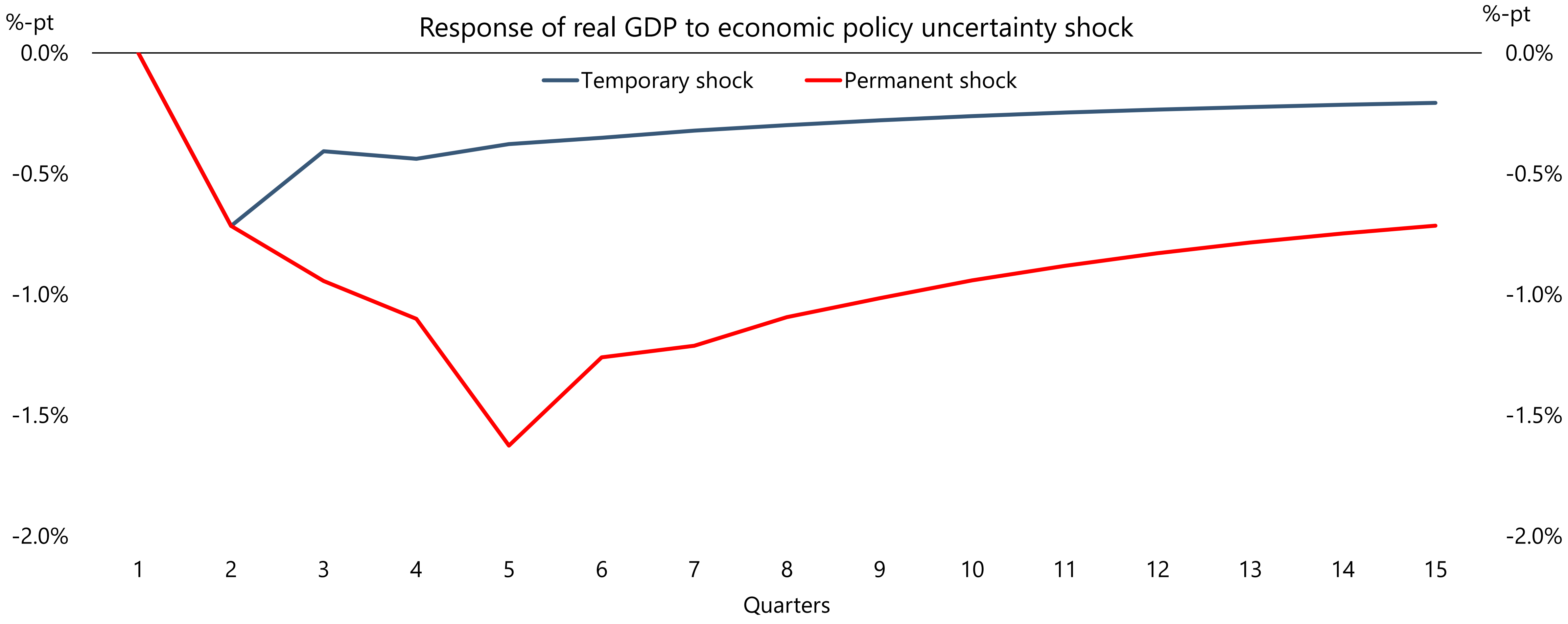
The longer uncertainty stays elevated, the bigger is the downside risk to the economy



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