

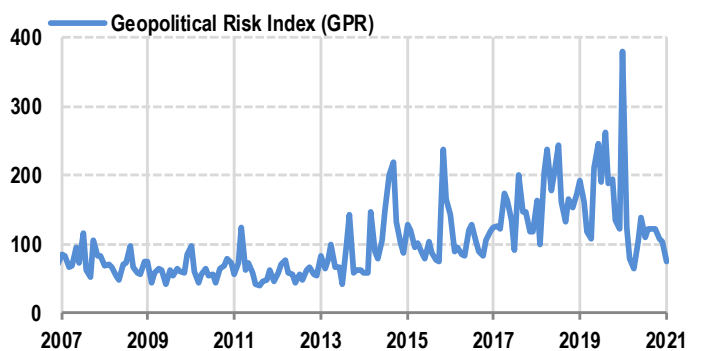
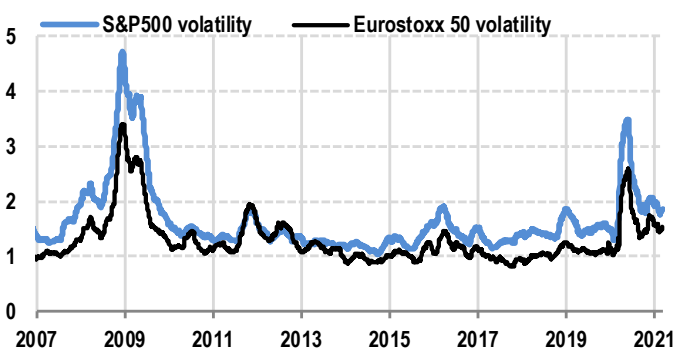
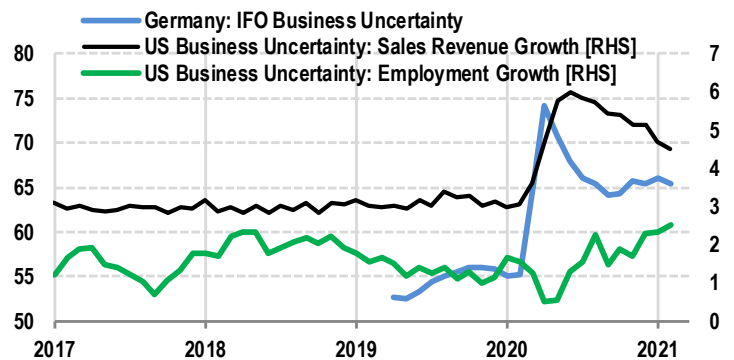
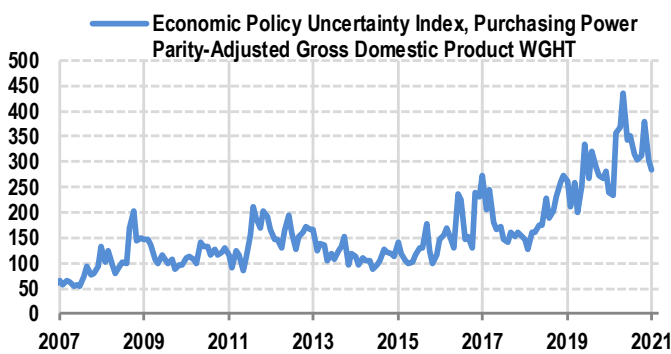
ECONOMIC PULSE

UNCERTAINTY: INDICATORS SHOW DIVERGING DEVELOPMENTS

Our different uncertainty gauges are complementary, in terms of scope or methodology. Based on the latest readings, some divergence is developing. This probably reflects the role of supply disruption that is causing bottlenecks and, in certain countries, the rapid spreading of the Delta variant. Starting top left and following clockwise, economic policy uncertainty based on media coverage continues its decline. It is now back to levels last seen early 2019. Uncertainty based on business surveys have rebounded somewhat in Germany – probably reflecting supply issues- after declining significantly earlier this year. In the US, uncertainty with respect to sales growth has increased, probably on the back of an increase in new infections. Uncertainty about employment growth has stabilised after rising earlier in the year, reflecting difficulties in filling vacancies. Geopolitical risk – based on media coverage – has declined as of late, 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 rebounded slightly in the Eurozone whilst edging lower in the US after an earlier rebound.

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

