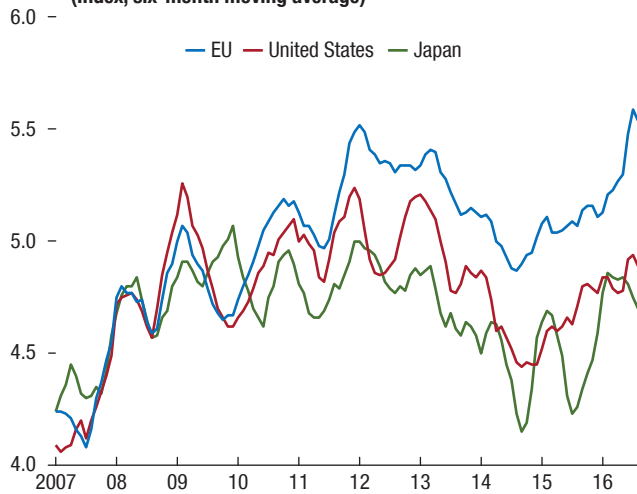


Figure 1.5. Policy Uncertainty

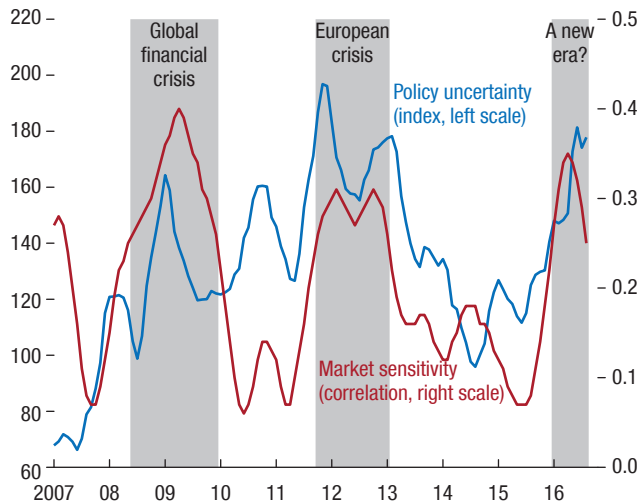
Policy uncertainty remains elevated ...

1. Economic Policy Uncertainty (Index, six-month moving average)



... while market sensitivity to policy uncertainty is also at the highest level since 2009.

2. Market Sensitivity and Policy Uncertainty



Sources: Baker, Bloom, and Davis 2015; Bloomberg L.P.; and IMF staff estimates.

Note: Policy uncertainty is the six-month moving average of policy uncertainty measures for the European Union, Japan, and the United States. Market sensitivity is the six-month moving average correlation of policy uncertainty levels and the Chicago Board Options Exchange Volatility Index (VIX) in the United States and the Financial Times Stock Exchange (FTSE) 100 Index volatility in the United Kingdom.