

BOX II.3:

Global uncertainty and investment

In recent months there has been a significant increase in global uncertainty. Usually, this type of events negatively affects investment ([Bloom, 2009](#)), with impacts that can be more pronounced in emerging and open economies such as Chile ([Carriere-Swallow y Céspedes, 2013](#)), especially when accompanied by major financial disruptions.

The central scenario of this IPoM assumes an improvement in investment plans over the projection horizon, despite increased global uncertainty. This result is based on several factors. The investment committed in the cadastres has increased significantly, especially in the mining and energy sectors, which respond to longer-term needs (Box I.2); the increase in financial volatility was significant, but temporary (Figure II.15); and local financial conditions have evolved favorably compared to what would be expected in an episode of risk aversion such as the current one (Box I.1).

This box shows exercises that quantify the negative impact of global economic uncertainty shocks on investment, both aggregate and for different types of firms, based on past episodes. This is a way of assessing the effect of potential alternative scenarios in which the increase in uncertainty affects investment.

Recent evolution of global economic uncertainty and how it relates to investment

The VIX is an index that measures the volatility of financial asset prices and is widely used as a measure of global financial and economic uncertainty. During April, it increased by approximately two standard deviations above its historical average, with a rapid reversal in May^{1/} (Figure II.15).

Increases in the VIX are usually associated with greater economic and financial uncertainty and increased demand for safe financial assets (flight to quality). A decrease in risk appetite contracts the global supply of liquidity, which can lead to a domestic contraction of credit that negatively affects investment. At the same time, in scenarios of high uncertainty, the firms may contract their investment spending due to the adoption of “wait and see” strategies.

[Andalaf et al. \(2025\)](#) estimate the impact of previous episodes of rising global uncertainty on local investment. The results suggest that an increase in global uncertainty tends to significantly depress investment for two quarters, with a recovery being observed around nine months after the shock^{2/} (Figure II.16a). These results change significantly when the increase in global uncertainty is not accompanied by an increase in local uncertainty or a deterioration in financial conditions. In that case, compatible with what is happening today, there is no negative impact (Figure II.16b).

^{1/} Other measures of global economic uncertainty also showed an increase, such as the economic policy uncertainty index (EPU) or the trade policy uncertainty index (TPU). These, while falling in May from the levels reached in April, remain elevated.

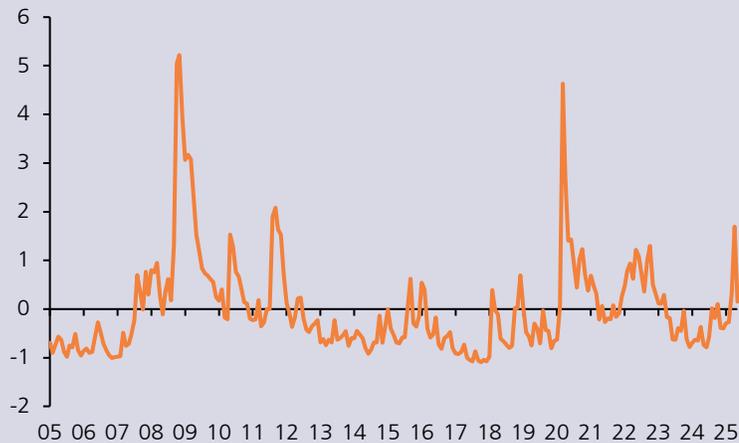
^{2/} Given a shock of 1 standard deviation, the annual investment decline is approximately 1.2%.

In any case, in the face of an uncertainty shock that reduces investment, there is a high degree of heterogeneity in the responses of firms. Larger companies reduce their investment to a greater extent than small and medium-sized ones (Figure II.17a). This may be because big companies depend more on external financing ([Acosta-Henao et al., 2025](#)) and on external demand for their products, and both channels are affected by global uncertainty^{3/}. Finally, the reduction in investment is especially persistent for indebted and non-performing firms^{4/} (Figure II.17b).

Conclusions

The central projection scenario assumes that the increase in global financial uncertainty will have no substantial impact on local investment. However, there are sensitivity scenarios where the upsurge in global trade tensions may result in a deterioration of financial conditions for emerging economies, including Chile. In such a scenario, local investment could be affected, especially for big and indebted companies.

FIGURE II.15
Volatility Index, VIX
(standardized index)



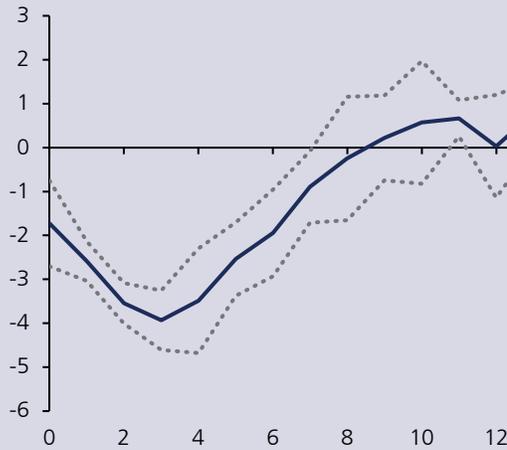
Source: Chicago Board Options Exchange and Statistical Database of the Central Bank of Chile.

^{3/} [Andalaf et al. \(2025\)](#) show that the investment of exporting firms reacts more strongly to VIX shocks than non-exporting firms.

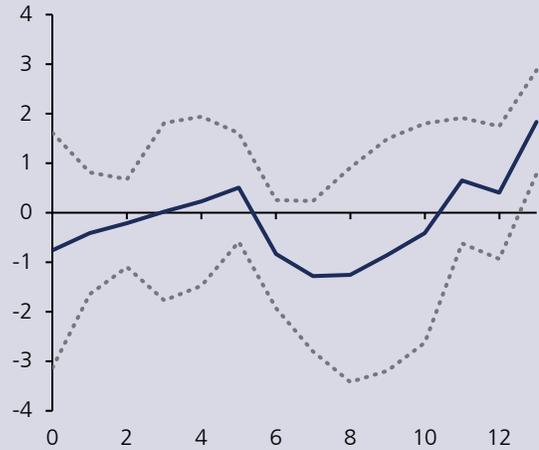
^{4/} Large companies are those with sales greater than 1 million UF per year. Indebted and delinquent companies are those with a level of debt above the median for their sector and with at least five days of delinquency in the local banking system.

FIGURE II.16 EFFECT OF AN INCREASE IN GLOBAL FINANCIAL UNCERTAINTY ON AGGREGATE INVESTMENT (*)

(a) VIX increase on investment (percent)



(b) VIX increase on investment conditioned by observing low local uncertainty (percent)

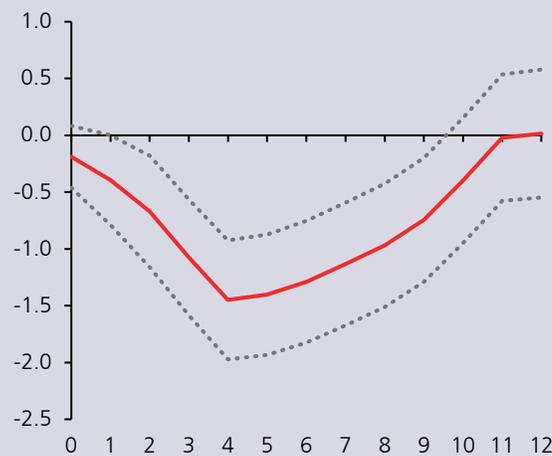


(*) Panel (a) shows the dynamic response of investment using microdata to a one standard deviation increase in the VIX in month zero. Panel (b) shows the response of investment conditional on local uncertainty having the opposite direction to external uncertainty. These results are obtained from monthly Local Projection regressions for the period 2017m1–2025m2. The solid line contains the beta estimate, and the dotted lines the 95% confidence intervals.

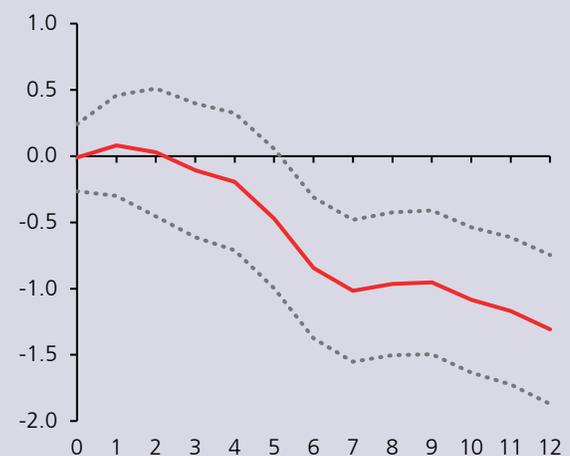
Source: [Andalraft et al. \(2025\)](#).

FIGURE II.17 HETEROGENEITY IN THE RESPONSE OF INVESTMENT TO UNCERTAINTY SHOCKS (*)

(a) Differential effect for large firms (percent)



(b) Differential effect for indebted and delinquent firms (percent)



(*) The figures show the differential effect of an uncertainty shock (a one standard deviation increase in the VIX) on a corporate investment indicator using microdata for large firms compared to small and medium-sized firms (Panel a), and for indebted and delinquent firms compared to the rest (Panel b). Large companies are those with annual sales exceeding UF 1 million. Indebted and delinquent firms are those with a debt level above the median for their sector and at least five days of delinquency in the local banking system. The solid line is the beta estimate and the dotted lines are the 95% confidence intervals.

Source: [Andalraft et al. \(2025\)](#).