

ECONOMIC PULSE

UNCERTAINTY: BETWEEN REBOUND AND REFLUX, IN APRIL, TRAJECTORIES DIVERGE

Our various uncertainty indicators are complementary in terms of scope and methodology. Starting with the upper left chart, uncertainty over US economic policy, which is based on media coverage, rebounded in March after trending downwards since September 2022. This uptick probably reflects the Minutes of the March FOMC, which showed that several members were concerned about the banking sector.

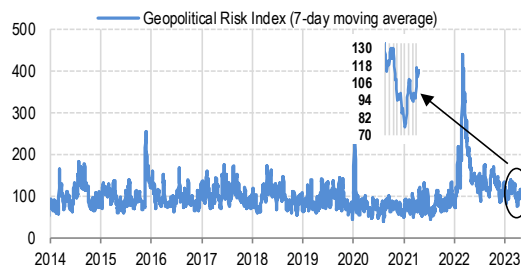
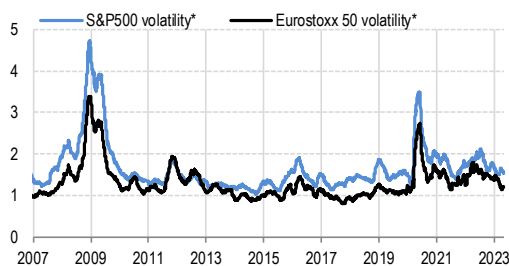
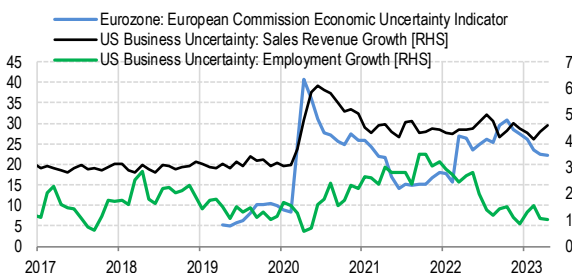
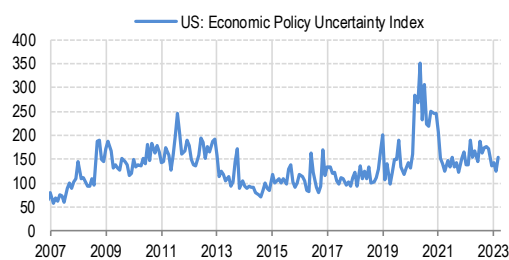
Moving clockwise to the next chart, the uncertainty felt by US companies about their sales revenue growth remains comparatively high compared to before the Covid-19 pandemic. In contrast, uncertainty about employment prospects has fallen back to pre-pandemic levels.

The European Commission’s economic uncertainty index declined in April thanks to the easing of uncertainty in the various business sectors, with the exception of services, where uncertainty picked up.

The geopolitical risk index (lower right chart), which is also based on media coverage, increased in April after a sharp decline in March. Lastly, our equity market uncertainty index (dispersion of the daily performances of individual companies) declined in April in the United States, after increasing in March (probably due to the recent turmoil in the banking sector). It remains on a downward trend 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