

# ECONOMIC PULSE

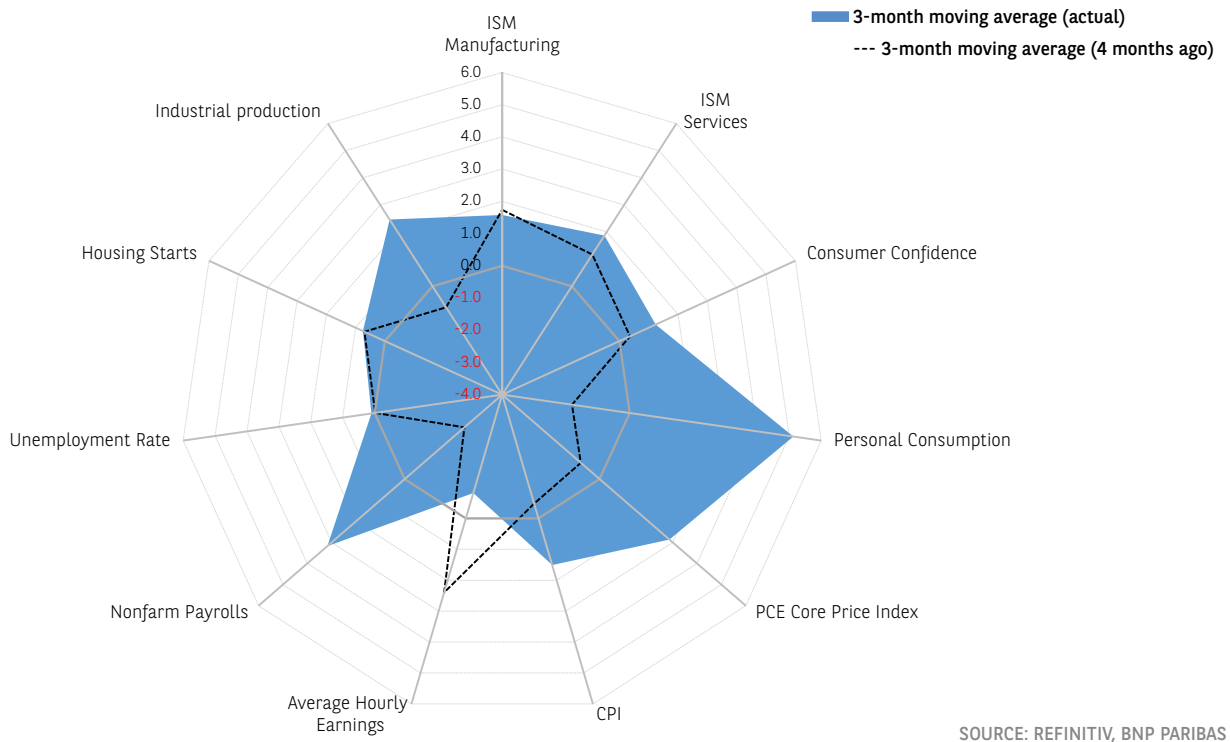
## UNITED STATES: LESS EUPHORIC

After the catharsis of this spring, which saw the rollout of the Covid-19 vaccine alongside that of the billions provided by the Biden plan, the business climate in the US has calmed somewhat. In June, the Institute for Supply Management (ISM) purchasing managers index was at 60.6 in the manufacturing sector, which though high in absolute terms (the long-term average is around 53) is nevertheless down as compared to previous months, and particularly the record month of March. The same modest correction was seen in services. As indicated in our last barometer, Americans' buying fever has also eased a bit. New car sales dropped for the third month running in June; mobility data from the Google search engine also shows a sort of status quo in the retail sector. The calming of the economy in relative terms (far from slowing down, for example, residential construction is struggling to meet demand) will not damage economic growth in the second quarter, which was driven by the dynamism of the spring and looks likely to set new records (with annualised GDP growth of perhaps as much as 10%). Inflation, which peaked at 5% in May, could slow in June, although we believe this will be marginal and expect a figure of 4.8%. The Federal Reserve minutes published last week revealed that the recent, more rapid than expected rise in prices had taken members by surprise. Notwithstanding the soothing tone of official statements, inflationary trends are likely to be watched very closely over the coming months.

Although the economic shortfall linked to Covid-19 appears to have narrowed heading into the summer of 2021, the labour market has yet to catch up in full. Whilst job creation is accelerating (850,000 jobs were created in June), the recovery is still a fair way short of wiping out the losses caused by the pandemic, which stand at some 7 million; at 5.9% in June, the unemployment rate remains high by US standards. The hardest hit sectors, like tourism and leisure, are now those with the greatest need for staff but are struggling to recruit. According to Bureau of Labor Statistics figures, the level of vacancies in the hotel and restaurant sector was still close to 10% recently (average for April and May), a record in absolute terms. The labour market slack that is still visible in the USA does not reflect weakness in the recovery so much as the difficulties companies are experiencing in recruitment in the aftermath of the crisis.

Jean-Luc Proutat

### US: 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.

