

NRB WORKING PAPER SERIES

WP-65

Macroeconomic Effects of Economic Policy Uncertainty: Evidence from Nepal

Birendra Bahadur Budha
Rohan Byanjankar
Swostik Nepal

NRB Working Papers present research in progress by the author (s). They are disseminated to elicit comments and further debate. The views expressed in NRB Working Papers are those of the author(s) and do not represent the views of the NRB.



NEPAL RASTRA BANK
ECONOMIC RESEARCH DEPARTMENT

JULY 2026

Macroeconomic Effects of Economic Policy Uncertainty: Evidence from Nepal

Birendra Bahadur Budha^a, Rohan Byanjankar^b, Swostik Nepal^c

^aNepal Rastra Bank, ^bNepal Rastra Bank, ^cResearch Scholar

ABSTRACT

This paper investigates the effects of economic policy uncertainty on the Nepali economy. We construct an economic policy uncertainty index for Nepal based on publicly available, real-time Google Trends data for the period from January 2011 to April 2026. We find that an increase in policy uncertainty reduces GDP, imports, private sector credit, and the stock market index.

KEYWORDS

Google trends, economic policy uncertainty index, Nepal, macroeconomy

JEL CLASSIFICATION

C32, E32, E50, F10

1 Introduction

Uncertainty and its effects on the economy have attracted significant attention from policy makers and economists, particularly since the 2007 global financial crisis. This increased attention has catalyzed a vast body of literature in this area over the last few decades, including the methods of measuring various types of uncertainties and transmission to the economy (see for a survey [Cascaldi-Garcia et al., 2023](#)). For instance, an economic policy uncertainty measure based on newspapers is available for many countries, such as in [Baker et al. \(2016\)](#). More recently, novel measures of uncertainty using Google Trends data are also available, including [Castelnuovo and Tran \(2017\)](#) and [Pratap and Priyaranjan \(2023\)](#). Google trends on keywords offers relative measures of search intensity. Google-based uncertainty index provides a high-frequency, real-time proxy of public-information seeking behavior, reflecting latent economic and social sentiment, and the short-term spikes that occur around specific events. However, for Nepal, only the world uncertainty index by [Ahir et al. \(2022\)](#) is available at a quarterly frequency. Given the widespread availability of the internet across country, this paper aims to measure economic policy uncertainty for Nepal using an internet search-based approach.

We measure a Google Trends-based uncertainty index (GUI) for Nepal, primarily economic policy uncertainty, using publicly available data from Google Trends. We construct a list of keywords that capture different dimensions of economic policy and uncertainty. The baseline set of keywords consists of 56 terms related to fiscal, monetary and trade policies in Nepal, that frequently appear in central bank statements and policy documents.

CONTACT Rohan Byanjankar  rohanbjkr@nrb.org.np  Corresponding author: Nepal Rastra Bank, Baluwatar, Kathmandu 44600

The views expressed by the authors do not represent the views of Nepal Rastra Bank. All remaining errors are our own.

© 2026 Authors



Then, we construct a measure of economic policy uncertainty at monthly frequency from January 2011 based on Google Trends, following [Castelnuovo and Tran \(2017\)](#) and [Pratap and Priyaranjan \(2023\)](#). We also extend the list of keywords to capture overall macroeconomic uncertainty and construct the extended uncertainty index. Our proposed uncertainty index correlates with domestic and global events of heightened uncertainty such as monetary policy announcements, the government budget, and foreign exchange reserve adequacy pressures. Finally, we examine the macroeconomic effects of uncertainty using the Local Projection methods by [Jord`a \(2005\)](#). We find that an increase in GUI reduces GDP, imports, private sector credit, and the stock market index.

This paper builds on the literature that has explored the measurement of economic policy uncertainty and its macroeconomic effects. Some major works measuring empirical proxies of uncertainty include [Bloom \(2009\)](#), [Jurado et al. \(2015\)](#), [Baker et al. \(2016\)](#), [Caldara et al. \(2020\)](#), and [Ahir et al. \(2022\)](#). The literature develops around several methods of measuring uncertainty, including newspaper-based, survey-based, econometric-based, and market-based measures, as well as types such as uncertainty related to monetary policy, fiscal policy, trade policy, and climate, among others (for a survey, [Cascaldi-Garcia et al., 2023](#)). [Baker et al. \(2016\)](#) employ newspaper-based economic policy uncertainty measures and demonstrate that uncertainty shocks reduces investment, output, and employment. Recent studies, including [Castelnuovo and Tran \(2017\)](#), [Bontempi et al. \(2021\)](#), and [Pratap and Priyaranjan \(2023\)](#), have leveraged Google Trends data to construct a measure of uncertainty and its macroeconomic effects. We follow their ideas and construct a measure of economic policy uncertainty for Nepal using Google Trends data. To the best of our knowledge, this paper is the first to measure uncertainty and its macroeconomic effects in the context of Nepal.

Section 2 presents the methods and measures of the economic policy uncertainty index for Nepal. Section 3 contains the macroeconomic effects of economic policy uncertainty. Finally, Section 4 concludes.

2 Measuring Uncertainty Index

In this section, we first describe the methodology for constructing the Google trend based economic policy uncertainty index, and then present the uncertainty index for Nepal.

2.1 Construction of Google Trends Uncertainty Index

We follow the approach of [Castelnuovo and Tran \(2017\)](#) and [Pratap and Priyaranjan \(2023\)](#) to construct our measures of Google Trends based economic policy uncertainty for Nepal. This approach assumes that economic agents search for online information when they face uncertainty. Thus, the search frequency of uncertainty-related terms becomes higher during a higher levels of uncertainty ([Castelnuovo and Tran, 2017](#)). To construct the GUI, we use publicly available data from Google trends, which provides a normalized measure of search volume, defined as a Search Volume Index (SVI), that ranges from 0 to

100, with 100 indicating the highest frequency observed over the specified sample period for a given keyword. Thus, the SVI for a given word is a relative measure in terms of the benchmark keyword and has a higher value when there is an increased number of internet searches for the word. We interpret higher online search intensity for uncertainty-related keywords as a proxy for heightened uncertainty among economic agents.

We begin by constructing a list of keywords that capture different dimensions of economic policy and uncertainty. The baseline set consists of 56 terms related to fiscal, monetary, and trade policies, many of which frequently appear in central bank statements and policy documents.¹ This set is largely consistent with [Baker et al. \(2016\)](#) and [Pratap and Priyaranjan \(2023\)](#), with some adjustments to capture Nepal-specific terminologies and search patterns. These terms are directly linked to policy actions that may affect financial markets and the broader economy, thereby serving as indicators of heightened uncertainty. We also expand the list to 201 keywords, covering broader domains such as national security and war, health care, regulatory provisions, elections, and other shocks and crises as an alternative Google uncertainty index.

After selecting relevant keywords, we choose a benchmark keyword, because the Search Volume Index (SVI) is constructed relative to this benchmark. We use “Nepal Rastara Bank” as the benchmark keyword, since it is the most frequently searched term.² Once the benchmark is determined, we extract the search frequency of each keyword relative to it using Google Trends. As Google Trends allows extraction of only five keywords at a time, we form groups of five keywords (including the benchmark) and repeat the procedure across all groups keeping the benchmark keyword intact.

Denoting $N_{i,t}$ as the search volume for keyword i at time t , we can write SVI for keyword i at time t as:

$$SVI_{i,t} = \frac{N_{i,t}}{M(k_i)}$$

Where

$$M(k_i) = \max\{N_{i,t} : \forall t\}$$

Similarly, the SVI of the benchmark word k_b is given by:

$$SVI_{b,t}^* = \frac{N_{b,t}}{M(k_b)}$$

Let S_j denote a set of keywords, and to normalize the SVI for each keyword within its respective set S_j , we define:

$$SVI_{i,j} = \frac{N_{i,t}}{M(S_j)}$$

where

$$M(S_j) = \max\{N_{i,t} : k \in S_j\}$$

This normalization scales each keyword's SVI relative to the maximum search volume

1 The list of 56 keywords are presented in Table A.2 in Appendix.

2 [Pratap and Priyaranjan \(2023\)](#) use “economy” as the benchmark keyword for India, which does not qualify as an appropriate benchmark for Nepal.

within its set. The benchmark keyword k_b in set S_j has an SVI given by:

$$SV I_{bj} = \frac{N_{b,t}}{M(S_j)}$$

Further, this yields the corrected relative frequency for keyword i :

$$F_i = SV I_{ij} \cdot \frac{SV I_{b,t}}{SV I_{bj}} = \frac{N_{i,t}}{M(K_b)}$$

The raw Google Uncertainty Index is then obtained by summing over all n keywords:

$$GUI_{raw,t} = \sum_{i=1}^n F_i$$

For each keyword, we first compute its relative frequency with respect to the benchmark keyword:

$$Relative_{i,t} = \frac{SV I_{i,t}}{SV I_{b,t}}$$

This relative measure captures the intensity of searches for keyword i relative to the benchmark at time t . To place these values on a consistent global scale, we multiply by a timevarying scale factor, defined as

$$scale\ factor_t = \frac{SV I_{b,t}}{M(SV I_{b,t})}$$

The adjusted search intensity for keyword i is therefore given by

$$F_{i,t} = Relative_{i,t} \cdot scale\ factor_t$$

Finally, aggregating across all n keywords yields the raw Google Uncertainty Index:

$$GUI_{raw,t} = \sum_{i=1}^n F_{i,t}$$

The raw index may be distorted by seasonality, media-driven traffic peaks, evolving search habits, and noise introduced by the algorithm itself (Bilgin et al., 2019; Pratap and Priyaranjan, 2023). To address these concerns, we deseasonalize the monthly aggregated raw index, extract its cyclical component, and remove the trend component.³ The final Google Trends uncertainty index is defined as:

$$GUI_t = 100 \cdot \frac{GUI_t^{cycle}}{GUI_t^{trend}}$$

2.2 A First Look at the Google Uncertainty Index

Figure 1 presents the Google Economic Policy Uncertainty Index (GUI) for Nepal – derived from 56 keywords related to economy and economic policies – annotated with specific events that contributed to heightened uncertainty. Our index shows that economic policy uncertainty mostly increases during the period of the budget announcement by the Government of Nepal and annual monetary policy announcement by Nepal Rastra Bank. The Government of Nepal mostly announced budget during the month of July every year until 2015, and since 2016, announces on 29 May every year. Likewise, Nepal Rastra Bank usually announces annual monetary policy in July. Uncertainty also spikes in November 2014 corresponding to the SAARC Summit held in Kathmandu on November 26–27, 2019

³ We apply the Hodrick–Prescott filter, with the smoothing parameter λ set according to the frequency rule in Ravn and Uhlig (2002), to decompose the raw index into trend and cyclical components.

and August 2018 corresponding to BIMISTIC summit held in Kathmandu during August 30-31, 2018. Similarly, Nepal Rastra Bank reported the lowest foreign exchange reserve adequacy in April 2022, which is reflected in the elevated GUI during the same period.

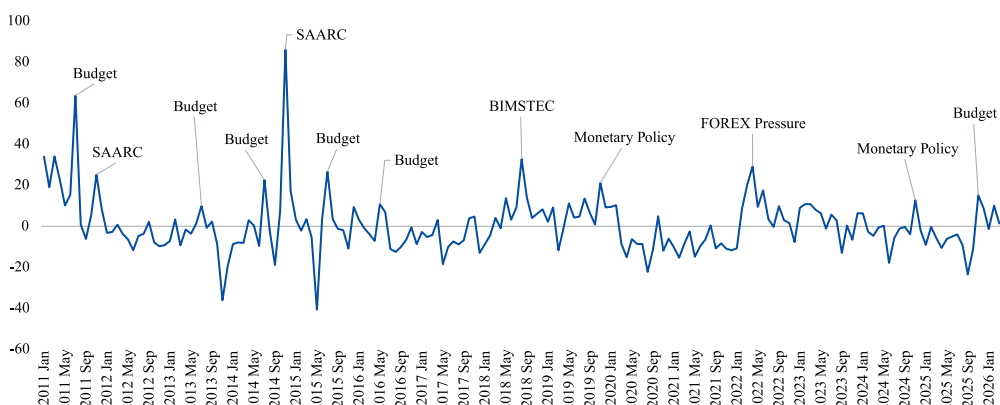


Figure 1: Google-Trends Economic Policy Uncertainty Index (GUI) for Nepal

Note: This figure presents the Google-trends based Economic Policy Uncertainty Index with the dating of specific events where spikes have been observed. For instance, GUI heightened during budget announcement by the Government of Nepal (July 2011, July 2013, July 2015, May 2016, and November 2025), monetary policy announcement (November 2019 and November 2024), SAARC summit (November 2011 and November 2014), BIMISTEC summit (August 2018), and foreign exchange reserve adequacy pressures (April 2022).

In addition, we construct two alternative versions of the GUI. First, we enriched the existing list of 56 keywords to 95 by subsuming keywords about regulations and trade, and estimated an alternative Google-Trends Policy Uncertainty Index. While the index presented in Figures 1 and Figure 2 share similar evolution (correlation of 0.71) with heightened uncertainty during the same period triggered by the same event, the effect of some events are muted.

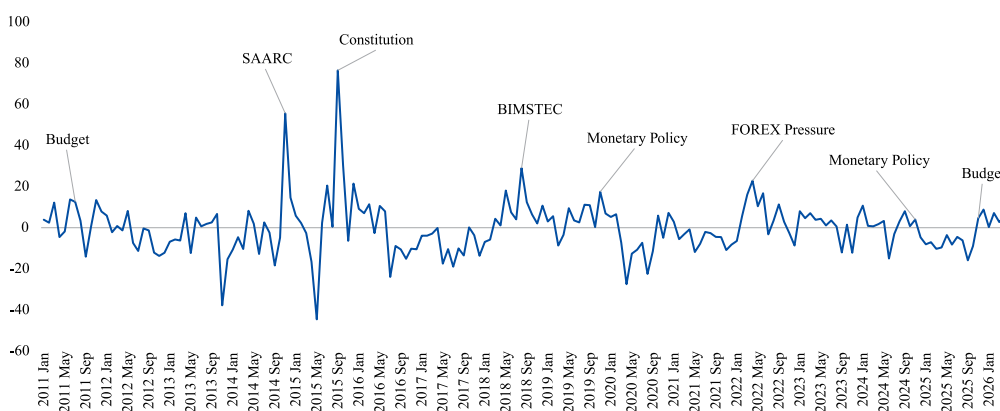


Figure 2: Google-trends Economic Policy Uncertainty Index (GUI) for Nepal

Note: This figure presents the Google-trends based Economic Policy Uncertainty Index, which is constructed using the 95 keywords rather than 56 keywords in the baseline set, with dating of specific events where spikes have been observed. For instance, GUI heightened during budget announcement by the Government of Nepal (July 2011, November 2025), monetary policy announcement (November 2019, and 2024), SAARC summit (November 2014), BIMISTEC summit (August 2018), New Constitution (September 2015) and foreign exchange reserve adequacy pressure (April 2022).

Our second alternative is a more comprehensive index based on 201 keywords that span multiple sectors, including health, education, social security, regulation, finance and banking, national security, elections, and disasters. We exercise caution in interpreting the index presented in Figure 3 strictly as an economic policy uncertainty measure; rather, we introduce it as an index of general uncertainty. This extended Google Uncertainty Index is heavily influenced by major political events, such as elections, and unforeseen catastrophes, such as the earthquake and the COVID-19 pandemic. The detailed list of 201 keywords are presented in Table A.3 in Appendix.

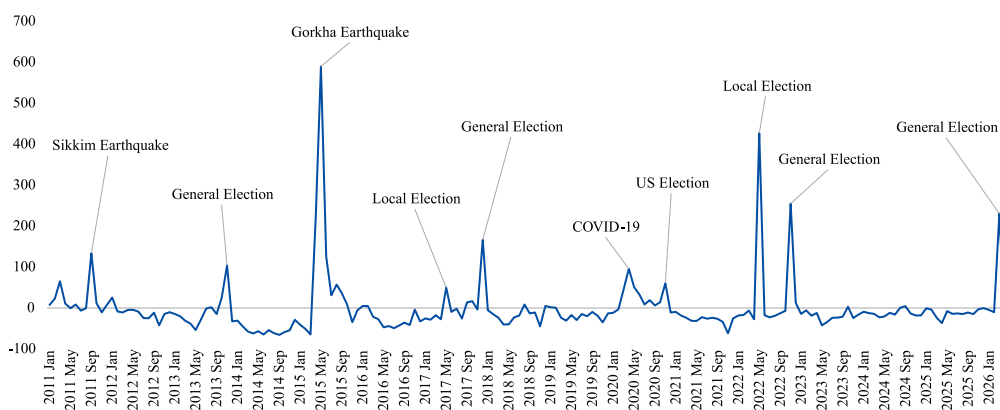


Figure 3: Extended Google Uncertainty Index for Nepal

Note: This figure presents the Google Uncertainty Index, including 201 keywords, with the dating of specific events where spikes have been observed. 2013 November: National Election 2013, April 2015: Gorkha Earthquake, March 2017: Local election, November 2017: Federal Election, March 2020: COVID-19 and lockdown, November 2021: US election, March 2022: Local election, November 2022: Federal election

3 The Macroeconomic Effects of Uncertainty

In this section, we present the macroeconomic effects of uncertainty. First, we discuss the methodology for measuring macroeconomic effects and then present the empirical results.

We use the local projection approach by Jord`a (2005) to estimate the effects of Google trends based economic policy uncertainty shocks. The validity of local projection depends on the contemporaneous exogeneity of the GUI to shocks to other variables. GUI is the composite relative index that illustrates the economic outlook as perceived through general public sentiment. Furthermore, it is associated with the degree of public attentiveness to economic phenomena. Accordingly, macroeconomic indicators or policy actions are less likely to exert direct influence on the GUI at least at time t . Therefore, our argument of contemporaneously exogenous to the shocks in other macroeconomic variables is consistent with Bontempi et al. (2021). Following Ramey (2016), we implement a less restrictive parsimonious local projection model given by the following equation 1.

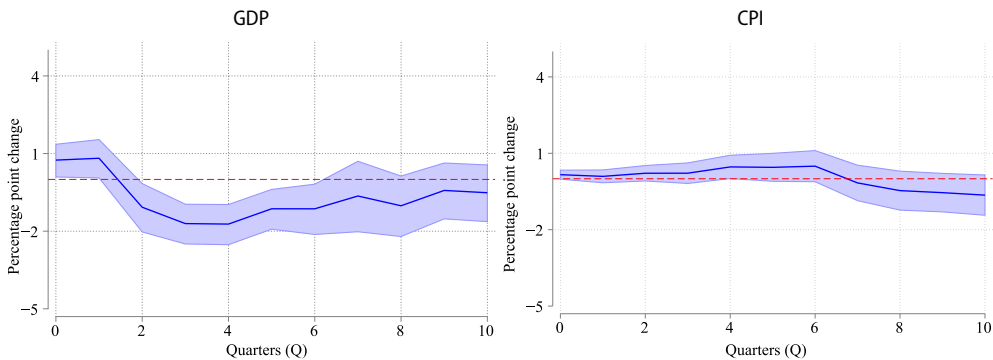
$$Y_{t+h} - Y_{t-1} = \alpha + \Theta_h GUI_t + \psi(L)X + \epsilon_{t+h} \quad (1)$$

Equation 1 illustrates the local projection model, where t and h subscripts denote quarters⁴ and horizon, respectively. Y is the vector of dependent variables – gross domestic products, imports, private sector credit, consumer price index, and NEPSE index. GUI_t is the variable of interest, and X incorporates the set of control variables, which includes all variables along with their four lags and four lags of GUI . Θ_h is the coefficients of interest that capture the accumulated dynamic effect of GUI on our variables of interest at horizon, h . We standardize GUI to have zero mean with standard deviation one.

Table 1 presents the summary statistics of the variables employed in the study. The Google Trends economic policy uncertainty has a mean of 0.90 and a standard deviation of

10.55. The index ranges from -21.41 to 35.47. Likewise, summary statistics for other variables are available in Table 1, and the description of the variables is presented in Appendix A.1.

Figure 4 presents the dynamic responses of GDP, CPI, private sector credit, imports, and the NEPSE index to GUI shocks using local projections. GDP declines in response to increased uncertainty. The effect on GDP begins to appear in the 2nd quarter and is significant until the 4th quarter. Quantitatively, a one-standard deviation increase in uncertainty reduces GDP by 2 percent at its peak impact in the 3rd quarter. Likewise, imports, and private sector credit also decline in response to increased uncertainty shocks. A onestandard-deviation increase in GUI subdues real imports by 15 percent, and real private sector credits by about 5 percent at its peak impact. Private sector credit responds slowly to the shocks, with negative effects lasting between 3rd and 6th quarters following the shock. The stock market, captured by the NEPSE index, responds immediately to GUI shocks, with a contemporaneous decline of about 5 percent, and peak impact of roughly 10 percent. The responses of CPI is not statistically significant.



4 GUI is in monthly frequency, but not all macroeconomic variables are available in monthly frequency (e.g. GDP). Therefore, we average out GUI to quarterly frequency to maintain consistency with other macroeconomic variables.

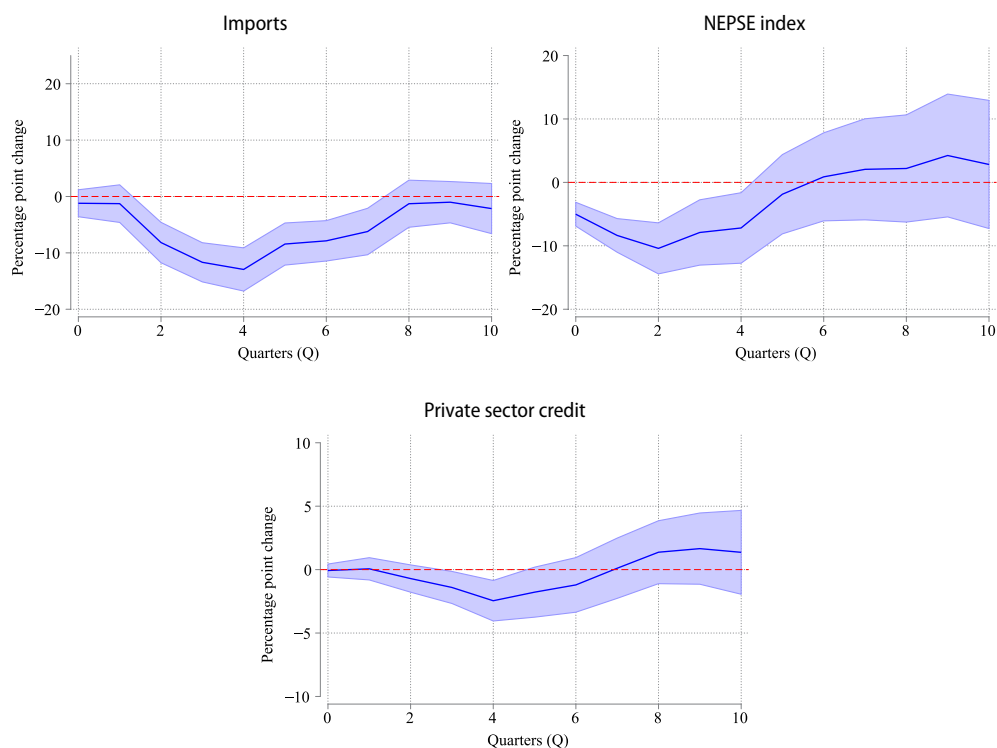


Figure 4: Dynamic responses to GUI shocks

Note: This figure presents the impulse responses (solid blue line) of GDP, imports, private sector credit, NEPSE index, and CPI to GUI shocks by 1 standard deviation based on baseline specification 1 for the full sample period 2011q1-2026q1. The light blue area is the 68 % confidence interval around point estimates based on robust standard errors.

Our results show that heightened uncertainty has a contractionary effect on the Nepali economy, leading to declines in GDP, imports, private sector credit, and the stock market. While the NEPSE index reacts immediately and negatively to uncertainty shocks, the responses of GDP, imports, and private sector credit exhibit delayed, manifesting only after approximately two quarters. Our findings are consistent with the previous studies in other countries, such as [Baker et al. \(2016\)](#) for the USA, [Bontempi et al. \(2021\)](#) for Italy, [Castelnuovo and Tran \(2017\)](#) for Australia, and the United States, [Pratap and Priyaranjan \(2023\)](#) for India, and [Donadelli and Gerotto \(2019\)](#) for Italy and Germany. The short-lived negative response across these macroeconomic variables points to a temporary shortfall in aggregate demand that dissipates as confidence among economic agents restores ([Bloom, 2009](#)). In the capital market, uncertainty shocks induce a short-term decline in the NEPSE index followed by a rapid recovery and mild overshooting, a pattern also documented by [Bontempi et al. \(2021\)](#). Taken together, these results underscore that investors in the capital market are highly sensitive to uncertainty shocks and react immediately to policy-related disturbances.

Robustness checks. We first employ a Structural VAR approach as an alternative identification strategy to measure the effect of GUI shocks. We implement a Cholesky decom-

position to recover the orthogonal shocks from the impulse response function. In our VAR specification, uncertainty shocks are assumed to affect all other variables contemporaneously, while uncertainty itself is assumed to be contemporaneously exogenous to shocks in the other variables. Accordingly, we place the GUI at the top of the variable ordering, followed by year-on-year growth of real GDP, CPI, real private sector credit, NEPSE index, and real imports. These macroeconomic variables are ordered on their degree of exogeneity.

$$\Delta Z_t = F(L)\mu_t \quad (2)$$

Equation 2 represents the reduced form vector moving average (VMA), where ΔZ_t is $n \times 1$ vector consisting of GUI and other selected macroeconomic indicators, $F(L)$ is 6×6 matrix capturing the VMA coefficients, and μ_t represents VAR residuals. We impose a recursive restriction on the contemporaneous shock matrix “ $A(0)$ ” to recover structural shocks.

$$A(0) = \begin{bmatrix} . & 0 & 0 & 0 & 0 & 0 \\ . & . & 0 & 0 & 0 & 0 \\ . & . & . & 0 & 0 & 0 \\ . & . & . & . & 0 & 0 \\ . & . & . & . & . & 0 \\ . & . & . & . & . & . \end{bmatrix}$$

The SVAR results, presented in Figure 5, align well with the baseline findings from local projections, which are consistent with the theoretical proposition that LPs and VARs estimate the same impulse response function, as shown in [Plagborg-Møller and Wolf \(2021\)](#). In our context, the point estimates from both LP and VAR models are broadly consistent, while the associated confidence bands differ marginally, which can be attributed to sample size limitations. All selected macroeconomic variables, except the CPI, exhibit a negative response to GUI shocks, either immediately or with a delay. GDP responds to a GUI shock in the third quarter following the shock, while imports respond in the subsequent quarter.

Second, we re-estimate the baseline model using alternative lag lengths. Figure 6 reports the dynamic responses of selected macroeconomic variables to the GUI with a lag length set to 3. The results closely mirror our baseline findings, further reinforcing the robustness of our estimates. We also estimate the model with two lags⁵ and obtain results that are consistent with the baseline specification.

Finally, we re-estimate the local projection model 1 using an alternative GUI with the extended set of 95 keywords. The findings are largely consistent with the baseline findings, confirming the robustness of the results.

5 These results are omitted for brevity but are available upon request.

4 Conclusion

This paper measures Google Trends based economic policy uncertainty for Nepal from January 2011 onward. The uncertainty index is based on internet search intensity data from Google Trends. Our proposed index is correlated with domestic events associated with increased uncertainty. We show that uncertainty reduces output, imports, private sector credit, and the stock index. Our findings are robust to alternative identification strategies, changes in lags, and the extended uncertainty index. From a policy perspective, our novel index of uncertainty based on internet search-based intensity will provide a basis for understanding the level of policy uncertainty and its implications in Nepal. Moreover, our work can be extended by measuring policy uncertainty using other approaches, such as newspapers, and the implication of uncertainty in various sectors of the Nepali economy.

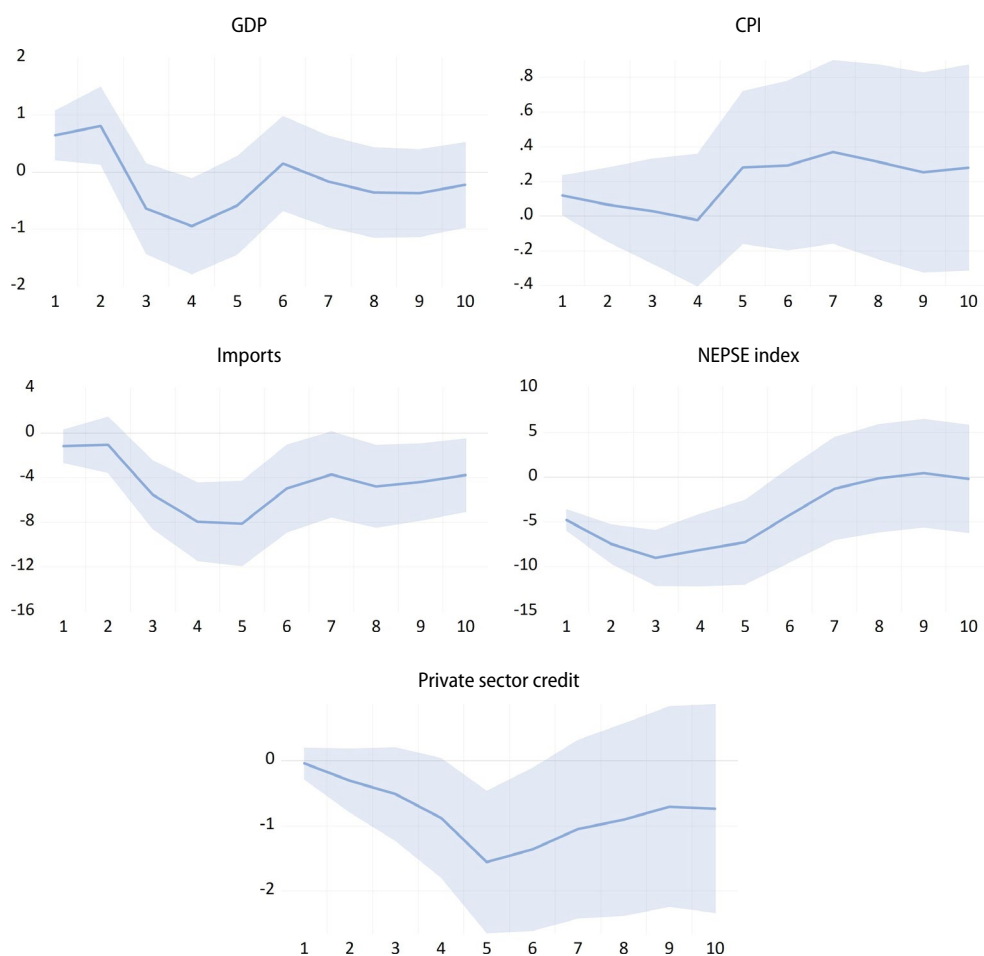


Figure 5: Dynamic responses to GUI shocks: SVAR

Note: This figure presents the impulse responses (solid blue line) of GDP, imports, private sector credit, NEPSE index, and CPI to GUI shocks by 1 standard deviation based on baseline specification 1 for full sample period 2011q1-2026q1. The light blue area is 68 % confidence intervals around point estimates based on robust standard errors.

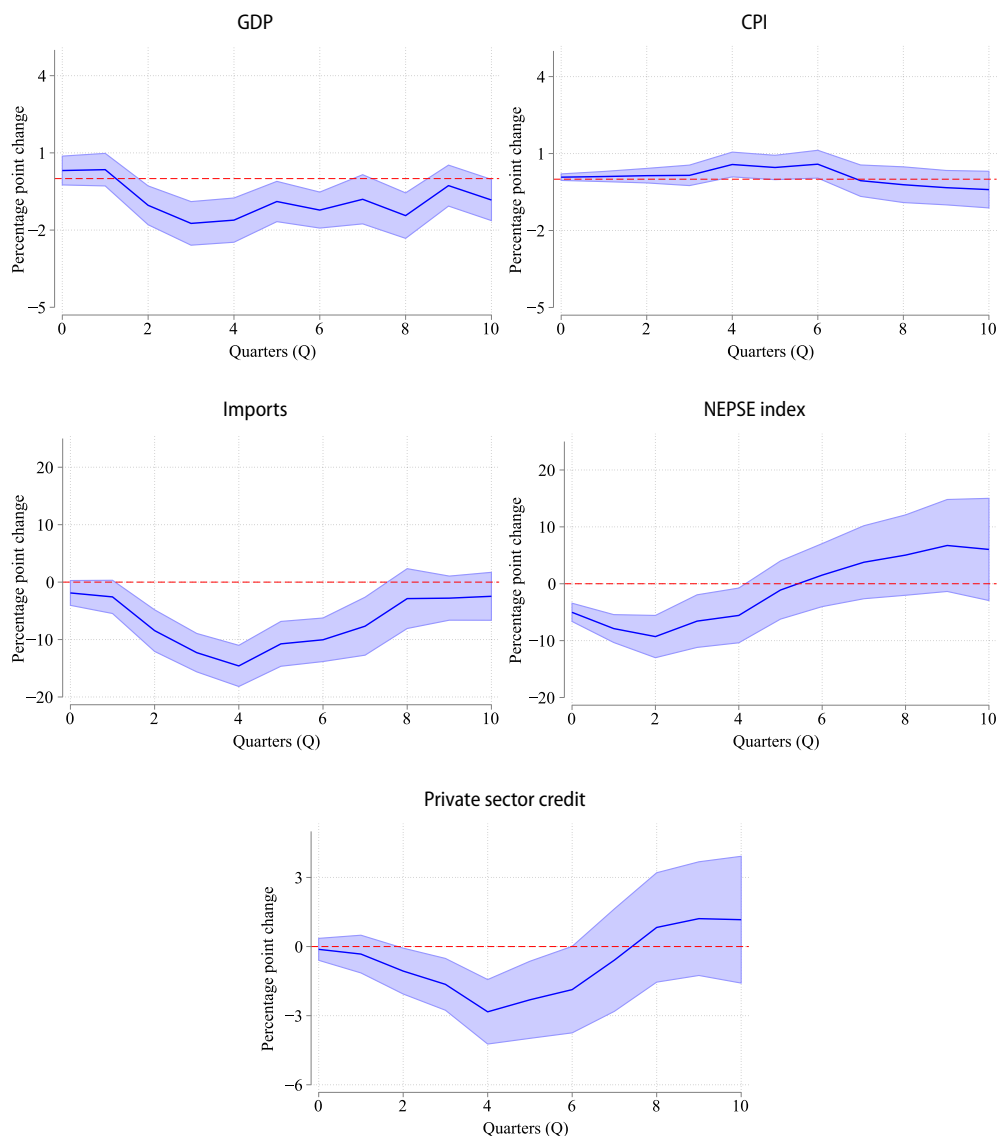


Figure 6: Dynamic responses to GUI shocks: Different lags

Note: This figure presents the impulse responses (solid blue line) of GDP, imports, private sector credit, NEPSE index, and CPI to GUI shocks by 1 standard deviation based on baseline specification 1 for full sample period 2011q1-2026q1. The light blue area is 68 % confidence intervals around point estimates based on robust standard errors.

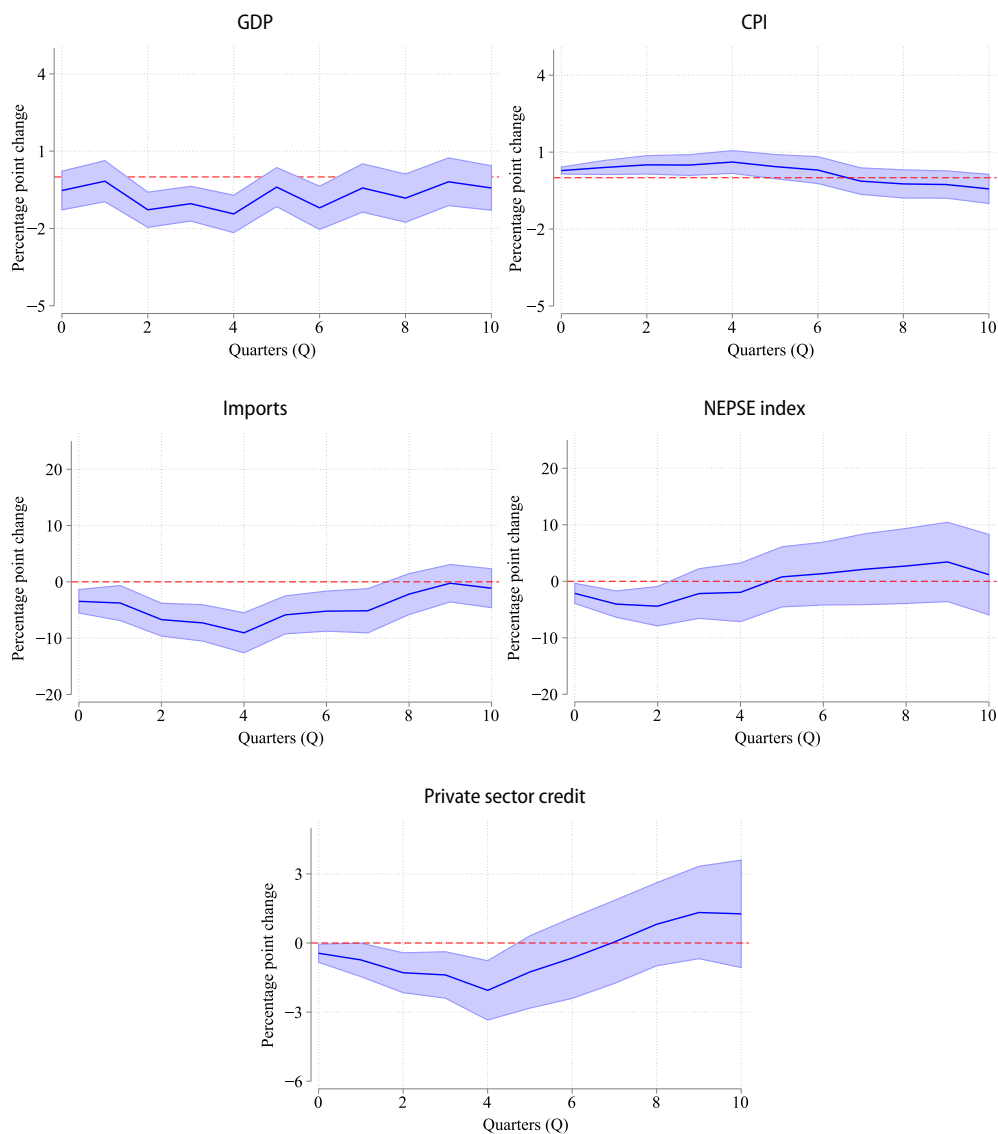


Figure 7: Dynamic responses to GUI shocks: Alternative GUI

Note: This figure presents the impulse responses (solid blue line) of GDP, imports, private sector credit, NEPSE index, and CPI to GUI shocks by 1 standard deviation, based on the baseline specification 1, for full sample period 2011q1-2026q1. The light blue area is the 68% confidence interval around point estimates based on robust standard errors.

References

- Ahir, H., Bloom, N., and Furceri, D. (2022). The world uncertainty index. Technical report, National Bureau of Economic Research.
- Baker, S. R., Bloom, N., and Davis, S. J. (2016). Measuring economic policy uncertainty. *The Quarterly Journal of Economics*, 131(4):1593–1636.
- Bilgin, M. H., Demir, E., Gozgor, G., Karabulut, G., and Kaya, H. (2019). A novel index of macroeconomic uncertainty for turkey based on google-trends. *Economics Letters*, 184:108601.
- Bloom, N. (2009). The impact of uncertainty shocks. *Econometrica*, 77(3):623–685.
- Bontempi, M. E., Frigeri, M., Golinelli, R., and Squadrani, M. (2021). Eurq: A new web search-based uncertainty index. *Economica*, 88(352):969–1015.
- Caldara, D., Iacoviello, M., Molligo, P., Prestipino, A., and Raffo, A. (2020). The economic effects of trade policy uncertainty. *Journal of Monetary Economics*, 109:38–59.
- Cascaldi-Garcia, D., Sarisoy, C., Londono, J. M., Sun, B., Datta, D. D., Ferreira, T., Grishchenko, O., Jahan-Parvar, M. R., Loria, F., Ma, S., et al. (2023). What is certain about uncertainty? *Journal of Economic Literature*, 61(2):624–654.
- Castelnuovo, E. and Tran, T. D. (2017). Google it up! a google trends-based uncertainty index for the united states and australia. *Economics Letters*, 161:149–153.
- Donadelli, M. and Gerotto, L. (2019). Non-macro-based google searches, uncertainty, and real economic activity. *Research in International Business and Finance*, 48:111–142.
- Jorda, O. (2005). Estimation and inference of impulse responses by local projections. *American Economic Review*, 95(1):161–182.
- Jurado, K., Ludvigson, S. C., and Ng, S. (2015). Measuring uncertainty. *American Economic Review*, 105(3):1177–1216.
- Plagborg-Møller, M. and Wolf, C. K. (2021). Local projections and vars estimate the same impulse responses. *Econometrica*, 89(2):955–980.
- Pratap, B. and Priyaranjan, N. (2023). Macroeconomic effects of uncertainty: a google trends-based analysis for india. *Empirical Economics*, 65(4):1599–1625.
- Ramey, V. (2016). *Macroeconomic Shocks and Their Propagation*, page 71–162. Elsevier.
- Ravn, M. O. and Uhlig, H. (2002). On adjusting the hodrick-prescott filter for the frequency of observations. *The Review of Economics and Statistics*, 84(2):371–376.

Table 1: Summary statistics

Variable	Obs	Mean	Std	Min	Max
Google Trends Economic Policy Uncertainty Index (GUI)	57.00	0.90	10.55	-21.41	35.47
Extended GUI	57.00	-0.09	9.98	-19.06	36.00
CPI	57.00	1.61	0.95	-0.10	4.47
Imports	57.00	-0.73	11.97	-33.59	36.19
NEPSE	57.00	3.22	10.85	-21.88	26.33
Private sector credit	57.00	0.50	2.99	-5.84	7.16
GDP	57.00	1.00	3.45	-10.75	13.41

Appendix

Table A.1: Variables, description and data sources

Variables	Description	Sources
Google Trends Economic Policy Uncertainty (GUI)	Google Trends based uncertainty index	Authors' calculation
GDP	Real gross domestic product with base year 2010 (in log)	NSO
Imports	Merchandise imports, deflated by CPI (in log)	NRB
Private sector credit	Claims on the private sector by the banks and financial institutions, deflated by CPI (in log)	NRB
NEPSE Index	Nepal Stock Exchange Index (in log)	NRB
CPI	Consumer price index (in log)	NRB

This table presents the variables, description and data sources. NSO stands for National Statistics Office, Nepal, and NRB for Nepal Rastra Bank.

A List of Keywords

Table A.2: List of keywords

SN	Keyword	SN	Keyword
1	bimstec	29	remittance
2	balance of payments	30	saarc
3	bank rate	31	safta
4	crr	32	slr
5	central bank	33	tax revenue
6	corporate tax	34	tax
7	deputy governor	35	taxation
8	economy	36	usd to npr
9	export	37	vat
10	finance minister	38	wto
11	fiscal policy	39	working capital guidelines
12	foreign direct investment	40	budget nepal
13	foreign exchange reserves	41	budget
14	foreign investment	42	custom duty
15	gatt	43	economic survey
16	government budget	44	exchange rate npr usd
17	government revenue	45	excise duty
18	government spending	46	government expenditure
19	import duty	47	liquidity
20	import	48	monetary policy
21	income tax	49	policy rate
22	inflation	50	public debt
23	money supply	51	tax calculator
24	npr dollar rate	52	tax slab
25	nrb recruitment	53	tourism economy
26	nrb governor	54	trade act
27	nrb job	55	trade balance
28	nrb	56	trade policy

Table A.3: Extended list of keywords

SN	Keyword	Category	SN	Keyword	Category
1	nrb	financial	54	budget nepal	fiscal
2	nrb recruitment	financial	55	tax revenue	fiscal
3	nrb job	financial	56	government revenue	fiscal
4	central bank	financial	57	government spending	fiscal
5	nrb governor	financial	58	tax rate	fiscal
6	monetary policy	financial	59	federal budget	fiscal
7	policy rate	financial	60	taxed	fiscal
8	bank rate	financial	61	budget of government of nepal	fiscal
9	crr	financial	62	government debt	fiscal
10	slr	financial	63	federal debt	fiscal
11	money supply	financial	64	budget deficit	fiscal
12	inflation	financial	65	outstanding government debt	fiscal
13	liquidity	financial	66	fiscal federalism nepal	fiscal
14	foreign exchange reserves	financial	67	intergovernmental fiscal transfer nepal	fiscal
15	balance of payments	financial	68	government subsidy	fiscal
16	exchange rate npr usd	financial	69	government subsidies	fiscal
17	usd to npr	financial	70	import duty	trade
18	npr to inr	financial	71	wto	trade
19	npr dollar rate	financial	72	safta	trade
20	working capital guidelines	financial	73	gatt	trade
21	deputy governor	financial	74	trade balance	trade
22	foreign investment	financial	75	exports	trade
23	economy	financial	76	imports	trade
24	open market operations	financial	77	foreign direct investment	trade
25	omo	financial	78	remittance	trade
26	refinancing	financial	79	tourism economy	trade
27	repo rate	financial	80	bimstec	trade
28	deposit rate	financial	81	saarc	trade
29	lending rate	financial	82	trade act	trade
30	slf	financial	83	trade policy	trade
31	standing liquidity facility	financial	84	anti-dumping	trade
32	standing deposit facility	financial	85	trade treaty	trade
33	sdf	financial	86	trade agreement	trade
34	reserve bank of india	financial	87	world trade organization	trade
35	federal reserve	financial	88	bippa	trade
36	fed	financial	89	treaty of trade and transit	trade
37	rbi	financial	90	nepal india trade agreement	trade
38	budget	fiscal	91	pegged exchange rate	trade
39	government budget	fiscal	92	russia ukraine war	national security
40	finance minister	fiscal	93	india pakistan war	national security
41	fiscal policy	fiscal	94	israel war	national security
42	economic survey	fiscal	95	china india conflict	national security
43	tax	fiscal	96	national security strategy	national security
44	income tax	fiscal	97	military conflict	national security
45	vat	fiscal	98	defence spending	national security
46	corporate tax	fiscal	99	military spending	national security
47	excise duty	fiscal	100	military procurement	national security
48	custom duty	fiscal	101	nepal-india border conflict	national security
49	taxation	fiscal	102	indian blockade nepal	national security
50	tax slab	Fiscal	103	indian blockade nepal 2015	national security
51	tax calculator	fiscal	104	nepal india blockade	national security
52	government expenditure	fiscal	105	madhesh movement	national security
53	public debt	fiscal	106	indo nepal treaty of peace and friendship	national security

SN	Keyword	Category	SN	Keyword	Category
107	lipukekh	national security	153	monopoly power	regulation
108	social security	entitlement programmes	154	patent law	regulation
109	old age allowance	entitlement programmes	155	competition law	regulation
110	widow allowance	entitlement programmes	156	syndicate	regulation
111	prime minister employment program	entitlement programmes	157	cartelling	regulation
112	currency crisis	other crises	158	price fixing	regulation
113	currency devaluation	other crises	159	energy policy	regulation
114	currency revaluation	other crises	160	energy tax	regulation
115	currency manipulation	other crises	161	carbon tax	regulation
116	euro crisis	other crises	162	pollution controls	regulation
117	eurozone crisis	other crises	163	copyright law	regulation
118	european financial crisis	other crises	164	bank and financial institutions act	regulation
119	european debt	other crises	165	bafia	regulation
120	russian financial crisis	other crises	166	company act	regulation
121	asian crisis	other crises	167	asset (money) laundering prevention act	regulation
122	asian financial crisis	other crises	168	money laundering	regulation
123	russian crisis	other crises	169	money laundering prevention act	regulation
124	exchange rate policy	other crises	170	cheque bounce	regulation
125	currency crash	other crises	171	cheque bounce rules	regulation
126	sri lanka crisis	other crises	172	cheque bounce law	regulation
127	health care reform	health	173	banking offence and punishment act	regulation
128	health insurance	health	174	banking offences and punishment bill	regulation
129	health insurance in nepal	health	175	merger and acquisition	regulation
130	nepal health insurance	health	176	merger and acquisition bylaws	regulation
131	national health policy	health	177	unified directives	regulation
132	national health research policy	health	178	nrb circulars	regulation
133	safe motherhood program	health	179	constitution	regulation
134	sustainable development goals	health	180	constitution 2072	regulation
135	catastrophic health expenditure	health	181	constitution 2015	regulation
136	drug regulation	health	182	cooperative act	regulation
137	health regulation	health	183	lockdown in nepal	other shocks
138	child health services	health	184	quarantine nepal	other shocks
139	maternal health services	health	185	covid cases nepal	other shocks
140	government regulation	regulation	186	covid 19	other shocks
141	financial reform	regulation	187	lockdown	other shocks
142	basel accord	regulation	188	quarantine	other shocks
143	bank stress test	regulation	189	earthquake	other shocks
144	sebon	regulation	190	2015 nepal earthquake	other shocks
145	securities exchange board of nepal	regulation	191	nepal earthquake	other shocks
146	nepal insurance authority	regulation	192	covid cases	other shocks
147	deposit insurance	regulation	193	cooperative crisis	other shocks
148	minimum wage	regulation	194	microfinance	other shocks
149	wages and hours	regulation	195	microfinance problems	other shocks
150	labour act	regulation	196	microfinance crisis	other shocks
151	antitrust	regulation	197	cooperatives	other shocks
152	competition policy	regulation	198	election	election
			199	election nepal	election
			200	local election	election
			201	federal election	election

Note: Keywords related to finance, trade, fiscal, regulation, and entitlement programmes are utilized to construct 95 keywords based GUI.