

ECONOMIC PULSE

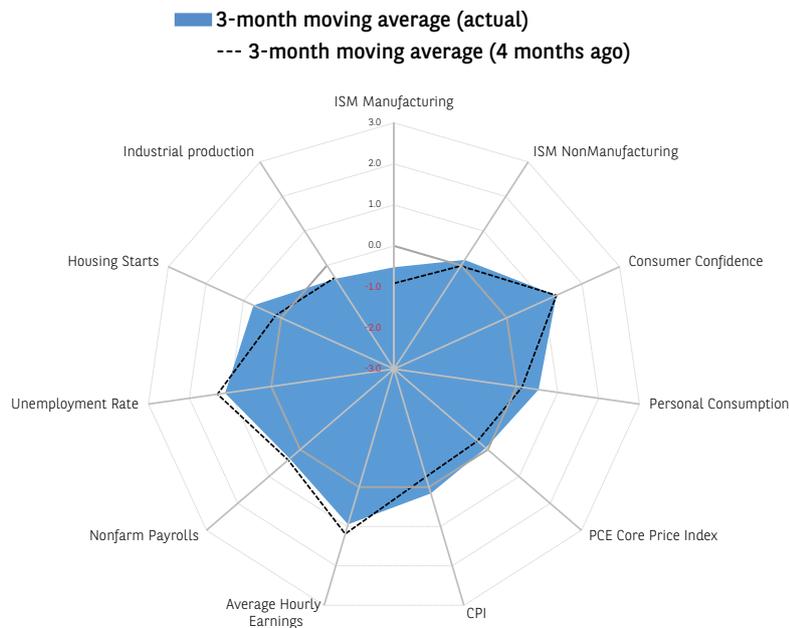
UNITED STATES: SIGNS OF SLUMPING

Americans and the US economy, like many other countries, will pay a heavy price for the Covid-19 pandemic. Although the virus seemed to be slowing for a moment, it was spreading rapidly again as we went to press, with more than 30,000 new cases reported daily. The economy is beginning to show signs of slumping. Although not visible in the present mapping (which smooths economic indexes over a 3-month period), these signs foreshadow an unprecedented slump in US GDP in second-quarter 2020 (see table with our updated forecasts).

The most crying symptoms of paralysis can be seen in the labour market. In the last two weeks of March, just over 10 million people applied for unemployment benefits, the number normally seen in a full year. Non-farm payroll employment fell by a near record of 700,000 in March, even though the economy was operating more or less normally during the first half of the month.

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.

