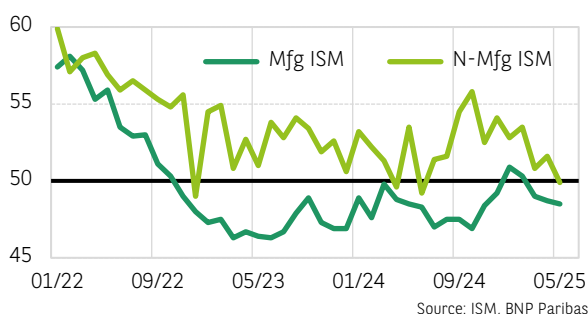


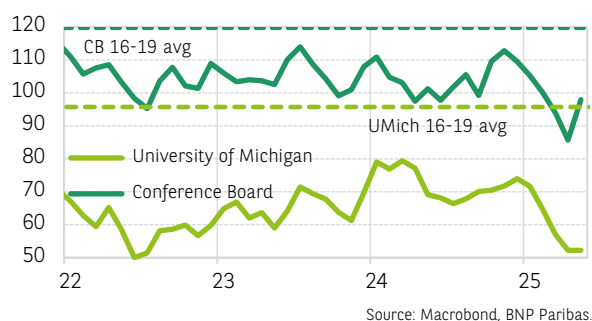
# United States: Pick-up in Household Sentiment

## Business Climate - ISM



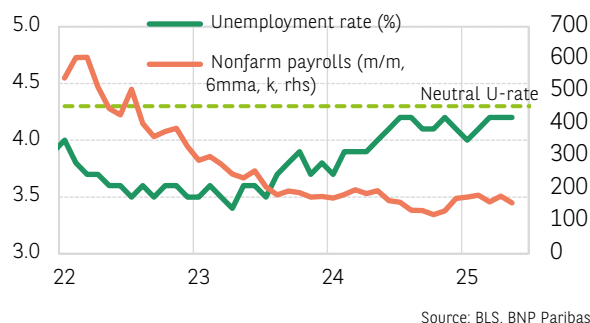
**Bad Signs For The Business Climate.** The ISM manufacturing index fell for a fourth consecutive month in May, to 48.5 (-0.2pp). Trade tensions were reflected in the slowdown in supplier deliveries (56.1, +3.9pp inverted indicator) and the contraction in inventories (46.7, -4.1pp). Most notably, imports reached their lowest since 2009 (39.9, -7.2pp) and new export orders their lowest since spring 2020 (40.1, -3.0pp). The ISM non-manufacturing index contracted (49.9, -1.7pp) on the back of the fall in new orders (46.4, -5.9pp).

## Household Confidence



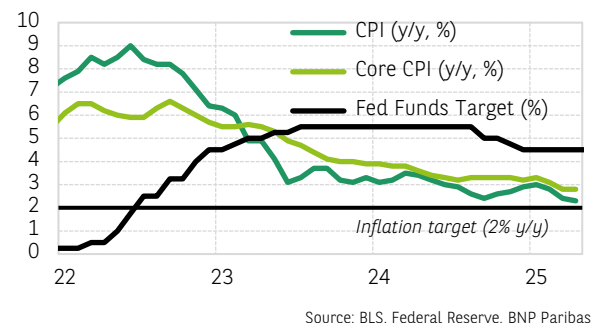
**Pick-up in Household Sentiment.** The strong rebound in consumer confidence in May, as measured by the Conference Board, ended six months of decline. The index stood at 98.7 (+12.7 pts). The improvement was driven by the expectations sub-component, which, nevertheless, remained in contraction area (72.8, +17.4 pts). In the University of Michigan survey, the index consumer sentiment was stable (52.2) and the rise in 1-year inflation expectations slowed (+6.6% y/y, +0.1pp).

## Labour Market: Unemployment Rate and Nonfarm Payrolls (m/m, k)



**A Slightly More Mixed Picture for the Labour Market.** In May, nonfarm payrolls slowed marginally to +139k (-8k). In addition, March and April were revised downwards, for a cumulative total of -95k. At the same time, the participation rate fell to 62.4% (-0.2pp). By contrast, the unemployment rate was stable at 4.2%, while wage growth accelerated (+0.4% m/m, +0.2pp).

## Inflation and Monetary Policy



**Inflation: Good and Not So Good.** CPI slowed in April to +2.3% y/y (-0.1pp, the lowest since February 2021). Core CPI (excluding food and energy) was stable (+2.8% y/y). The report was positive overall, but the three components of Core CPI (i.e. goods, non-housing services and housing services) were accelerating on a monthly basis. Given the renewed uncertainty and risks surrounding the dual mandate, the Fed has decided to maintain the target rate at +4.25% - +4.5% at its 7-8 May meeting.

## GDP growth q/q: actual, carry-over and forecasts

Actual				Carry-over	Actual*	GDP Now	Forecast			Annual forecasts (y/y)		
Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q4 2024	Q1 2025	Q2 2025	Q2 2025	Q3 2025	2024 (observed)	2025	2026	
0.4	0.7	0.8	0.6	1.0	-0.1	0.9	0.9	0.0	2.8	1.7	1.5	

\* Q1 2025 preliminary estimation

Source: BEA, Atlanta Fed, BNP Paribas

**Towards Positive GDP Growth in Q2.** We expect GDP to grow by 0.9% q/q in Q2 2025, after a -0.1% q/q contraction in Q1. The Atlanta Fed's GDP Now (+0.9% q/q as well) shows a markedly positive contribution from external trade.

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