

# ECONOMIC PULSE

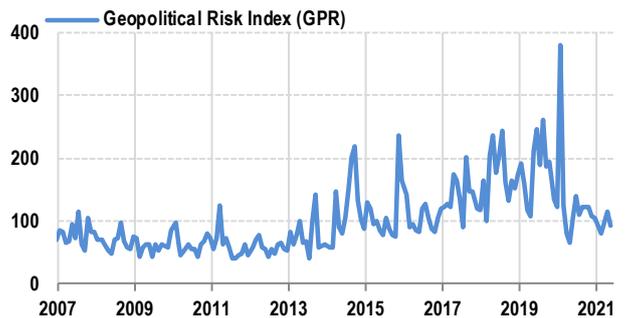
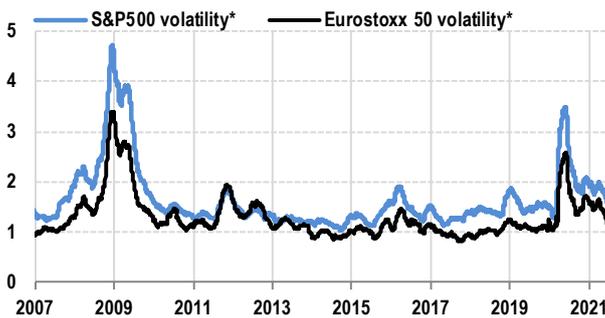
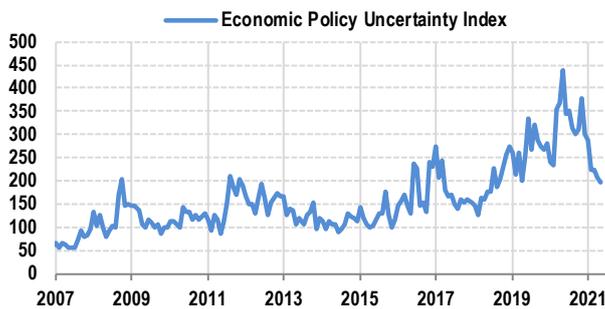
## UNCERTAINTY CONTINUES ITS DECLINE, BUT FOR HOW LONG?

Our different uncertainty gauges are complementary, in terms of scope or methodology, yet, based on the latest readings, all but one show an ongoing decline in uncertainty. It reflects the combination of the vaccination campaigns, the lifting of restrictions and good economic data. An improvement in business and household sentiment – which has been visible in many countries – is associated with a reduction in uncertainty. It is to be feared that with the rapid spreading of the Delta variant, uncertainty will increase again and this could act as an additional headwind to growth.

Starting top left and following clockwise, economic policy uncertainty based on media coverage continues its decline. Uncertainty based on business surveys has seen a big drop in Germany. In the US, uncertainty with respect to sales growth has declined but uncertainty about employment growth has increased. This probably reflects the difficulties faced by many companies in finding staff. Geopolitical risk – based on media coverage – has declined since the start of the year, although it is very volatile. Finally, the cross-sectional standard deviation of daily stock market returns of individual companies – a measure of financial uncertainty – has declined in the US and the Eurozone.

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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, IFO, ATLANTA FED, BNP PARIBAS

