

The background features a close-up of a notebook with several pages. The pages contain colorful bar charts and circular diagrams. A silver pen lies horizontally across the middle of the notebook. The overall scene is brightly lit, suggesting a professional or analytical environment.

ECOPULSE

January 2023

MONTHLY PULSE OF ECONOMIC INDICATORS



BNP PARIBAS

The bank for a changing world

UNITED STATES

Resilience

According to January's *Beige Book* published by the Federal Reserve (Fed), economic activity has remained relatively unchanged in all 12 districts since the previous report. However, activity is slowing in the manufacturing sector, despite the mitigation of disruptions in the supply chain.

The decline in net real disposable income, combined with higher borrowing costs, is expected to moderate future consumer spending. According to the *Census Bureau*, retail sales fell by a further 1.1% m/m in December (after having already fallen -1% in November following revision).

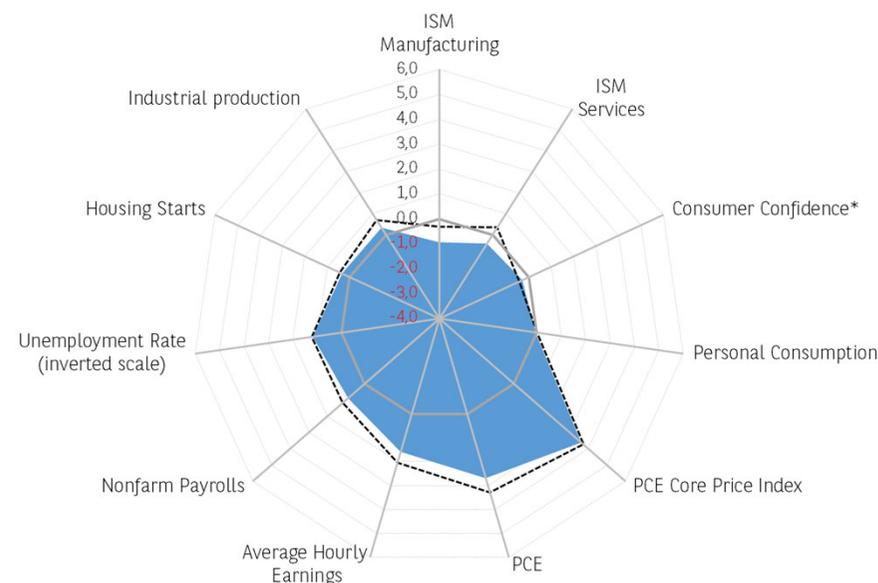
Inflation has continued to fall for several months (+6.4% year-on-year in December, compared to +7.1% in November) against a backdrop of a slowdown in growth. Although the slowdown in the price of goods continues, services excluding shelter prices continue to accelerate, which reflects the dynamics of wage-price spiral. Against this backdrop, the Federal Reserve is expected to continue to raise its key rates before leaving them at a restrictive level.

The slowdown in the labour market is also continuing, with a steady loss of momentum in non-farm payrolls (223k in December compared to 256k in November). The unemployment rate has also fallen (-0.1 points, or 3.5% in December), highlighting that workforce shortages still exist.

According to the Atlanta Federal Reserve's *GDPNow* estimate, quarterly growth in US GDP could be 3.5% year-on-year in Q4 2022, slightly up compared to Q3 (3.2% year-on-year), driven mainly by the positive contribution from household consumption and investments in equipment.

According to the first estimate of US GDP, quarterly growth was 2.9% annualized rate in Q4, mainly driven by household consumption.

Economic indicators quarterly changes



Source: Refinitiv, 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 -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.

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

Actual		GDPNow	Forecast	Carry-over	Forecast	Carry-over	Annual growth forecasts (y/y)				
Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q4 2022	end 2022	Q1 2023	Q2 2023	mid 2023	2022	2023	2024
-0,4	-0,1	0,8	0,9	0,7	0,9	0,0	-0,4	0,6	2,1	0,3	-0,2

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