Discussion of "Policy Uncertainty and Macroeconomic Dynamics: A new index for Morocco" by Houari (2025)

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Paper Overview – Main Contributions

- First news-based EPU index for Morocco; fills MENA data gap

- Monthly index (2015–2022) from 7 domestic newspapers

- SVAR analysis: EPU shocks reduce GDP, investment, raise unemployment

- Moroccan households hoard cash and increase circulation during uncertainty – unique behavior (instead of increase bank deposits).

- Highlights policy uncertainty in a small open emerging economy

Positive Evaluation

- Well written, well structured, enjoyable read

- Timely and relevant topic for MENA and emerging markets

- Fills empirical gap in uncertainty literature for Morocco

- Valuable insight into household savings behavior under uncertainty

Suggestions – Clarify Methodology

- In abstract, "NLP" claim misleading – method is dictionary-based frequency count
  - May sound like topic modelling, sentiment analysis, etc…
  - Consider replacing "NLP" with e.g. "keyword search" or "newspaper coverage frequency"
  - Baker et al. (2016) use similar method, never mention NLP

- Clarify index coverage at beginning of section 2: starts in 2015
  - At page 7: "The corpus comprises 355,248 articles spanning the period from April 2011to March 2025."
  - Then at page 11: "we there forerestrict our sample to data from January 2015 onwards."
  - Consider declaring time span at the beginning

Suggestions – Improve Narrative & Presentation

- Organize narrative timeline with table of key events and index spikes
  - E.g. Define thresholds for "spikes" (e.g., >2 SD) for objectivity

- Clarify newspaper representativeness for both french/arabic
  - Circulation metrics: how important/read are local sources for each language? This could be interesting and add importance to your work.

- Add examples of manual review process for term selection
  - Page 9: "To mitigate these risks, we undertook a meticulous and extensive manual review of several hundred newspaper articles to identify the vocabulary most relevant to economic policy uncertainty in the Moroccan context.Particular attention was devoted to Arabic-language sources, […]"

Suggestions – SVAR Design & Identification

- Justify use of 3 separate SVARs in main text (not just footnote)
  - "Our strategy of estimating three distinct SVAR models to account for the three transmisión channels is motivated by the size of our sample. See Houari (2022), where multiple channels are considered within a single monthly SVAR framework for the U.S. economy."

- Consider adding interest rates and prices in any SVAR
  - E.g., first VAR: (Uncertainty, GDP, unemployment). If you want to show that uncertianty is countercyclical, why not focusing on GDP and drop unemployment?

- Current setup shows stylized facts (robust correlations), not full transmission mechanisms

- Robustness: changing the order of the variables in the Choleski identification strategy (even though SVAR are very small)

Suggestions – Results Interpretation

- Clarify "world uncertainty has no impact" – is this robust?

- Table 3: drop some decimals to make the table more readable

- Figure 7: consider table format with coefficient after one quarter for clearer comparison of IRFs

- Reassess claim that EPU dominates RV in explanatory power
    - "While RV exhibits a statistically significant impact on several macroeconomic variables, its influence remains less pronounced and less pervasive than that of the EPU."
    - My impression is that RV has clear and coherent results in line with EPU, while WUI is less significant.