

ECONOMIC PULSE

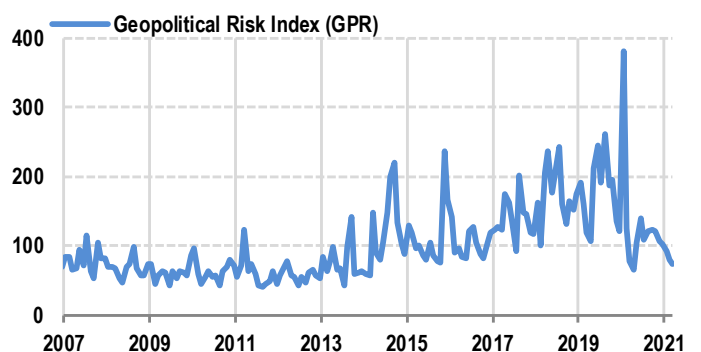
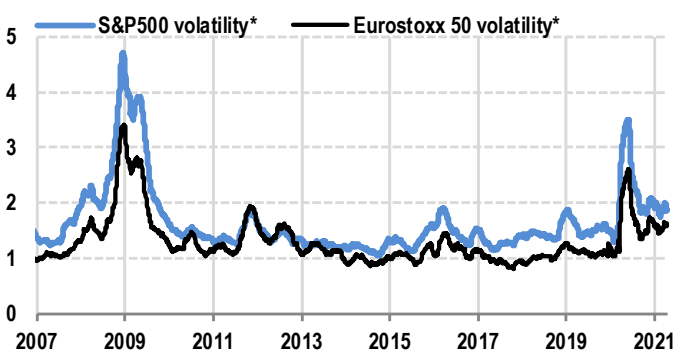
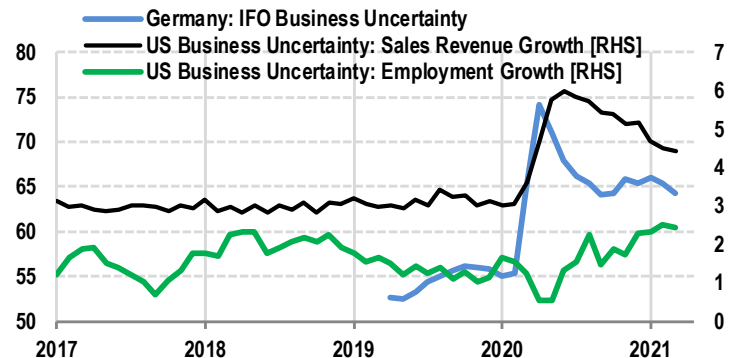
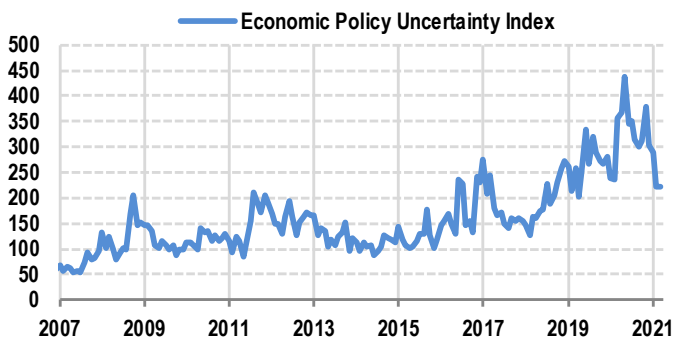
UNCERTAINTY: TRENDING LOWER

Most of our uncertainty indicators continue to decline on the back of vaccination campaigns that pick up speed and better economic data, although in several countries the number of new infections is again rising strongly. Starting top left and moving clockwise, the number of references in the media to uncertainty, after declining very strongly in recent months, has now more or less stabilized. Uncertainty based on company surveys has declined further in the US with respect to the outlook for sales revenue growth whereas uncertainty concerning the employment prospects has stopped increasing. In Germany, company uncertainty is also moving lower.

The downward trend of geopolitical risk continues. Finally, the uncertainty measure which is based on equity prices – the cross-sectional dispersion of individual company share price returns – has been moving sideways for some time and remains above the pre-pandemic level. This probably reflects the conflicting influences of prospects of better growth but also higher bond yields.

William De Vijlder

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, IFO, ATLANTA FED, BNP PARIBAS

