

# ECONOMIC PULSE

## UNITED STATES: HARSH TIMES

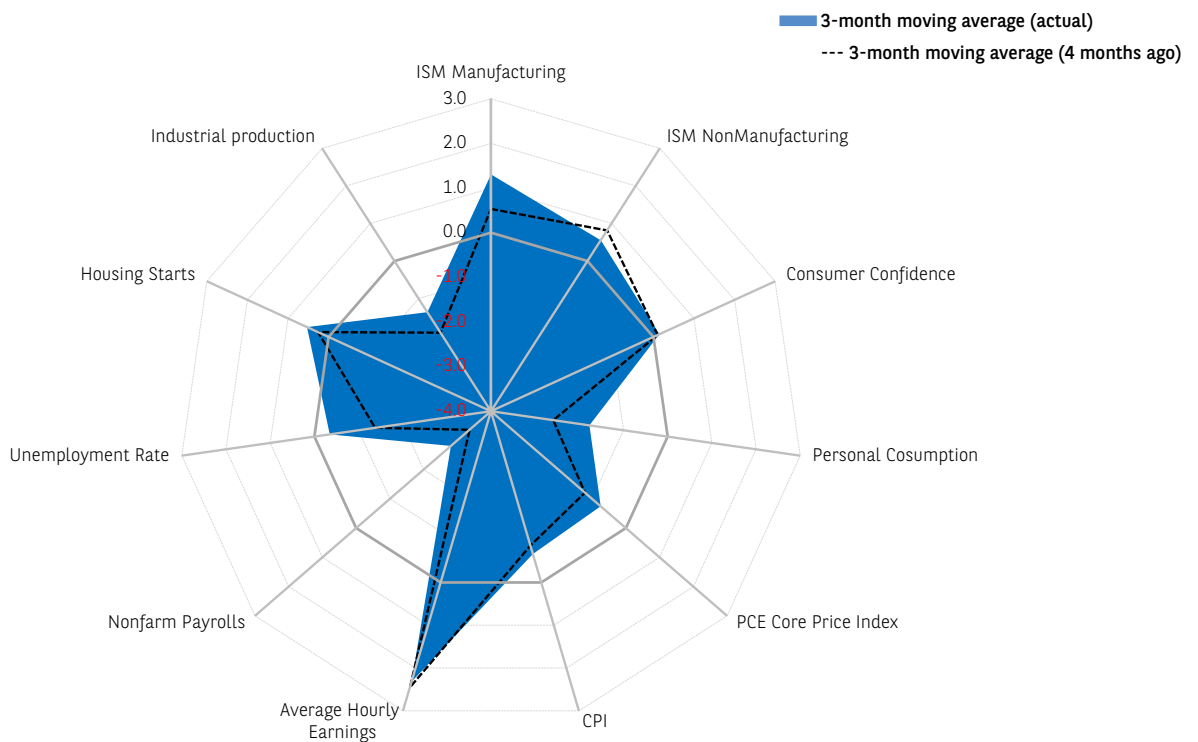
The health and economic situations in the USA will get worse before they get better. Winter conditions and travel over the festive period have produced a resurgence of Covid-19, whose rate of transmission is breaking all records: 225,000 new cases per day on 13 January (7-day average) or 68 cases per 100,000 people, a contamination rate twice that in the European Union (EU).

The death toll also continues to increase: with nearly 400,000 victims so far, the figure is not far from that for US military deaths in the Second World War. Against this sombre background, the USA is, however, leading the way in vaccination – more than 10 million doses have been administered, compared to barely 4 million in the EU – and can thus hope for a quicker exit from the epidemic. For the time being, though, it continues to hit the economy. In December 2020, for the first time since April 2020, the US economy destroyed jobs (140,000 in the non-farm sector), with the stability of the unemployment rate (6.7%) masking a fresh fall in the activity rate. A month earlier, private consumption also fell, again for the first time since April.

Mobility data for the early part of January, provided by the Google search engine, has shown a tightening of restrictions on individual mobility, and thus the likelihood of a new drop. Two worlds exist side by side. Setting aside the particular case of new IT and communication technologies, which are racing away, manufacturing has been boosted by the recovery of international trade, particularly with Asia, whilst residential construction has benefited from very favourable credit conditions. In these two sectors, economic indicators remain satisfactory, as shown in our ‘barometer’. By contrast, a good number of personal service sectors, such as hospitality, education, leisure and transport, are suffering. Unsurprisingly, the Bureau of Labor Statistics attributes the bulk of the 10 million jobs lost since the crisis began to these areas.

**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 +3. 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.

