

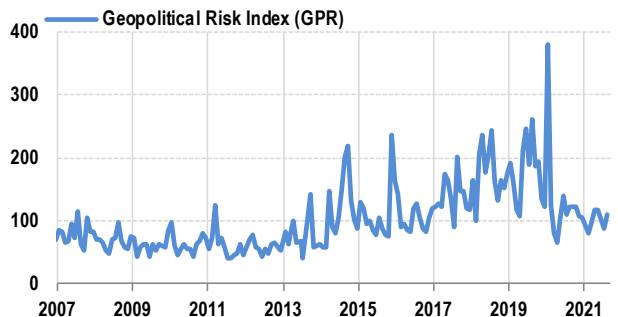
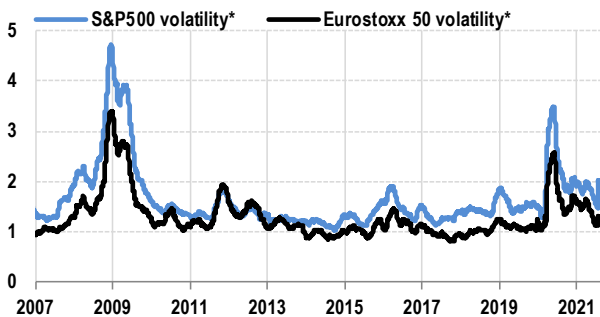
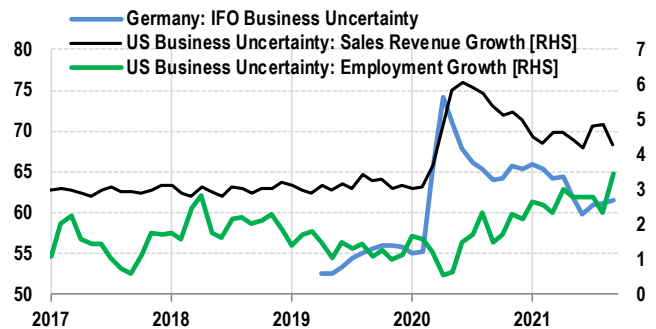
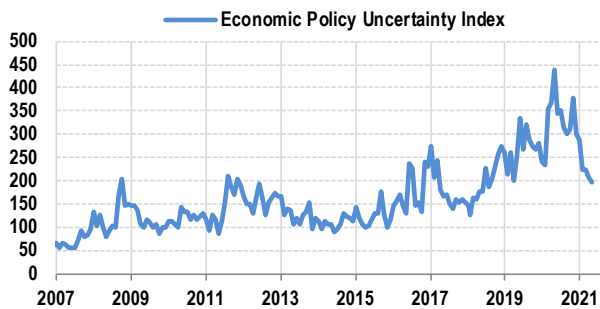
# ECONOMIC PULSE

## UNCERTAINTY: ONGOING DIVERGENCE REFLECTS ROLE OF SUPPLY BOTTLENECKS

Our different uncertainty gauges are complementary, in terms of scope and methodology. Based on the latest readings, the ongoing divergence reflects the role of supply bottlenecks that confront companies with uncertainty in terms of delivery time, future production and the possibility to fill vacancies. Starting top left and continuing clockwise, economic policy uncertainty based on media coverage continues its decline. It is now back at a level last seen in 2018. However, in Germany, the rise of uncertainty based on business surveys continues – after a considerable decline earlier this year – and reflects the role of supply disruption. In the US, uncertainty with respect to sales growth has dropped, after a temporary increase in recent months, whereas uncertainty about employment growth has jumped. Given the dynamic labour market, this reflects the difficulty of finding staff, something which is well-documented by business surveys. Geopolitical risk – based on media coverage – has edged slightly higher but stays at a low level. Finally, the cross-sectional standard deviation of daily stock market returns of individual companies – a measure of financial uncertainty – has been quite volatile, but without a clear trend.

**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

