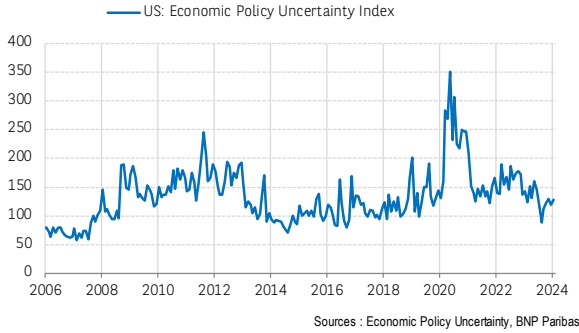


ECONOMIC PULSE

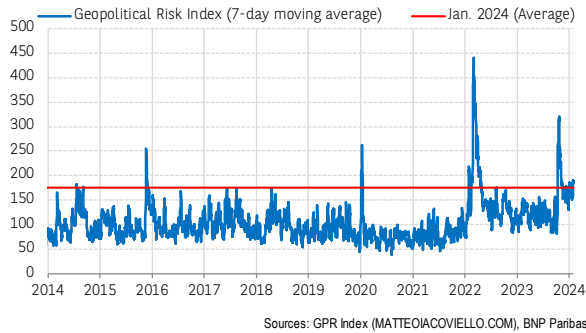
TRENDS IN UNCERTAINTY INDICATORS IN JANUARY: A SLIGHT INCREASE ON BALANCE



After a short respite in December, uncertainty about US economic policy, based on media coverage, rose again in January. This resurgence in uncertainty was likely caused by the latest US inflation figures, which proved more persistent than expected: it remained above 3% in January (3.1% year-on-year, according to the BLS Consumer Price Index) and turned out to be higher than consensus expectations (2.9%). During its mid-December meeting, the Federal Open Market Committee (FOMC) made it clear that it would not be appropriate to cut rates in the absence of certainty as to whether inflation was on a sustainable downward path towards its 2% target.



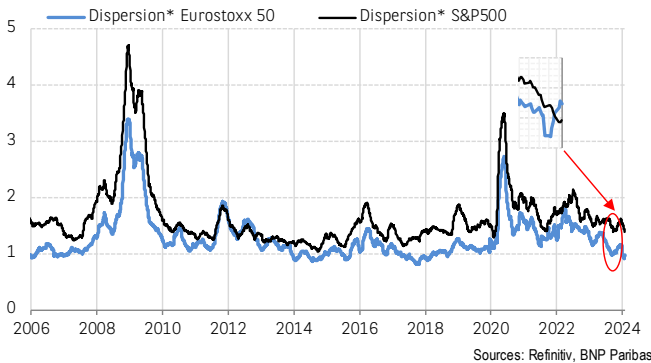
However, in January, American companies expressed renewed confidence in their revenue growth. This positive development is probably due to Q4 2023 GDP growth, which remained high and above expectations. It should be noted that the uncertainty indicator currently stands at its lowest level since April 2020.



The geopolitical risk index, which is also based on media coverage, rose in the final week of January after falling during the first and third weeks of the month. Despite this fairly high volatility, the index was still high in January, excluding the peaks seen at the beginning of a major shock (such as Covid-19, the war in Ukraine, the Middle East conflict and the 2015 terrorist attacks in France).

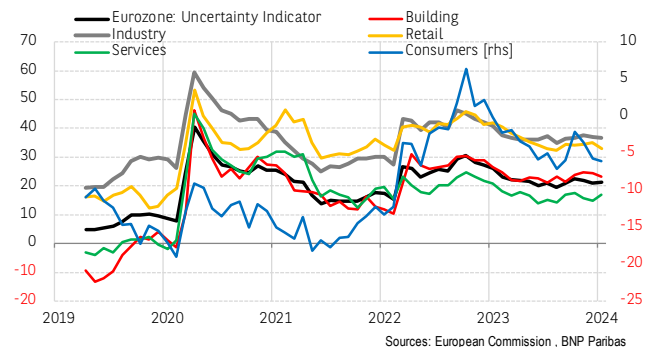


Uncertainty around employment prospects also fell in January for the second month in a row. This followed three months of rising uncertainty, likely due to the continuing resilience of the US labour market (reacceleration of nonfarm payroll gains, stability of the unemployment rate, and hourly wage growth dynamism).



The market-based uncertainty indicator* continued to fall in the United States in January, whereas it started rising again in the Eurozone in the last week of the month.

* dispersion of the daily returns of stock market index components



In the Eurozone, the European Commission's economic uncertainty index rose slightly in January, mainly due to the increase in the services sector. Conversely, uncertainty decreased in the retail trade and construction sectors and, to a lesser extent, in industry and among consumers. All of these developments are still limited and the economic uncertainty indicator has been on a slightly downwards general trajectory since the end of 2022.

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