

IESE Uncertainty Index, a decision tool to track daily economic uncertainty

A tool that combines daily-reported data from 22 major economies, IESE's Uncertainty Index gives a snapshot of when uncertainty is growing – and when it isn't.



January 19, 2026

Game-changing events, such as the Brexit referendum, the COVID-19 pandemic or Donald Trump's "Liberation Day" tariffs in April 2025, shake financial markets and create a world that suddenly feels unpredictable. When uncertainty surges, people and companies struggle to plan: Investment decisions freeze, hiring slows and confidence, both among consumers and management teams, takes a hit.

To measure and track economic uncertainty and to help businesses understand when they can take confident decisions, IESE's [Roberto Garcia-Castro](#) and [Miguel Angel Ariño](#) have created the [IESE Uncertainty Index](#), which computes global economic uncertainty on a daily basis. It takes the daily closing prices of:

- Domestic stocks
- Domestic 10-year government bonds
- Domestic exchange rates
- Brent Spot Price FOB

These are collected for 22 large economies where data is readily available and which together represent around 80% of the world's economy. The countries include Australia, Austria, Belgium, Brazil, Canada, China, Egypt, France, Germany, Greece, Israel, Italy, Japan, Mexico, Netherlands, Poland, South Africa, South Korea, Spain, Turkey, the United Kingdom and the United States.

Comparing country graphs over the last four decades, the IESE Uncertainty Index shows clear spikes in response to major global events, including the first Gulf War, the dot-com crisis, 9/11, the fall of Lehman Brothers, the eurozone debt crisis, Brexit and Russia's invasion of Ukraine.

One notable pattern is that after a spike, uncertainty levels often fall back quickly, even if day-to-day life still feels chaotic. Take the first year of Donald Trump's second presidency. Uncertainty jumped sharply across the globe in April 2025 when Trump announced his "Liberation Day" tariffs, yet it has since eased steadily. Likewise, the spike after Russia's invasion of Ukraine — particularly in nearby economies such as Poland or Germany — has largely resolved.

"In part, it shows the difference between the headlines and what the market thinks," says Garcia-Castro. "The news cycle prioritizes dramatic news, but it doesn't necessarily present the real story, as seen by the people making investment decisions."

It's also true that a sudden change comes as a shock, but after a period of adjustment, it becomes the new normal. Markets adjust, and though times may still be hard, it is no longer down to uncertainty itself.

What the IESE Uncertainty Index adds to existing indexes

There are other indexes measuring uncertainty, all employing different methodologies. The [World Uncertainty Index](#) (WUI) measures how often the word "uncertainty" appears in Economist Intelligence Unit reports, offering broad cross-country comparability over long periods. The [Economic Policy Uncertainty \(EPU\) Index](#) tracks how often newspapers mention economy-, policy- and uncertainty-related terms, focusing on policy-driven uncertainty. The [CBOE VIX](#) reflects investors' expectations of stock market volatility over the next 30 days, making it a widely used gauge of short-term financial stress. That said, it *only* captures financial uncertainty (options on stock prices), while the IESE Uncertainty Index, through bond prices, exchange rates and oil prices, adds dimensions like domestic-national political uncertainty, geopolitical uncertainty and geoeconomic uncertainty. This produces a high-frequency, comparable measure across countries, filling the gap between slow, text-based indicators like the WUI and narrow, market-specific measures like the VIX.

As an example of how different indexes can reach different conclusions, in late November

2025, the VIX reached a value of 26 (high enough to unsettle investors), while IESE's index remained low (at around 70 on a scale of between 0 and 200 with 100 being the average). The VIX was showing financial uncertainty, but geoeconomics and geopolitics remained fundamentally unchanged. A few weeks later, the VIX also drifted back to showing low uncertainty.

What the IESE Uncertainty Index means for managers

For decision-makers, the IESE Uncertainty Index serves as an early signal of shifting economic conditions, helping them judge when the environment is becoming more stable or more volatile. Because the index is updated daily and offers consistent cross-country measures, it allows managers to monitor sudden changes in market conditions, adapt investment or hiring plans when uncertainty rises, and communicate those shifts clearly to boards or teams.

How managers can use the index

- **Use the index as a red or green light for decisions.** A sharp global or regional rise can be a signal to pause large, irreversible decisions such as acquisitions or major capital investments.
- **Compare uncertainty across regions.** Uncertainty is often synchronized among closely connected economies (e.g., U.S. and parts of Europe) but less so where financial or trade links are not as connected (e.g., U.S. and China). Managers should understand these patterns to anticipate spillovers and balance timings and risk across markets.
- **Brief the board with confidence.** Improve internal communication with neutral, data-based reference points for boards, investors or teams to justify choices to pause or move ahead.
- **Combine data points for a fuller understanding.** Managers can combine this index with the VIX to obtain a more comprehensive view of global risk. While the VIX serves as a barometer of market volatility, IESE's index broadens the picture by incorporating additional sources of strategic exposure, including political and geopolitical risks such as regime changes or interstate tensions, and geoeconomic risks such as trade restrictions or coordinated actions by major producers.

ALSO OF INTEREST:

[6 business trends for 2026](#)

[How simple data reports boost sales and empower small business owners](#)



https://cfvod.kaltura.com/pd/p/1766931/sp/176693100/serveFlavor/entryId/1_v9vnkgkz/v/1/flavorId/1_gdemb10d/name/a.mp4



Miguel Angel Ariño

Professor in the Managerial Decision Sciences Department at IESE. He is an expert on decision-making and organizational governance, as well as co-author of the [IESE Uncertainty Index](#).



Roberto Garcia-Castro

Professor in the Managerial Decision Sciences Department at IESE and co-author of the [IESE Uncertainty Index](#).

www.iese.edu/insight