

# ECONOMIC PULSE

## UNITED STATES: AN ACCELERATED PULSE

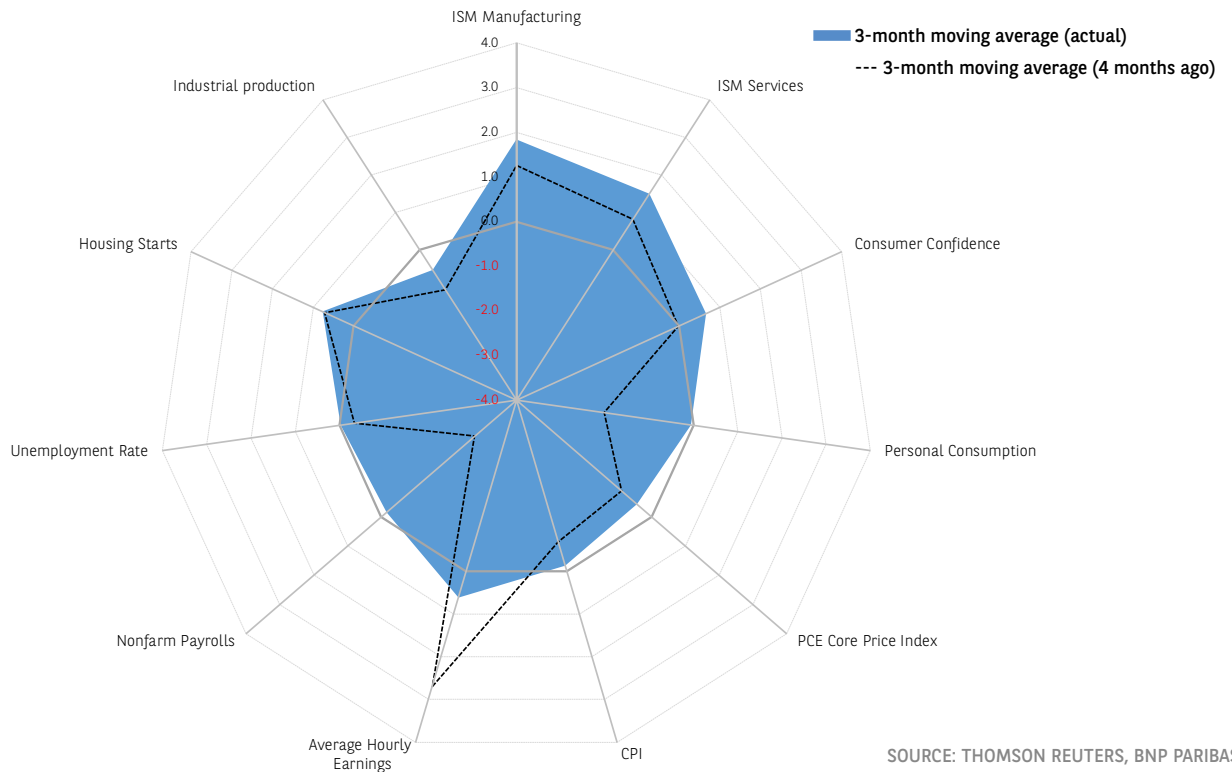
The vaccine keeps its promises, so does Joe Biden. With USD 400 bn in stimulus checks nearly in pockets and partial immunity achieved against Covid 19, Americans are on the move to spend again. After a record-breaking month of March, private consumption surged by more than 10% (seasonally adjusted annual rate, saar) in the first quarter. GDP rose 6.4% (saar) and will continue to accelerate in the weeks and months ahead. By summer 2021, it will have surpassed the year-end 2019 level and erased all of the ground lost during the pandemic.

Along with rising commodity prices – industrial metal prices are verging on peak levels – and the shortage of electronic components, the powering up of the US economy is awakening inflation expectations. 10-year inflation-linked swap rates have continued to rise in recent days, surpassing 2.5%, the highest level since 2014. Consumer prices are also beginning to stir: they rose 2.6% in the year to March and will probably rise above 3% in April, when price indexes will be compared with the abnormally low levels of spring 2020. These statistics clearly capture a catching-up movement, but they say little about the other scars left by the crisis, which unfortunately are much deeper.

Looking beyond the tragic human toll of Covid 19 - nearly 580,000 deaths have been reported to date- the crisis has also excluded millions of Americans from the labour market, some for the long term. Although job creations have picked up (+266.000 in the non-farm payroll sector in April, a lower than expected figure), which has driven the unemployment rate back near 6% (6.1% in April), they are far from offsetting the shortfall in employment due to the pandemic, which still numbers in the 8.5 millions. The labour market participation rate has fallen to historical lows (61.7% in April), a sign that things have yet to return to normal

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 +4. 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.

