

ECONOMIC PULSE

UNCERTAINTY HAS EASED SOMEWHAT IN MARCH

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

Although the latest figures show a few divergences, the overall trend in March is towards a slight reduction in uncertainty. Starting with the upper left chart, US economic policy uncertainty, which is based on media coverage, declined slightly in March. This probably reflects the latest press release by the Federal Open Market Committee (FOMC), which adopted a more moderate tone concerning future measures to tighten US monetary policy. This decline confirms a trend that has been taking shape since September 2022. Even so, this uncertainty indicator is still slightly higher than its long-term average.

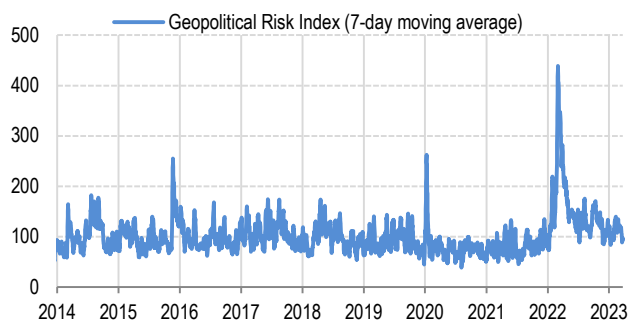
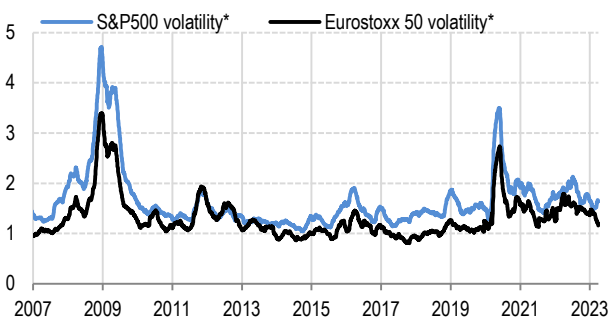
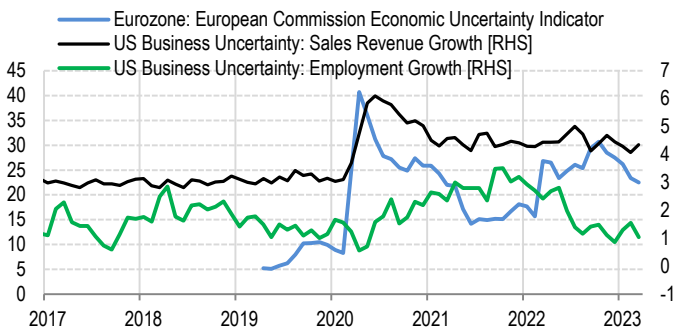
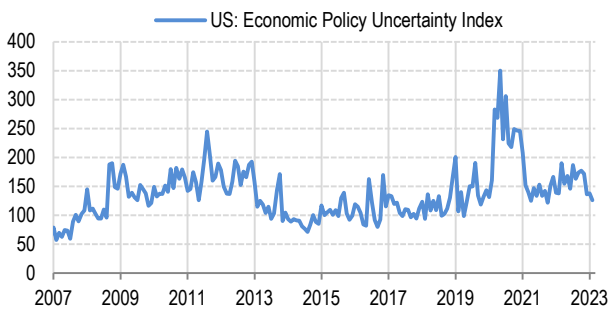
Moving clockwise to the next chart, US business uncertainty towards sales revenue growth ticked up in March after a 3-month decline. In contrast, US business uncertainty concerning job growth declined. While it is relatively low, this uncertainty indicator has been fluctuating more over the past 8 months, after having fallen significantly from October 2021 to July 2022.

The European Commission's economic uncertainty index declined slightly in March, continuing its easing trend since October 2022, in the various business sectors. The only exception is household uncertainty, which has picked up slightly.

The geopolitical risk index (lower right chart), which is also based on media coverage, declined sharply in March but remains volatile. Lastly, our equity market uncertainty index, based on the dispersion of the daily performances of individual companies, picked up slightly in the United States (probably due to the recent turmoil that shook the banking world), while it continues to trend downwards in 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, EUROPEAN COMMISSION, ATLANTA FED, GPR INDEX (MATTEIOACOVIELLO.COM), BNP PARIBAS