United States

After sustained growth in H1 (+1.5% then +1.6% in Q1 and Q2), activity in the United States slowed substantially in Q3 (+0.5%), mainly because private consumption came to a sudden halt (+0.4% after +2.7% and +2.9%, ► **Figure 1**).

Until now, household consumption has been the driving force behind the economic recovery and it was almost back to its pre-pandemic trend, driven mainly by consumption of goods (+15.2% in Q3 2021 compared to Q4 2019, ► **Figure 2**) while consumption of services lagged behind (–1.6% in Q3 compared to the end of 2019). The marked slowdown in private consumption in Q3 was mainly the result of the decline in consumption of vehicles (–17.6% compared to Q2), probably associated with the shortages affecting production, the lessening effect of support measures for households, the resurgence of the epidemic with the Delta variant, and inflationary tensions.

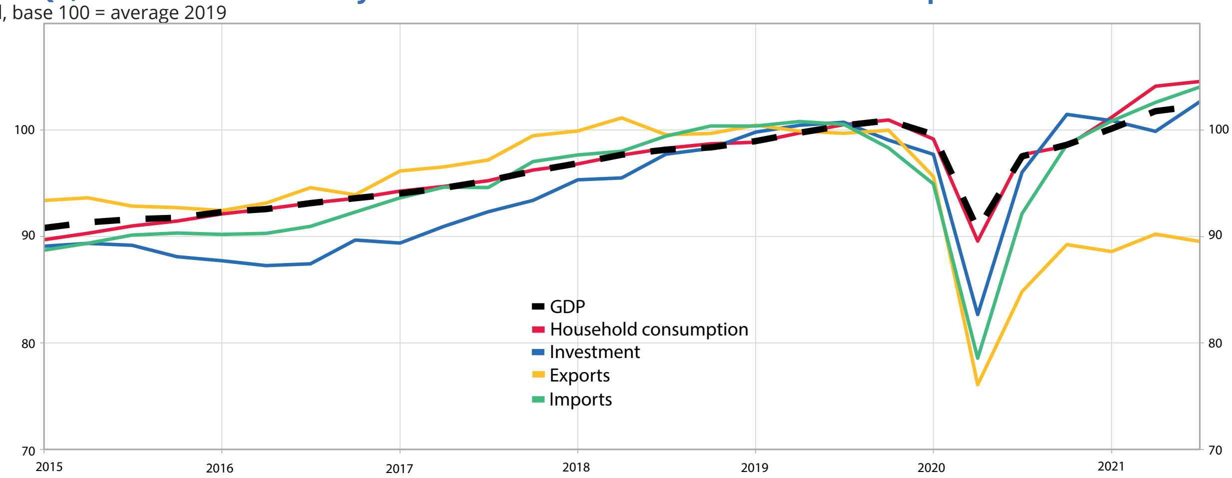
Inflation is particularly high in the United States, with year-on-year change in the consumer price index reaching +6.8% in November. This rise in prices was mainly the result of increases in energy prices, but core inflation also increased significantly (+4.9% year-on-year in November), in a context of massive fiscal support and persistent supply chain difficulties.

In addition, hiring difficulties in the labour market could lead to a wage hike: the pace of job creations has slowed since the summer, while the level of non-agricultural market employment is still 2.6% below what it was in February 2020, i.e. down 3.9 million jobs. Notably, the labour market participation rate has failed to return to its pre-crisis level (61.7% in Q3 against 63.1% in 2019), due to early retirements, but also an unprecedented number of resignations (4.2 million in October). This rate of activity is likely to remain depressed in H1 2022.

In Q3, the considerable difference between imports and exports compared to their pre-crisis levels (+4.1% and –10.4% respectively compared to 2019) escalated further: with imports of goods brought to a standstill, imports of services moved closer to their pre-crisis level. In contrast, exports of goods continue to suffer from production difficulties and a possible redirecting of this production to the domestic market, while in the absence of foreign tourists in the country, exports of services have remained sluggish.

In Q4, the improvement in the health situation compared to the summer should make it possible for an upswing, albeit limited, in household consumption. This would lead to a rebound in GDP growth (+1.1%), although still affected by production constraints and rising prices. This momentum is likely to slow slightly in H1 2022 in a situation where fiscal policy becomes more restrictive and assuming that production difficulties will be resolved only slowly.

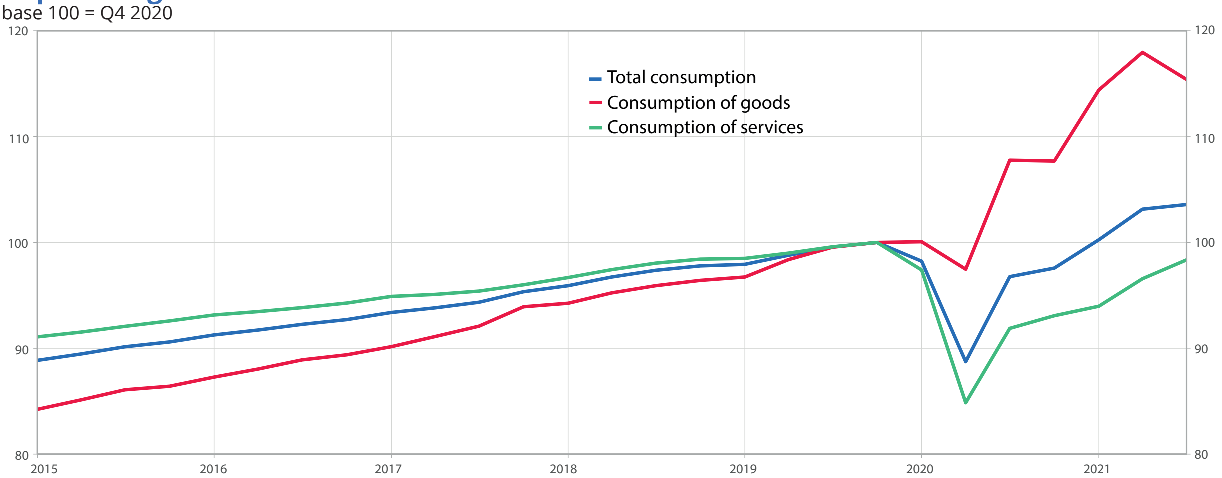
► 1. In Q3, United States activity slowed in the wake of household consumption
in level, base 100 = average 2019



Source: BEA

► **2. Consumption of services remains depressed compared to its pre-crisis level, unlike the consumption of goods**

in level, base 100 = Q4 2020



Source: BEA