

ECONOMIC PULSE

UNCERTAINTY: ON A BROAD-BASED DECLINING TREND

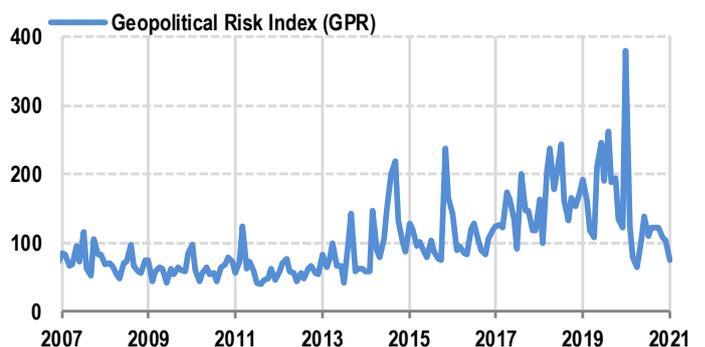
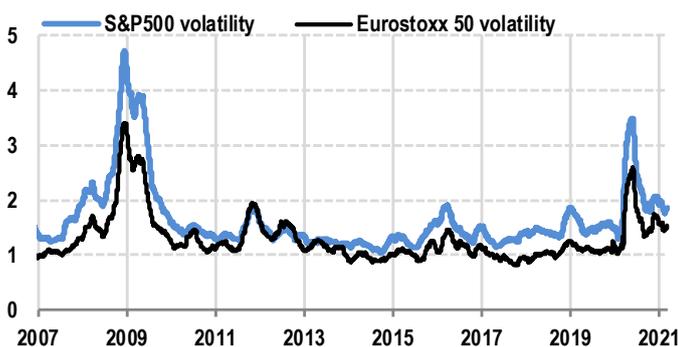
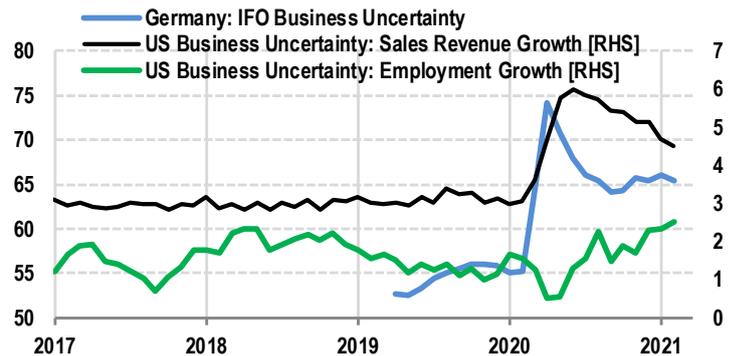
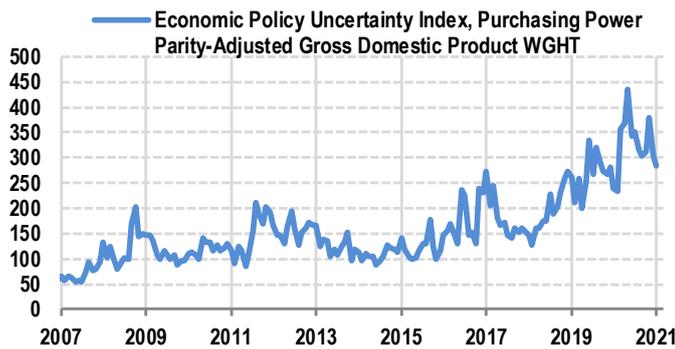
The downward trend of our uncertainty indicators continues. This is related to the improvement of the sanitary situation in several countries, the vaccination campaigns and the anticipation of a major fiscal stimulus package in the United States. Starting top left and moving clockwise, the number of references in the media to uncertainty has declined significantly in recent weeks.

Uncertainty based on company surveys has declined further in the US as far as sales revenue growth is concerned but continues to increase with respect to the employment prospects. In Germany, company uncertainty has been more or less stable for several months now. The pace of decline of the geopolitical risk measure has accelerated recently.

Finally, the uncertainty measure which is based on equity prices –the cross-sectional dispersion of individual company share price returns– has also declined although it remains above the pre-pandemic level. Recent bond market volatility may have played a role in combination with repositioning of investors based on the prospect of accelerating growth.

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

