

## ECONOMIC PULSE

9

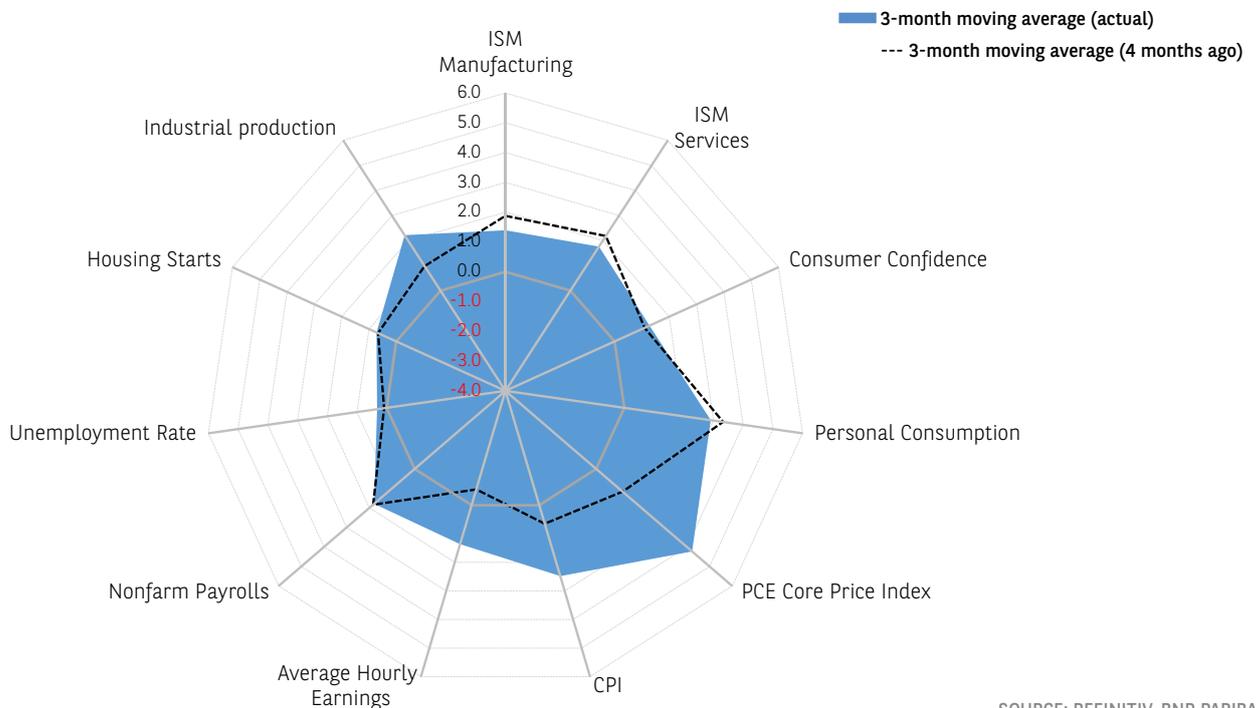
## UNITED STATES : EMPLOYMENT SITUATION IMPROVES, BUT THE DELTA VARIANT IS CREATING DOUBT

In his traditional monetary-policy speech to the annual Jackson Hole Economic Symposium, Federal Reserve Chairman Jerome Powell expressed satisfaction with the latest US jobs market figures. He had good reason to do so: in the three months from June to August, the US economy created more than 2.2 million jobs (non-farm activities), including almost 800,000 in the resurgent tourism industry (hotels, restaurants, leisure etc.). Although the Covid-19 jobs deficit remains large (around 5.5 million) and although the unemployment rate is still too high by American standards (5.2%), the situation is gradually returning to normal. Most importantly, the upturn is starting to benefit the poorest sections of the population, where job losses were heavy during the crisis. As employment rates rise, the US is seeing less-qualified and less-well paid people return to the workforce, and Mr Powell is understandably happy about this. He is cautiously suggesting that the economy could leave monetary intensive care at the end of the year through a reduction in the Fed's net asset purchases, which currently amount to USD 120 billion per month (see editorial).

There are still a few clouds on the horizon, starting with the economic risk posed by the Delta variant, and the previous euphoria in the economy has subsided. The world's leading economic power, formerly one of the leaders in the race to vaccinate, is now falling behind: in particular, the US has been overtaken by the European Union, where 58% of the population has now received two doses as opposed to 52% in the US. The US daily infection rate has risen again to 480 per 100,000 people, four times higher than during the first wave, and this is pushing up the death rate, although to a much smaller extent. With almost 640,000 official victims of the pandemic, the US is in the unhappy position of being the world leader in terms of Covid-19 deaths. Although new waves of infection are no longer leading to economic lockdowns – except in certain countries like Australia and New Zealand – they are still disrupting supply chains. August ISM (Institute for Supply Management) figures published this week show ongoing pressure on the supply side as well as on input prices, suggesting that inflation figures will remain high for a few months to come.

Jean-Luc Proutat

## QUARTERLY CHANGES



The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -4 and +6. 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 compared to the dotted area signals an increase in the variable.



BNP PARIBAS

The bank  
for a changing  
world