

ECONOMIC PULSE

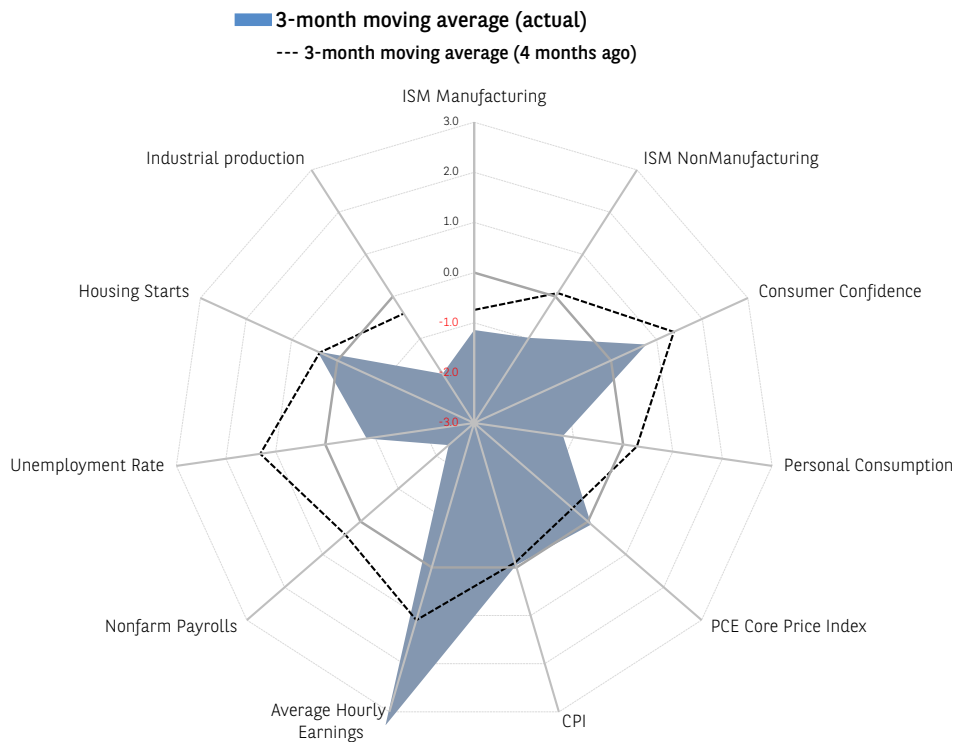
UNITED STATES: ACCELERATED FALL

In the United States, as elsewhere, the paralysis of activity caused by the Covid-19 pandemic has affected the production of statistics, which have become harder to interpret. The rebound in hourly wages in April indicated by the Pulse is a false signal and should be treated with caution: it can be explained by the collapse in hours worked, against which wages always show a certain inertia. Not only is the information gathered from companies incomplete, but there may well have been a lag between the shutdown of businesses and the stopping of wages.

In reality, the explosive growth in unemployment (14.7% of the active population in April, 36 million benefit claims since mid-March) will exert downward pressure on wages. In general terms, the barometer of US economic activity is starting to show contractions at historically high levels, such as those in non-farm employment (more than 20 million jobs lost in April) or private consumption. There will be more to come.

Jean-Luc Proutat

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar are all transformed into z-scores. By construction, the z-scores have mean zero and their values, which indicate how far the indicator is removed from its long-term average, are in the interval between -3 and 3 in almost all cases. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area signals an improvement.

