

# ECONOMIC PULSE

## THE US BEGINS TO REOPEN

This week's economic barometer for the United States integrates the first statistics for June, which are significantly better.

This is notably the case for the Institute of Supply Management's (ISM) business sentiment indexes, which rose above the 50 threshold for all sectors (retailing, construction and manufacturing).

Hard data (on employment, consumption and industrial output, among others) was only available through May, and the picture they paint is still far from normal, even though they are poised to improve.

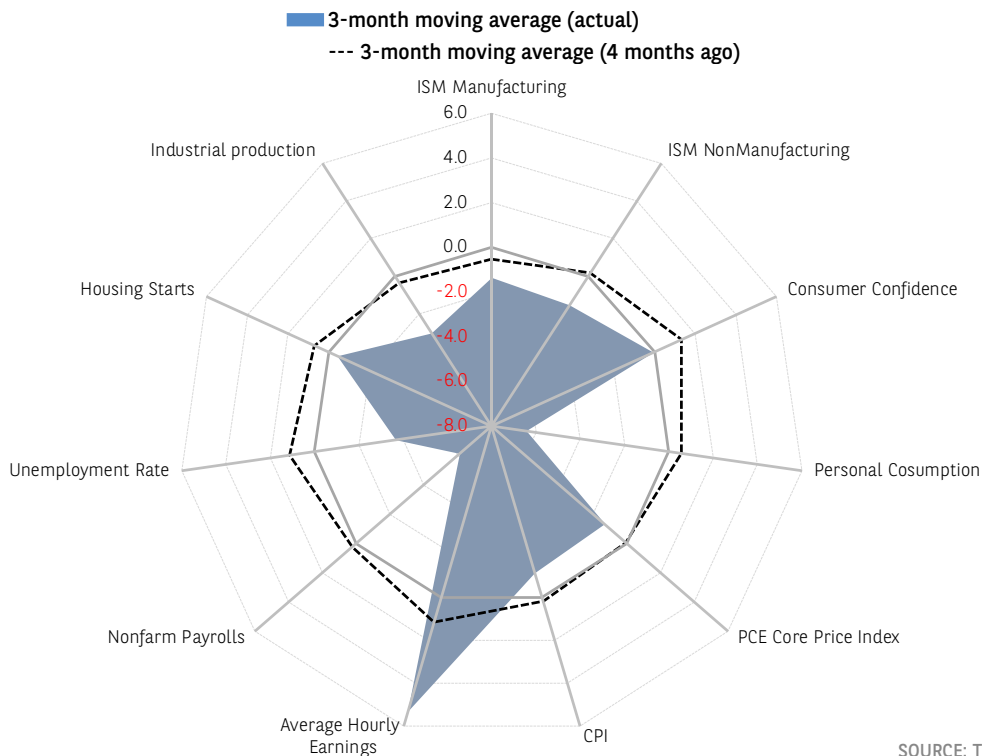
Estimates of the output gap were less severe. For Q2 2020, the Federal Reserve Bank of Atlanta is now forecasting a drop-off in GDP of 35% y/y, a record decline, even though it is a far cry from the initial forecast of a 55% contraction.

Thanks to a base effect (Q2 ends better than it began), GDP growth will be very strong in Q3.

But then what? Our barometer does not integrate statistics on the spread of the Covid-19 pandemic in the United States. And these figures are ugly.

**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 -6 and +2. 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.

