Economic Outlook

WINTER 2026

GUARDIAN PARTNERS INC™

SUMMARY

- The last few years, and the past year in particular, have served as a lesson that, when trying to make educated guesses about what is most likely to happen, you have to pay more attention to the underlying signals than the deafening noises. The noise can be disorienting, but those underlying signals tend to point to the clearest path forward.
- So, while the current environment remains primed for tape bombs, sabre rattling, policy announcements and reversals of course, and all sorts of headline risk, the actual fortunes of the economy and markets will most likely hinge on the fundamental drivers of growth.
- And on that score, despite the elevated uncertainty and potential risks, things look constructive.
- Consumers remain on solid footing and are positioned to continue to play a key role in sustaining economic momentum.
- The potentially transformational impact of Artificial Intelligence (AI) advancements is spurring technology expenditures and leading a renewed business investment cycle.
- For their parts, governments are implementing significant capital spending plans to enhance domestic infrastructure and national defence.
- While the confluence of these positive drivers points to less economic support coming from monetary policymakers, the easing over the last few years to get closer to “neutral” (and a high bar to reverse course) suggests rates will be less of a headwind.
- For sure, there are risks to this outlook, but barring an unforeseen shock, this all sets up for a constructive backdrop for financial markets across asset classes that looks likely to support further positive returns.

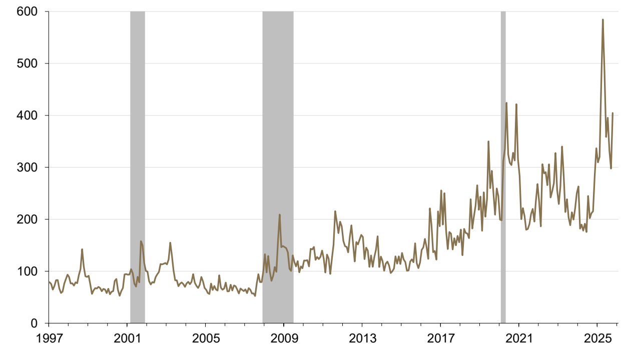
Focus on the fundamentals

The future is inherently unknown and unknowable, given all of the variables at play. That is especially the case at the moment, where traditional ways of thinking are being challenged, and there is tremendous uncertainty around decision-making in one of the world's more important political positions.

There may be more clarity over the U.S. policy outlook now as trade tensions have abated, but uncertainty remains historically elevated, as indicated by various gauges that seek to quantify this intangible concept.

CHART 1: GETTING A BIT BETTER

Economic Policy Uncertainty Index[1], World
(index; pre-2015 average = 100)

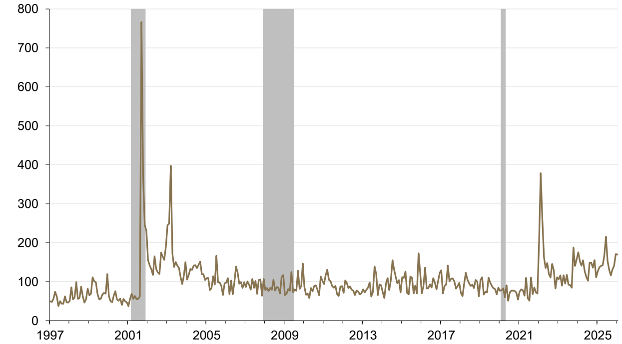


Shaded regions represent periods of U.S. recession; source Guardian Capital, using data from PolicyUncertainty.com to October 2025

The potential for a flare-up related to whatever issue seemingly becomes top of mind, however, remains omnipresent, as the early days of this year have already shown. This creates significant risks that cannot be ignored and could have repercussions for the global economy and financial markets.

CHART 2: GEOPOLITICAL FRAGILITY

Geopolitical Risk Index[2], World
(index; pre-2019 average=100)



Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from PolicyUncertainy.com to January 23, 2025

With that said, the past year has shown that trying to extrapolate the broad impact of abrupt policy shifts has been something of a mug's game.

Although the market reaction to any new edict can be immediate, the "real world" impact comes with a lag and can be difficult to disaggregate.

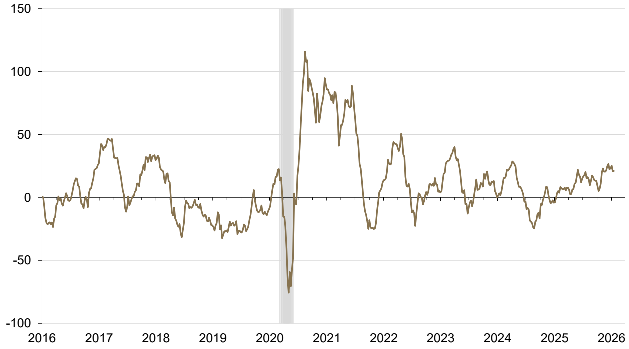
Further, while there is a general psychological tendency to catastrophize, to this point, the "worst case" scenarios have generally been avoided as the actual policies put into place, so far, have been less harsh than initially indicated; thanks to truces, adjustments, exemptions, backtracking and deals.

The net result has been that actual economic performance over the past 12 months has seemingly defied expectations, which had been slashed in the face of the growing policy headwinds.

The dataflow has persistently provided positive surprises worldwide, which, in turn, has given a lift to expectations for corporate earnings and translated into another solid year across financial markets.

CHART 3: CLEARING THE BAR

Economic Surprise Index[3], World
(percent; >0 denotes better than consensus expectations)



The shaded region represents a period of U.S. recession; source: Guardian Capital, using data from Bloomberg to January 23, 2025

Accordingly, there is an important lesson to be gleaned with respect to what to expect for the year to come, for both the macro and markets: underlying fundamentals likely carry more weight than policy (and any potential short-term policy changes).

The continued likelihood of political instability in the months to come — especially with the U.S. midterm elections on the schedule later this year — may well result in further bouts of market volatility.

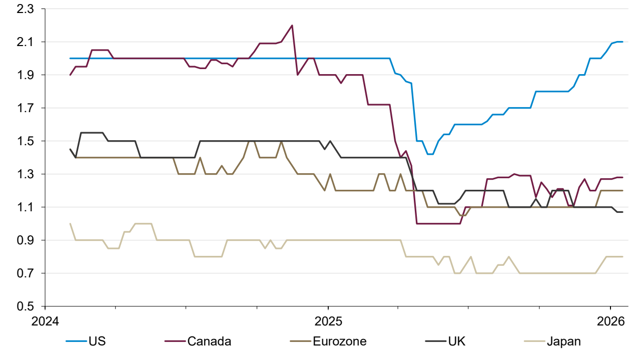
Ultimately, however, the "most likely" outcome for the year ahead will, again, probably be determined by the fundamental economic drivers: household consumption and private and public investment.

As things currently stand, those drivers are generally moving in positive directions worldwide, and the momentum appears likely to be sustained.

The improving breadth across regions and sectors suggests that there is increased scope for the global economy to weather the ongoing politically-induced turbulence — and perhaps even see upside risks to expectations for more of the same positive and reasonably-trend-like growth.

CHART 4: ON THE UP AND UP

Consensus real GDP growth forecasts, 2026
(year-over-year percent change)

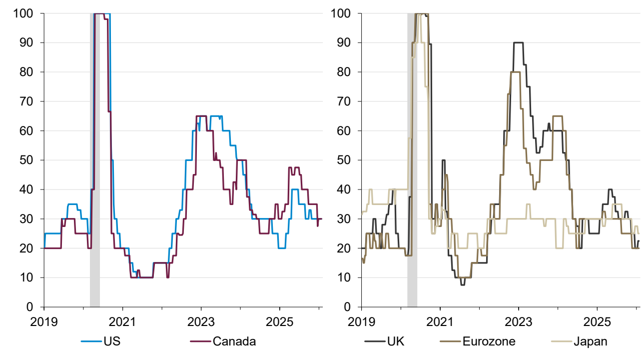


Source: Guardian Capital, using data from Bloomberg to January 23, 2026

The resultant ebbing likelihood of an imminent economic downturn, and everything that comes with it, would appear to be supportive of investor sentiment, in turn setting up a constructive backdrop for financial markets for the coming months as well.

CHART 5: RECESSION RISKS RECEDING

Consensus expected probability of recession in 12 months
(percent)



Source: Guardian Capital, using data from Bloomberg to January 23, 2026

Conspicuous consumption

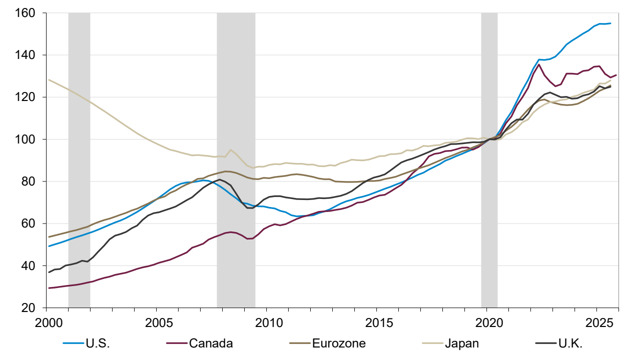
The main pillar supporting the global economy remains the consumer. Consumer expenditure represents the largest component of gross domestic product by a wide margin, accounting for nearly two-thirds of activity across Developed Markets (DM).

The persistent strength in household spending has been the main reason why the global economy has remained on such a firm footing despite the series of shocks throughout this cycle. The fundamental drivers of growth here remain in place and point to continued momentum.

While housing market activity has stagnated globally in the face of higher interest rates, prices of homes, typically the largest asset on consumer balance sheets, have maintained their post-pandemic gains. This has been a very different environment from the post-Financial Crisis housing slump that saw values collapse and severely dented household wealth.

CHART 6: RAISING THE ROOF

Nominal house price index[4]
(index, Q1 2020 = 100; local currency basis)

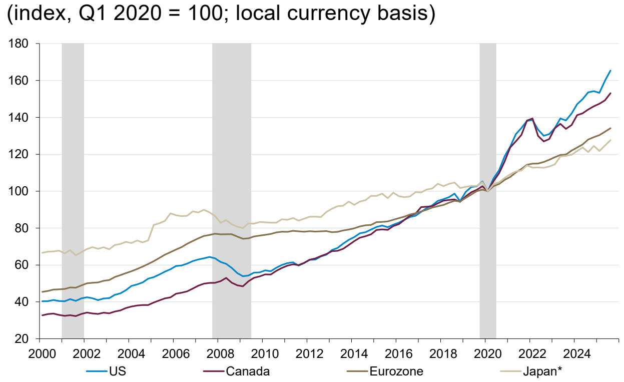


Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from the OECD to Q3 2025

Add in the march higher in financial markets and the constrained demand for debt, and aggregate household net worth (the value of assets over and above liabilities) has established new record highs worldwide — though North American consumers have registered comparatively larger gains.

CHART 7: FOR WHAT IT'S WORTH

Household net worth
(index, Q1 2020 = 100; local currency basis)

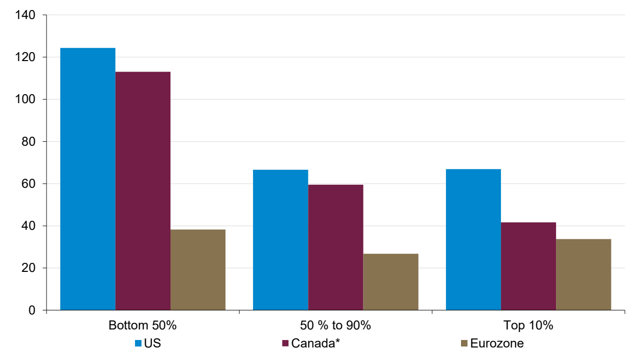


**Based on financial assets only; shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from Statistics Canada, U.S. Federal Reserve, European Central Bank, and Bank of Japan to Q3 2025*

Importantly, it remains the case that, while the distribution of net worth is skewed toward those households at the upper end of the spectrum, this cycle has consistently seen those less-wealthy households participate in the gains — and actually beat the other cohorts on a relative basis so far, with more drastic outperformance seen in North America.

CHART 8: BOTTOMS UP!

Household net worth by wealth percentile
(percent change since Q1 2020)



**Canada: "bottom" is bottom 40%, "middle" is 40% to 80%, "top" is top 20%; source: Guardian Capital, using data from the U.S. Federal Reserve to Q3 2025, Statistics Canada and European Central Bank to Q2 2025*

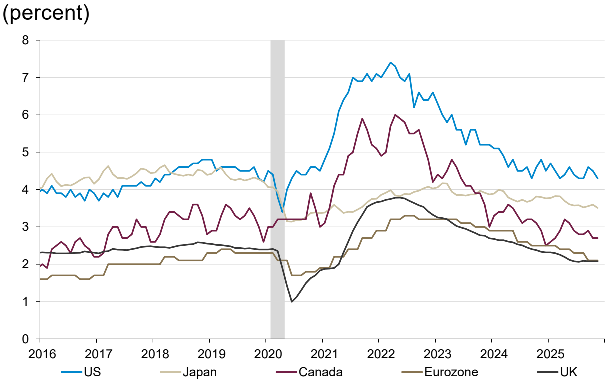
Strong balance sheets reduce the need to save out of current income, increasing household disposable income and capacity to spend — the need to rebuild lost wealth in the aftermath of the housing bubble bursting was a significant drag on spending through the pre-pandemic decade.

Of course, job loss can impair the willingness of households to spend, regardless of the size of "rainy day" funds, and this is a growing area of caution.

Notably, though, while businesses are not adding to headcounts as fervently as they were a few years ago and job vacancies have come down to more "normal" levels, layoffs remain limited outside of the widely publicized cuts to the U.S. civil service.

CHART 9: HELP STILL WANTED

Job vacancy rates*
(percent)

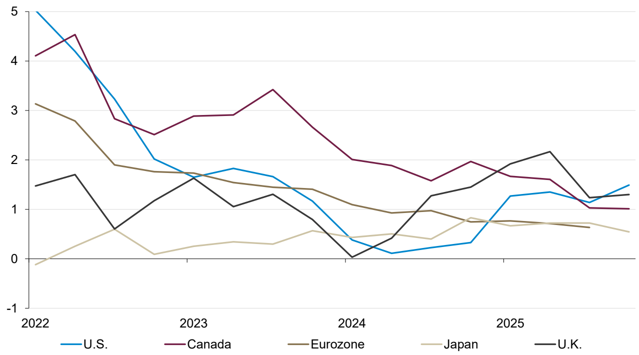


**Job openings as a share of filled and open positions; shaded region represents a period of U.S. recession; source: Guardian Capital, using data from Bloomberg to November 2025*

Instead, it remains the case that economies broadly continue to see gains in employment on net.

CHART 10: EMPLOYMENT EXPANSION

Employment*
(year-over-year percent change)



**Labour force or household survey basis; source: Guardian Capital, using data from Bloomberg to Q4 2025*

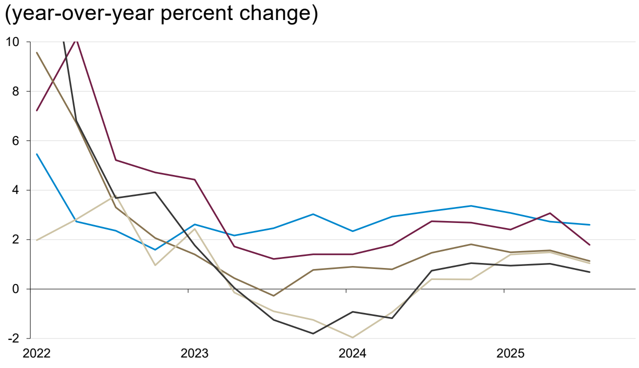
Any increases in DM unemployment rates in recent years have primarily been due to immigration-driven population growth, which takes time to be absorbed into an economy rather than outright job loss — the changes to immigration policies are already seeing this population growth slow markedly, with knock-on effects for the supply of available workers.

So, while labour markets have softened at the margin — particularly for people entering the workforce — conditions still remain generally firm, and workers are seeing wage gains that are outpacing inflation, sustaining purchasing power.

Indeed, real household spending growth has broadly held steady and looks to remain on that trend as consumers appear to remain on a pretty solid footing.

CHART 11: CONTINUED CONSUMPTION

Real household consumption expenditure
(year-over-year percent change)



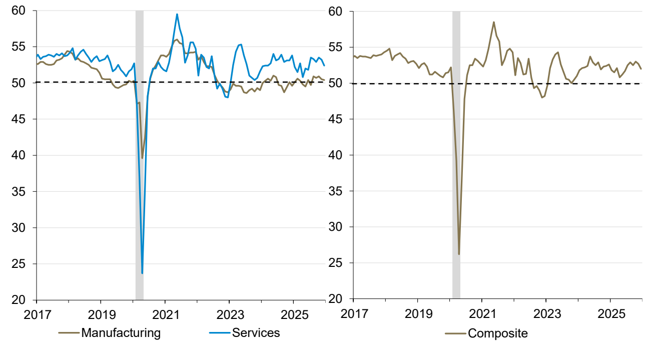
Source: Guardian Capital, using data from Bloomberg to Q3 2025

Building investment

Solid consumer spending has clearly supported business activity and factored into the economically important service side of the economy, showing solid and sustained momentum. Recent months, however, have seen the trajectory among goods producers start to shift higher.

CHART 12: MAINTAINING MOMENTUM

Purchasing managers' indexes[5], World
(diffusion index; >50 denotes expansion)



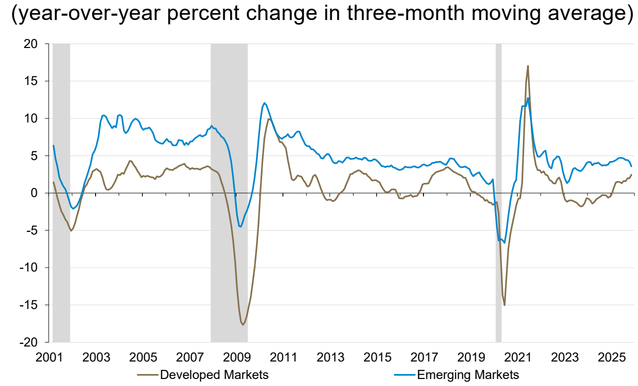
Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from Bloomberg to December 2025

While this is, in part, a function of consumer spending on tangible items, it increasingly reflects businesses' willingness to make needed capital investments.

As uncertainty over the outlook has receded over the latter half of last year, capital goods orders and industrial production growth have perked up, particularly in DM.

CHART 13: PRODUCING THE GOODS

Industrial production volumes[6], World
(year-over-year percent change in three-month moving average)



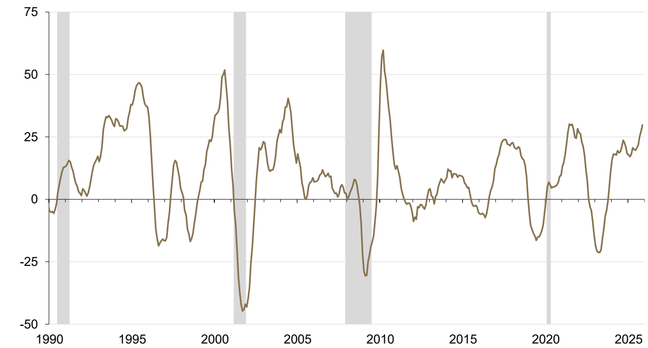
Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from CPB Netherlands Bureau for Economic Policy Analysis to November 2025

Most notably, demand for high-technology-related equipment has surged with the rush toward integrating AI advancements.

Sales of semiconductors, which are integral to the hardware that drives AI capabilities, have surged worldwide over the last year, and there are limited expectations of trends turning in the near term.

CHART 14: SURGING SEMICONDUCTORS

Semiconductor sales, World
(year-over-year percent change of three-month moving average)

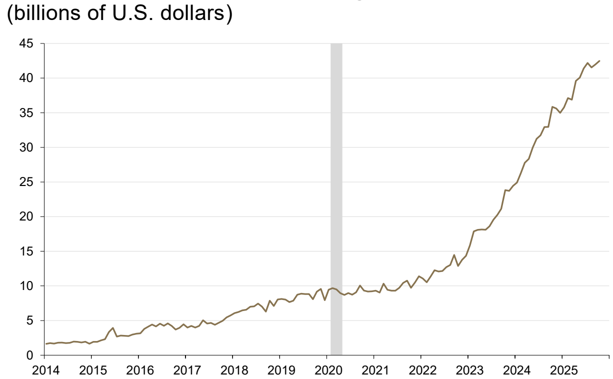


Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from World Semiconductor Trade Statistics and Bloomberg to November 2025

Mirroring this, U.S. investment in information processing equipment and software has made a significant contribution to overall economic growth over the last year, while construction of data centers in the U.S. has more than doubled since 2023.

CHART 15: ADDING CAPACITY

Data center construction spending, U.S.
(billions of U.S. dollars)

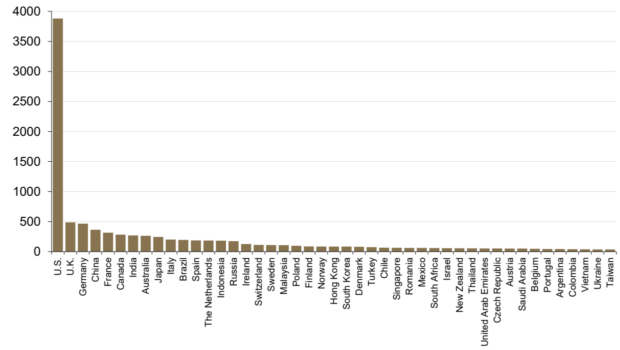


Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from the U.S. Census Bureau to October 2025

There are also growing indications of increased investments throughout Europe and Asia, as countries look to narrow the infrastructure gap with the U.S. and position themselves to reap the potential benefits of the new technologies.

CHART 16: STORAGE SPACE

Data centers by country
(number)



Source: Guardian Capital, using data from Cloudscene as at December 2025

With all of this said, there is a material risk that the return on investment in AI, in terms of productivity gains, could disappoint expectations and trigger a reassessment of capital expenditure plans.

Any downgrade would carry significant implications for expectations for economic and earnings growth, and markets. The prospect of this risk materializing, however, is likely to occur more over the medium-term.

Of course, the risks are two-sided at this early juncture. There is still a very real possibility that markets could be underestimating the potential impact of AI on the economy.

For the near-term, the momentum is likely to remain in place and supplement the consumer as a key support for growth for the coming months.

Government intervention

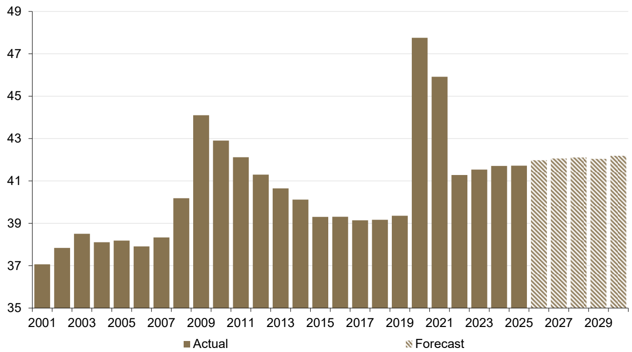
Public sector investment also looks to be an area of growth for the foreseeable future, albeit likely to be somewhat more backloaded.

Rather than take advantage of a generally constructive economic backdrop to get fiscal houses in order, governments worldwide — most notably the U.S., Germany, Japan and Canada — are committing to large-scale infrastructure and national defence investment plans.

As a result, fiscal expenditure as a share of gross domestic product is expected to increase steadily over the forecast horizon, in a stark change relative to the budget tightening seen in the aftermath of previous periods of economic stress.

CHART 17: FISCAL COMMITMENTS

General government expenditure, G7
(percent of gross domestic product)

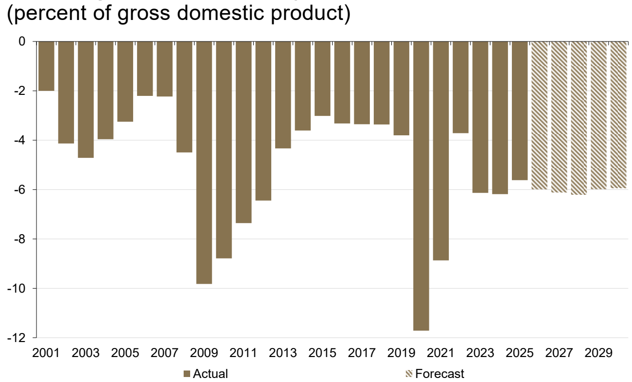


Forecasts are from the International Monetary Fund's World Economic Outlook[7]; source: Guardian Capital, using data from the IMF

There are clear economic benefits to such public investments — obviously contingent on governments executing on plans — however, the resultant gaping fiscal deficits and growing government debt burdens may put upward pressure on market interest rates, which in turn would tighten broader financial conditions and generate some headwinds for the private sectors.

CHART 18: DIGGING A DEEPER FISCAL HOLE

General government primary fiscal balance, G7
(percent of gross domestic product)



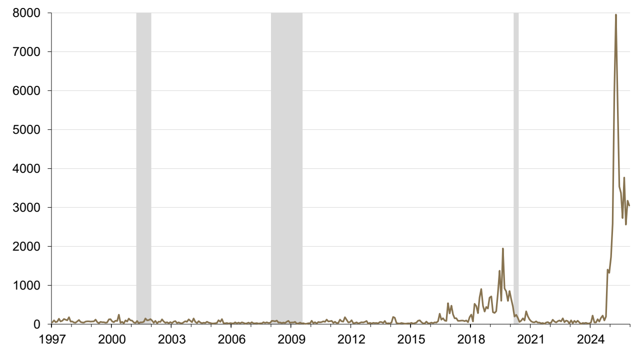
Forecasts are from the International Monetary Fund's World Economic Outlook; source: Guardian Capital, using data from the IMF

Trading places

Unsurprisingly, the ebbing in policy uncertainty worldwide generally reflects the improved clarity with respect to U.S. trade policy.

CHART 19: NOT AS BAD AS IT WAS…

Trade Policy Uncertainty Index[8], U.S.
(index pre-2015 average = 100)

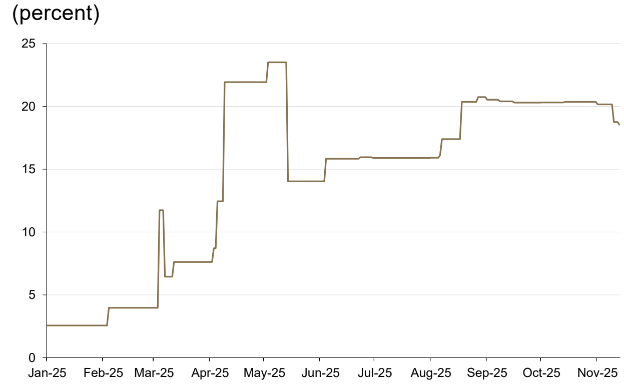


Shaded regions represent periods of U.S. recession; source Guardian Capital, using data from PolicyUncertainty.com to December 2025

Notwithstanding the high likelihood of continued threats of punitive increases and the uncertainties related to the looming joint review of the trade pact between the U.S., Canada and Mexico, there has been some stability of late in tariffs. While rates are materially above year-ago levels, this has, at least, allowed businesses make decisions and adjust supply chains in order to limit the negative impacts of the less-than-optimal policies.

CHART 20: NOT TARIFF-IC

Effective* tariff rates, U.S.
(percent)

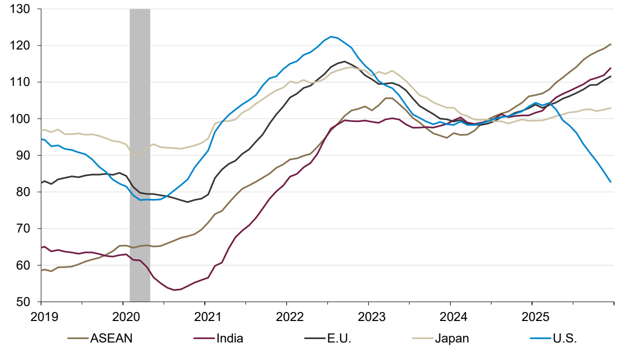


**Effective rate=weighted average of announced statutory rates; source Guardian Capital, using data from the International Monetary Fund to November 2025*

For example, the harsh tariffs charged by the U.S. on goods imported from China have resulted in a 20% plunge in Chinese shipments to the U.S. relative to a year-ago. The decline, however, has been more than offset by increases in exports to countries in the Association of Southeast Asian Nations (ASEAN)[9], as well as India and Europe.

CHART 21: TRADE RE-ROUTING

Merchandise exports by region, China
(indexed 12-month moving total in U.S. dollars 2024 = 100)

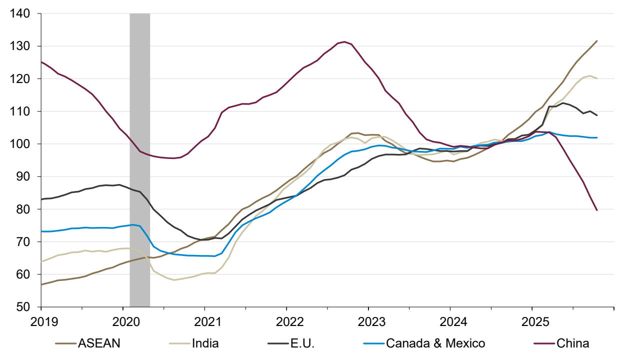


Shaded region represents a period of U.S. recession; source: Guardian Capital, using data from Bloomberg to December 2025

Coincidentally, the U.S. trade data shows that imports of goods from the ASEAN have surged through 2025, as have those from India and Europe, more than offsetting the plunge in direct shipments from China.

CHART 22: TAKING THE LONG WAY HOME

Merchandise imports by region, U.S.
(indexed 12-month moving total in U.S. dollars 2024 = 100)

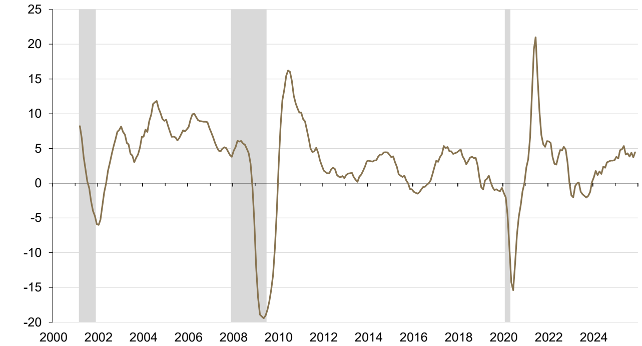


Shaded region represents a period of U.S. recession; source: Guardian Capital, using data from Bloomberg to October 2025

The agility of global supply chains has meant that even with the increased barriers, trade flows have proven resilient. The volume of goods flowing across borders has been growing at a solid rate and adding further support to global growth.

CHART 23: TRADING PLACES

International trade volumes[10], World
(year-over-year percent change in three-month moving average)



Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from CPB Netherlands Bureau for Economic Policy Analysis to November 2025

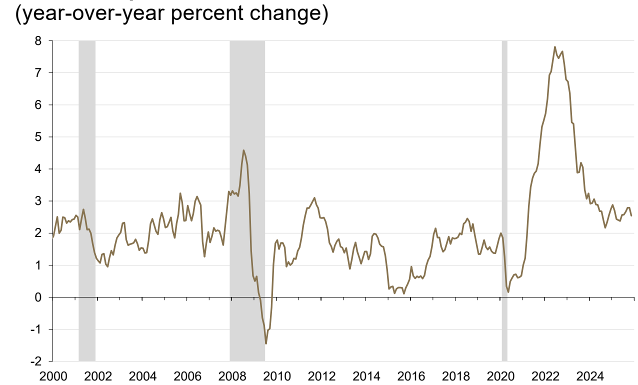
Persistent price pressures

The solid and broadening economic momentum in the face of the uncertainty of the last year is clearly a positive turn of events. It has, however, meant that the anticipated disinflationary forces associated with softening demand have been lacking.

Inflation is well off its peaks, but it remains elevated and broadly above central bank comfort levels.

CHART 24: DOWN BUT NOT OUT

Consumer price inflation, G7
(year-over-year percent change)



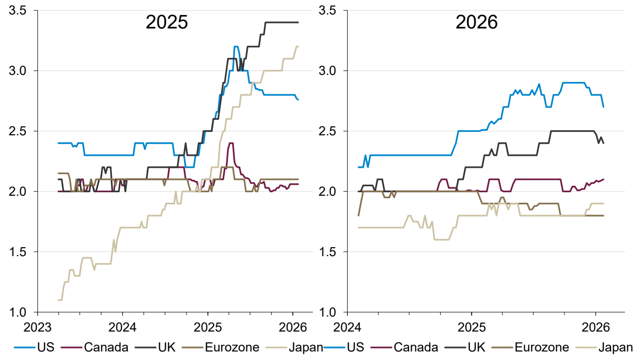
Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from OECD and Bloomberg to November 2025

The rising expectations for economic growth to generally maintain its pace, and the prospect of tariff-related costs pass-throughs exerting some upward pressure on prices, are keeping inflation expectations elevated.

Year-ahead forecasts show only modest further progress toward central bank “price stability” targets, particularly in the U.S. and U.K.

CHART 25: MODERATING MODERATELY

Consensus consumer price inflation forecasts
(year-over-year percent change)



Source: Guardian Capital, using data from Bloomberg to January 23, 2026

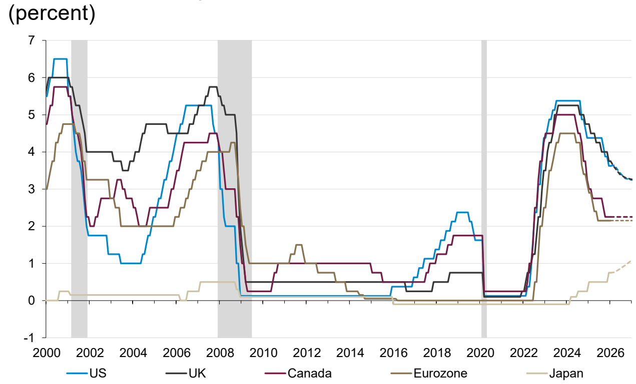
So, while policymakers shifted their focus in the latter half of 2025 toward concerns about softening job markets, the persistence of inflation may well end up reining in their more dovish impulses.

This is especially the case for the likes of the European Central Bank (ECB) and the Bank of Canada (BOC), for whom monetary policy is now viewed as being consistent with "neutral" and inflation is better behaved.

Accordingly, while the U.S. Federal Reserve (the Fed) and Bank of England (BOE) are likely to move closer to their own estimates of "neutral" in the months ahead, the cuts are expected to be modest and gradual — and that is taking into consideration the potential for an extreme "dove" being inserted at the Fed by the American president mid-year. The ECB and BOC are likely to stay on the sidelines barring developments that compel them to act.

CHART 26: THE END IS NIGH

Central bank policy interest rates
(percent)

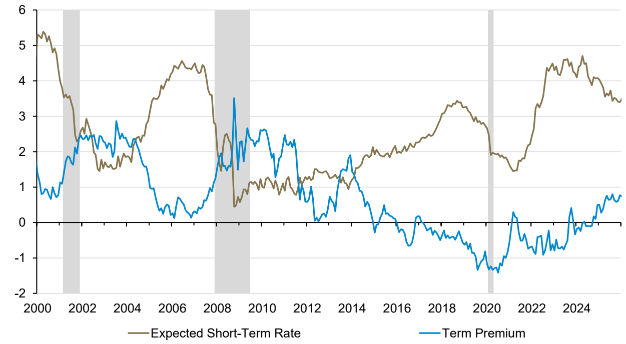


Dashed lines represent consensus forecasts as at January 23, 2026; shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from Bloomberg to January 23, 2026

The downward pressure on policy rates, modest as it may be, is likely to be mirrored in short-term market interest rates. The ongoing policy uncertainty and risks surrounding the inflation outlook, as well as the potential emergence of concerns about fiscal sustainability, however, are likely to continue to put upward pressure on term premiums[11] out the curve.

CHART 27: A PREMIUM ON TERM

Decomposition of 10-year U.S. Treasury note yields
(percent)

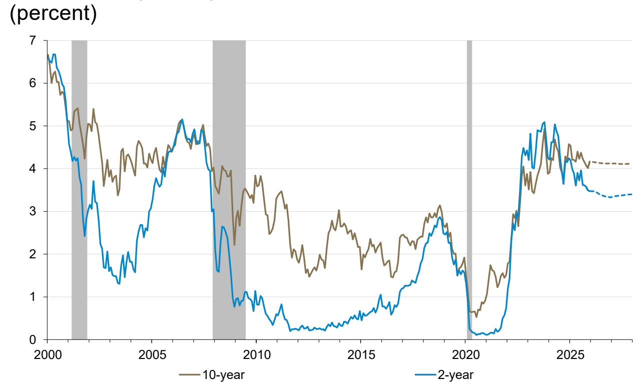


Shaded regions represent periods of U.S. recession; source: Guardian Capital using data from Bloomberg to January 23, 2026

So, while there is scope for shorter-term interest rates to continue to drift lower, the general forecasts for growth and inflation suggest that longer-term rates are likely to remain somewhat anchored around current levels, resulting in a steeper curve.

CHART 28: PARTING WAYS

U.S. Treasury note yields
(percent)



Dashed lines represent consensus forecasts as at January 23, 2026; shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from Bloomberg to January 23, 2026

Risk assessments

A backdrop of continued economic growth, above-target inflation and modest disinflationary pressures, and generally stable longer-term interest rates, points to a market where fixed income performance is likely dictated by a bond's coupon payments.

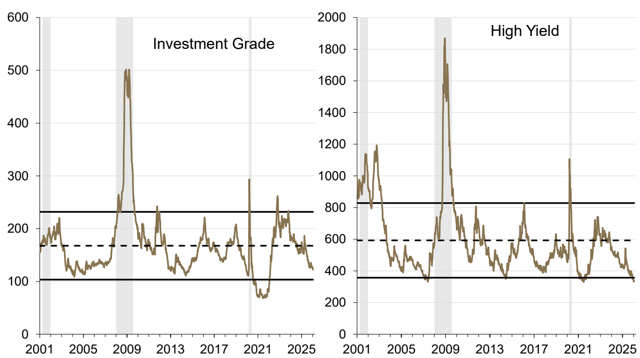
Yields on government-issued securities remain among their highest levels in the last two decades, while the more conservative assets can serve as a ballast for portfolios should economic fortunes take a turn for the worse.

That said, should the underlying economic drivers remain on track, the environment would be supportive of the performance of credit even as spreads are on the tight side of history.

While this creates some asymmetry for the balance of risk (i.e. history suggests that spreads are more likely to widen than narrow), there is scope for the current yield premiums to be maintained, given the benign default cycle implied by the outlook, while the wide dispersion of quality within the aggregated indexes suggests there is opportunity for more active bond investors.

CHART 29: SPREAD 'EM

Credit spreads over government bond yields, World*
(basis points)



**Bloomberg Global Aggregate Bond Indexes; dashed lines represent series averages, solid lines are +/-1 standard deviation from the average; shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from Bloomberg to January 23, 2026*

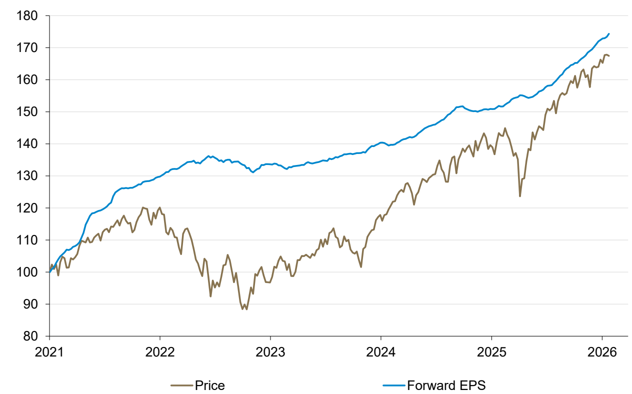
Similarly, the baseline outlook for growth, inflation and rates remains constructive for equities even after three consecutive years of double- digit gains.

To the extent there has been some speculative fervour in the market — especially with respect to the prospects for companies that are most exposed to AI — it is worth noting that the solid performance of the broader economy has provided a fundamental underpinning to the performance.

As strong as global stock returns have been through this cycle, expected earnings growth has actually been stronger throughout the post-pandemic period.

CHART 30: KEEPING PACE

MSCI World Index[12] price and forward earnings
(index; January 1, 2021 = 100)



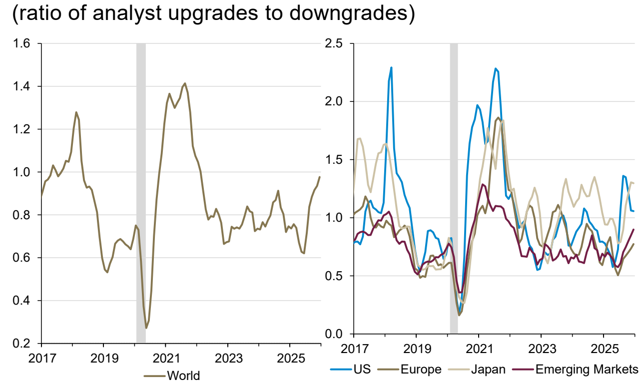
Source: Guardian Capital, using data from Bloomberg to January 23, 2026

That has resulted in valuations not changing much from their levels five years ago — so, to the extent that performance is strictly a function of earnings growth, there is scope for the year ahead to once again be positive, albeit likely more modest than the annualized 20% gains for the MSCI World Index seen since the end of 2022.

That said, just as economic forecasts have been ratcheted up as uncertainty has ebbed, so too have earnings expectations. Equity analysts have been rapidly upgrading their profit forecasts worldwide, with the potential for the trajectory to be sustained, offering support to market momentum.

CHART 31: UPWARD REVISIONS

Three-month earnings per share revision ratios
(ratio of analyst upgrades to downgrades)



Shaded regions represent periods of U.S. recession; source: Guardian Capital, using data from Bank of America to December 2025

Of course, markets are far from lacking risk, and some caution is warranted.

Returns tied to earnings expectations become vulnerable should those expectations be disappointed — the risks around AI investments arguably being most notable on this front.

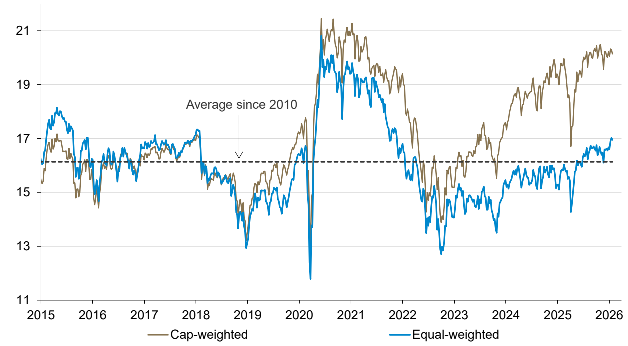
As well, the ongoing political uncertainty and the related elevated headline and event risk on the horizon raise the prospect of spurts of volatility.

Finally, while broad market valuations have not changed much relative to where they were five years ago, it remains the fact that they are elevated, which could set up for some pullback even if growth holds up.

This is especially the case in those more expensive and heavily weighted growth-focused segments of the market, which accounts for passive investment flows, and have driven the notable wedge between market capitalization and equal-weighted valuation metrics.

CHART 32: MIND THE GAP

Forward price-to-earnings ratio, MSCI World Index
(ratio)



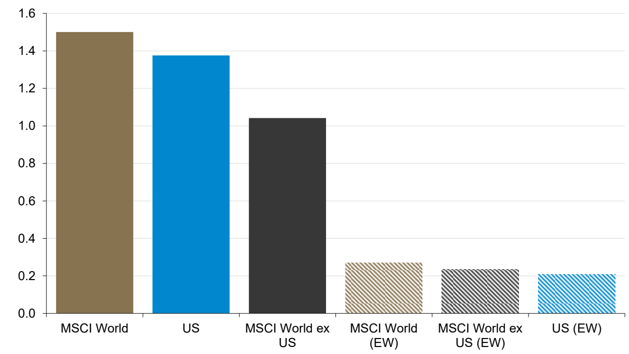
Source: Guardian Capital, using data from Bloomberg to January 23, 2026

Any potential shift in investor sentiment in these areas, in the absence of broader economic duress, however, could prove relatively positive for those other areas of the market that have underperformed the U.S.-centric AI trade and are comparatively reasonably priced.

That would suggest that there are potential relative performance gains from more active strategies that look beyond America's borders — but at the risk of lagging the broader market should the narrow momentum of recent years be sustained.

CHART 33: A WORLD OF OPPORTUNITY

MSCI Index forward price-to-earnings ratio
(standard deviations from the average since 2010)



**EW=equal-weighted versions of the Index[13]; source: Guardian Capital, using data from Bloomberg as at January 23, 2026*

A fundamental difference at a fundamental level

The last few years, and the past year in particular, have served as a lesson that when trying to make educated guesses about what is most likely to happen, you have to pay more attention to the underlying signals than the deafening noises.

The noise can be disorienting, but those underlying signals tend to point to the clearest path forward.

So, while the current environment remains primed for tape bombs, sabre rattling, policy announcements and reversals of course, and all sorts of headline risk, the actual fortunes of the economy and markets will most likely hinge on the fundamental drivers of growth.

And on that score, despite the elevated uncertainty and potential risks, things look constructive.

Consumers remain on a solid footing and are positioned to continue to play a key role in sustaining economic momentum.

The potentially transformational impact of AI advancements is spurring technology expenditures and leading a renewed business investment cycle.

For their parts, governments are implementing significant capital spending plans to enhance domestic infrastructure and national defence.

While the confluence of these positive drivers points to less economic support coming from monetary policymakers, the easing over the last few years to get closer to “neutral” (and a high bar to reverse course) suggest rates will be less of a headwind.

For sure, there are risks to this outlook, but barring an unforeseen shock, this all sets up for a constructive backdrop for financial markets across asset classes that looks likely to support further positive returns.

David Onyett-Jeffries

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[1] The Global Economic Policy Uncertainty Index is a GDP-weighted average of national Economic Policy Uncertainty (EPU) indices for 18 countries that account for two-thirds of global output. Each national EPU index reflects the relative frequency of own-country newspaper articles that contain a trio of terms pertaining to the economy, uncertainty and policy-related matters.

[2] The Geopolitical Risk Index, created by Dario Caldara and Matteo Iacoviello, is a measure of adverse geopolitical events and associated risks based on a tally of newspaper articles covering geopolitical tensions. The index reflects automated text-search results of the electronic archives of 10 newspapers related to adverse geopolitical events in each newspaper for each month (as a share of the total number of news articles).

[3] The Citi Economic Surprise Index measures the pace at which economic indicators are coming in ahead of or below consensus forecasts. When the index is negative, it means that the majority of reports are coming in below expectations, while a positive reading indicates that most data is coming in ahead of expectations.

[4] The nominal house price index covers the sales of newly-built and existing dwellings

[5] The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors; based on a monthly survey of companies to determine whether business conditions are improving, unchanged, or deteriorating compared to the previous survey, seasonally adjusted.

[6] Aggregate volume of output of industrial establishments in mining & quarrying, manufacturing, and public utilities (electricity, gas and water supply).

[7] International Monetary Fund, World Economic Outlook: global economy in flux, prospects remain dim; October 14, 2025, World Economic Outlook, October 2025: Global Economy in Flux, Prospects Remain Dim

[8] The Trade Policy Uncertainty Index is one of the category-specific Economic Policy Uncertainty (EPU) indexes. It reflects the frequency of articles in American newspapers that discuss policy-related economic uncertainty and also contain one or more references to trade policy.

[9] ASEAN=Association of Southeast Asian Nations and includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

[10] Aggregate volume of merchandise trade leaving a country (exports) and entering a country (imports) on a volumes for 81 countries worldwide covering approximately 99% of world trade.

[11] Term premiums are the extra yield investors demand for holding longer-term debt instead of repeatedly investing in short-term bonds. This additional return compensates for the risks associated with longer-term investments, primarily the risk that interest rates will rise and devalue the bond's fixed price, and inflation uncertainty.

[12] The MSCI World Index captures mid- and large-cap representation across 23 developed market countries.

[13] The MSCI indexes are free-float weighted and equal-weighted equity indexes and are designed to measure the performance of large and mid-cap segments of a given domestic equity market.

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