

# ECONOMIC PULSE

## UNITED STATES: BAD SIGNS

Even if a vaccine is made available soon, it will take months for the USA and the rest of the world to recover from the traumas of the Covid-19 pandemic.

Although the US economy is amongst those to have seen the best recoveries so far – notwithstanding comparison with China – it still bears many scars, some of which are clearly visible in our barometer.

Nine months after the onset of the pandemic, the labour market shows significant slack and is a long way from functioning normally.

Although the unemployment rate has fallen, it is still double what it was at the start of 2020. At 6.8% in October, it understates the severity of a crisis, which, even today, has resulted in the loss of 10 million jobs and the exclusion of many Americans from the labour force.

As we move into winter, the economic horizon is darkening due to the resurgence of the epidemic.

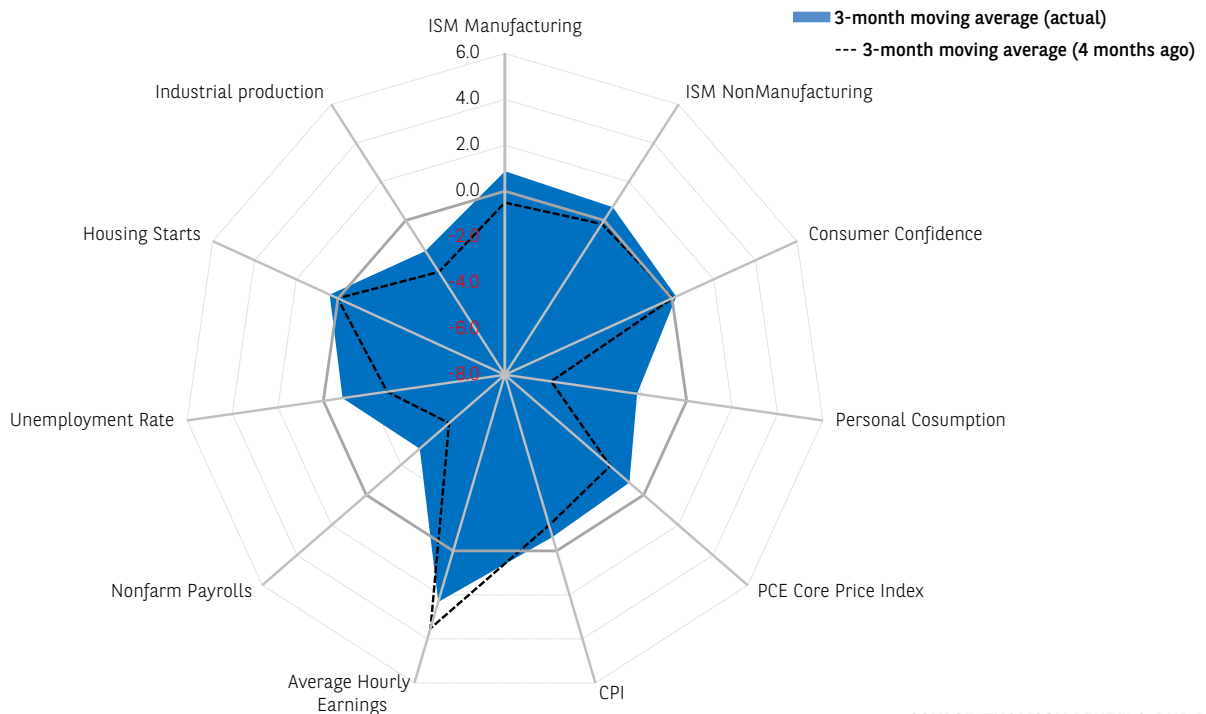
At the time of writing, the Covid-19 infection rate, that is the number of infections relative to population, is setting new records: nearly 50 new

daily cases per 100,000 people, putting the rate now significantly above that in Europe.

Having initially been active in rural states such as North Dakota, Indiana, Kansas, Utah and Colorado, the third wave is now returning to major urban centres. In the state of New York, where the battle to control the virus has been amongst the most intense, schools have been closed, whilst curfews have been imposed in California; after months of improvement, the mobility indices provided by internet search engines show activity slowing again. In a recent presentation to the Bay Area Council Economic Institute, the Chairman of the Federal Reserve, Jerome Powell, indicated that the next few months could be “very difficult”. Before getting back on track towards full normalisation, the economic barometer for the USA could once again point to a contraction.

**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.

