

ECONOMIC PULSE

UNITED STATES : STILL A SUBSTANTIAL SHORTAGE OF JOBS

Five months after crashing in March-April, the indicators making up our 'barometer' of US economic activity show an incomplete recovery.

Whilst the Institute for Supply Management survey of directors confirmed its return to normal (it stabilised at slightly above 55 points in September), this was not the case for employment which, despite the creation of 660,000 new jobs in September, is still far below its pre-crisis levels.

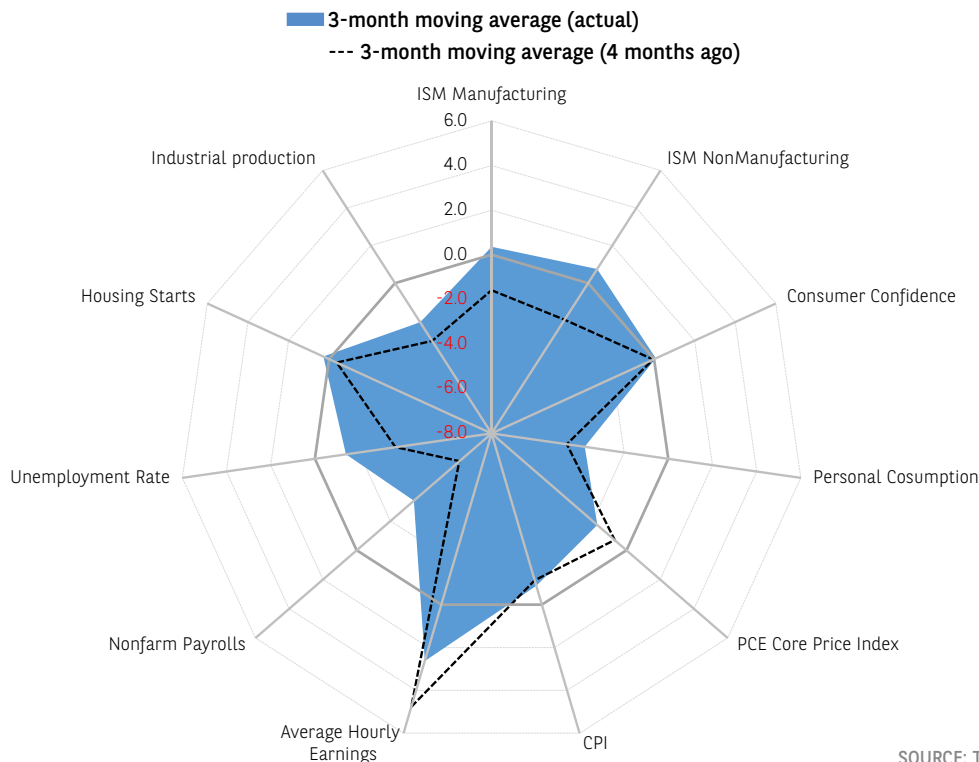
The Covid-19 epidemic remains active in the USA (40,000 new cases per day), and has left tens of millions of Americans, generally the poorest, out of work. Figures from the Bureau of Labor Statistics indicate that two-thirds of job losses identified since February have affected people with low levels of qualifications and income. Difficulties in registering for unemployment benefits have affected the same demographic, with a knock-on effect on data for the active population. The figure for unskilled adults has fallen by some 3.5 million and their disappearance from the radar has had unexpected effects on certain macroeconomic variables. Hourly wage data is one example, with the recent increase

coming less from US workers getting wealthier than from a reduction in hours worked that has not fully been reflected in pay slips and from under-representation of the lowest-paid.

There are no inflationary pressures. Indeed, tougher competition and the need to run down inventories have had the effect of dragging down prices for consumer goods over the last few months. After bouncing back in the third quarter (by around 7% according to estimates from the Atlanta Federal Reserve), US GDP remains some four points below its pre-crisis level (that was reached at the end of 2019), a 'residual' loss that will be harder to claw back.

Jean-Luc Proutat

QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

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 -8 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.

