

ECONOMIC PULSE

UNCERTAINTY: THE INCREASE OF CORPORATE UNCERTAINTY CONTINUES

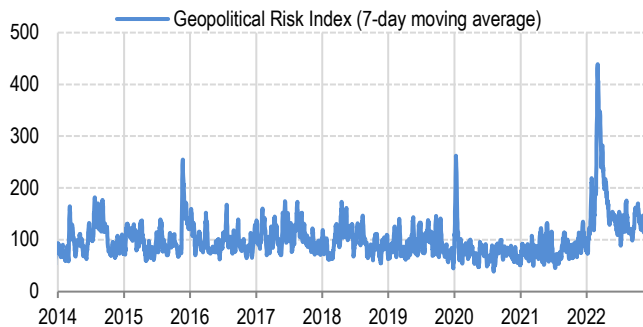
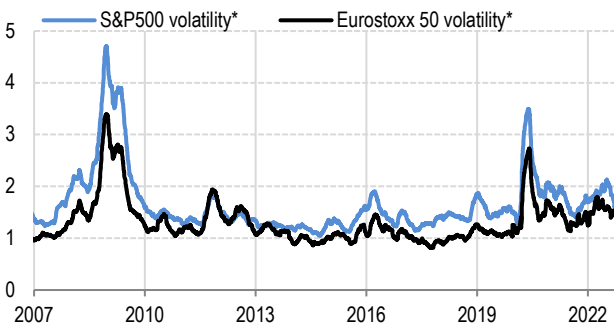
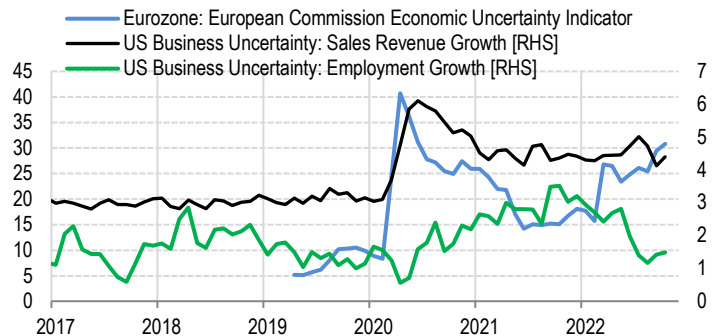
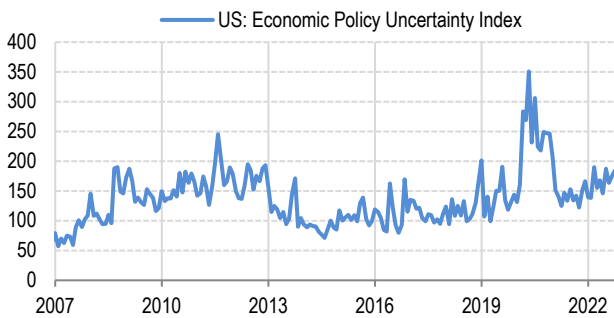
Our different uncertainty gauges are complementary, in terms of scope and methodology. Starting top left and continuing clockwise, US economic policy uncertainty based on media coverage has been on a rising trend over the past twelve months. This is related to the policy tightening by the Federal Reserve.

The latest observations however do not show a clear trend. In the US, the latest data show a rebound of business uncertainty about sales revenue growth as well as employment growth. The European Commission's uncertainty index has increased further. The geopolitical risk index, which is based on media coverage, shows no clear direction, although the latest data have declined somewhat.

Finally, the cross-sectional standard deviation of daily stock market returns of individual companies – a measure of financial uncertainty – has been on a declining trend in the Eurozone whereas the latest observations see an increase in the US after a significant decline.

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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 (MATTEOACOVIELLO.COM), BNP PARIBAS