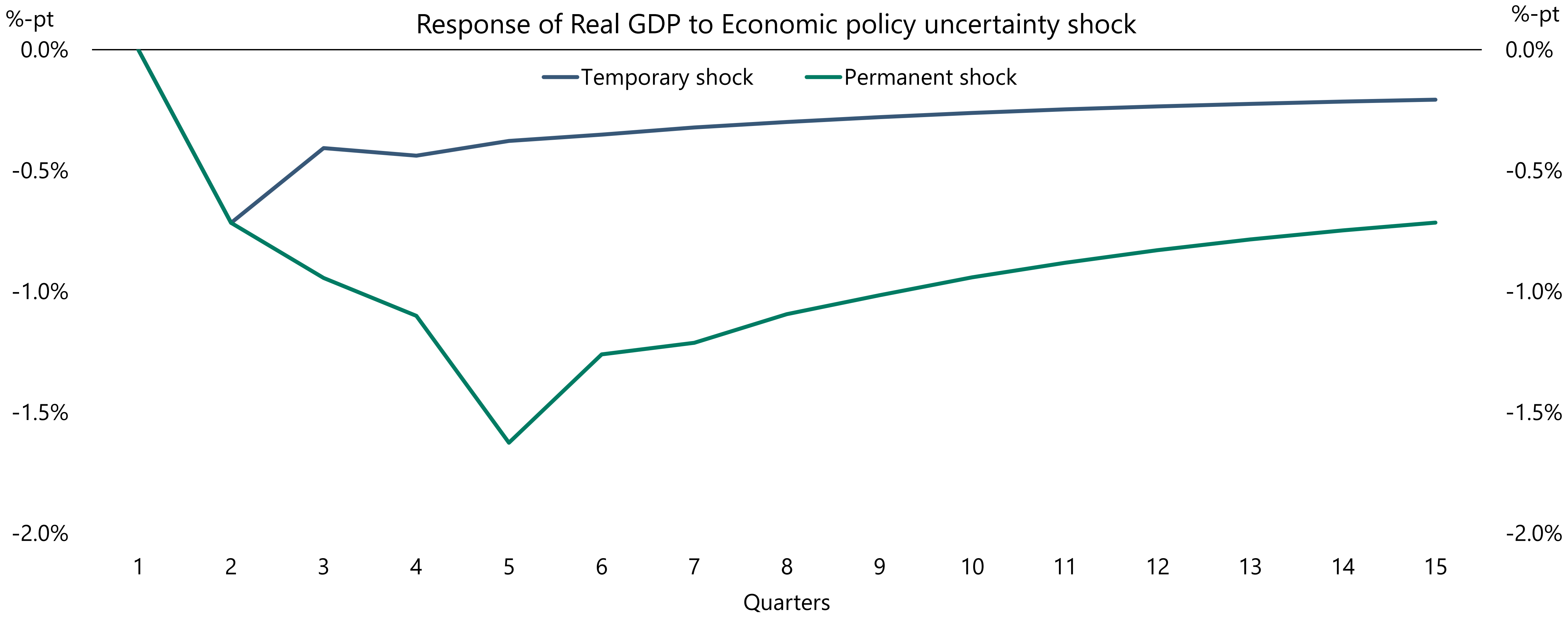
The longer uncertainty stays elevated, the bigger is the downside risk to the economy



Note: Impulse response from the VAR model with variables log (Real GDP) and log (Economic Policy uncertainty index). A one standard deviation shock to economic policy uncertainty leads to a -0.2% point decline in Real GDP. Temporary shock is defined as a four standard deviation shock in Q1, and permanent shock is defined as a four standard deviation shock in Q1, three standard deviation shock in Q2, two standard deviation shock in Q3, and one standard deviation shock in Q4. Sources: Bloomberg, Apollo Chief Economist