United States

In H2 2022, the United States economy grew at a vigorous pace, bringing annual growth to 2.1%, however, signs of a slowdown gradually emerged towards the end of the year. In Q4 2022, GDP growth stood at 0.7%, scarcely less than the rebound in Q3 (+0.8%), but was accompanied by a slowdown in household consumption and a weak contribution from foreign trade, resulting in a markedly positive contribution from inventory changes (►**Figure 1**).

Household demand was certainly affected by inflation, which remains high, and by the ongoing monetary tightening. On the one hand, consumption declined in November and December, penalised by the consumption of goods, while consumption of services gradually lost its momentum in the course of 2022 (►**Figure 2**). On the other hand, residential investment again fell back sharply in Q4 (-7.2%, after -7.6% in Q3), against a background of rising interest rates.

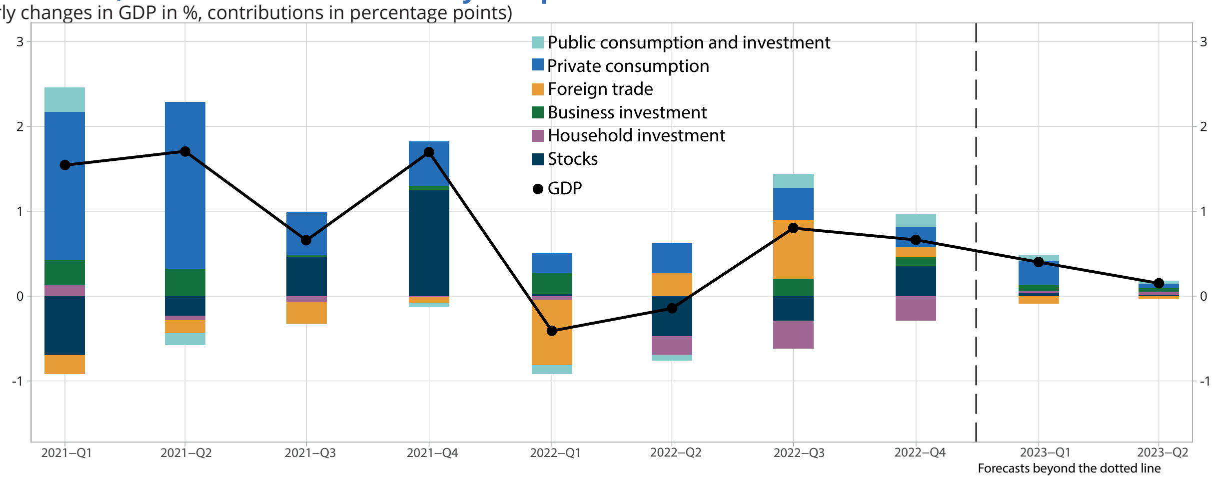
In H2, public consumption and investment (+0.9% in Q3 and Q4) were driven by economic policy measures, such as the *Chips and Science Act and the Inflation Reduction Act*, intended in particular to strengthen the competitiveness of US industry and encourage investment in energy, especially non-fossil energy. Also benefitting from public support (including *the Infrastructure Investment and Jobs Act* of November 2021) and despite the rising cost of borrowing, corporate investment grew at the end of the year (+0.8% in Q4), driven by investments in infrastructure (+2.1%).

The Federal Reserve's monetary tightening now seems to be entering a slowdown phase (up 25 basis points in February 2023, against 50 or 75 in 2022), which could ease the effect of the rise in the cost of credit. However, inflation remains high (+6.4% year-on-year in January 2023), and especially its component excluding energy and food (+5.6%). The fall in inflation since September 2022 can be explained by "base effects": prices continue to rise month on month, but less quickly than a year earlier.

In the same way, despite the scale of monetary tightening, the labour market remains dynamic, with 504,000 and 311,000 job creations in January and February 2023 respectively. The high number of resignations and hirings contributed to the dynamism of wages, benefitting employees changing jobs, even more so than before the health crisis (►**Figure 3 left**). These wage increases have led to a reduction in wage differentials, with more substantial improvements for the low-paid (►**Figure 3 right**). This increase in wages should continue for the next few months, and be added to the annual cost-of-living adjustments in January (up +8.7%). Purchasing power is then expected to continue to rise at the beginning of 2023.

►1. In H1 2023, the United States economy is expected to slow but should not fall back

(quarterly changes in GDP in %, contributions in percentage points)



How to read it: in Q4 2022, GDP increased by 0.7% and private consumption contributed +0.2 points to this shift.
Source: Bureau of Economic Analysis.

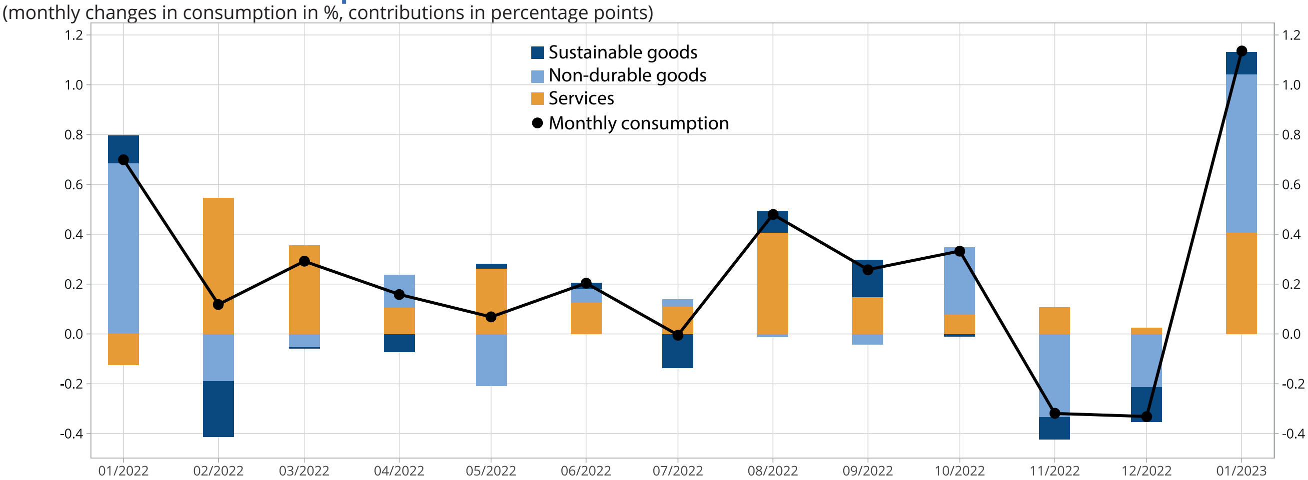
International economic outlook

In January, in the wake of the increase in their purchasing power, domestic household demand bounced back, both in terms of private consumption (►Figure 2) and in sales of new houses (+7.2%), but this effect is likely to peter out over the half-year, or could even be followed by a backlash.

In this context, US domestic demand is expected to slow in the course of H1 2023, in line with the less dynamic household consumption. Exports are likely to stabilise, especially exports of energy products, which had driven GDP growth after the start of the war in Ukraine; meanwhile, imports are expected to follow the trend of domestic demand. As a result, the US GDP looks set to slow in H1 2023, but should not fall back during this period. ●

► 2. US household consumption declined at the end of 2022

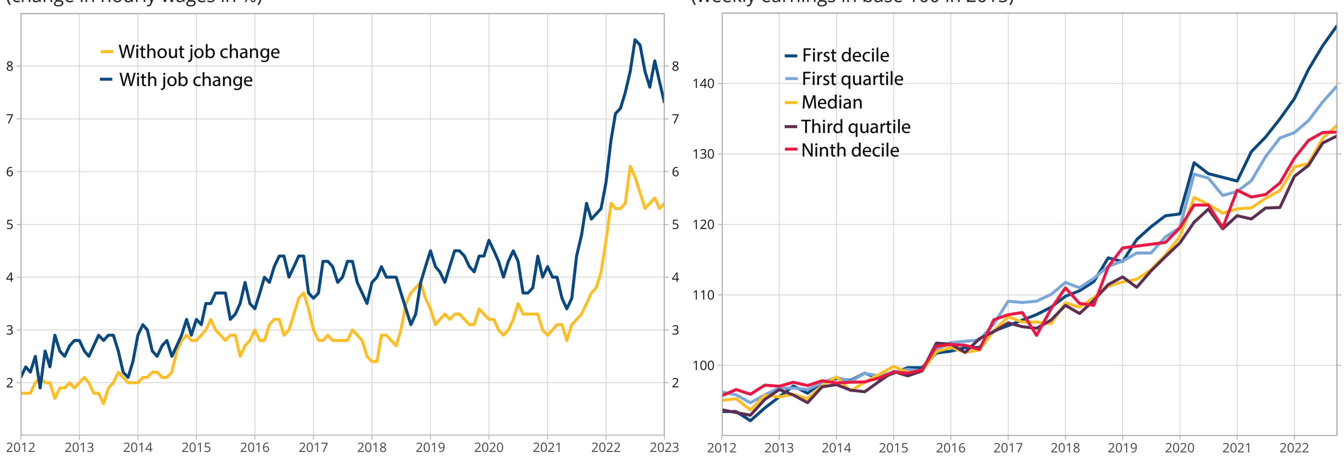
(monthly changes in consumption in %, contributions in percentage points)



How to read it: in December 2022, private consumption declined by 0.3%, and consumption of durable goods contributed -0.2 points to this change.
Source: Bureau of Economic Analysis.

► 3. The dynamism of the labour market ensured a greater increase in low wages

(change in hourly wages in %) (weekly earnings in base 100 in 2015)



Last point: January 2023.
Note: variation in the hourly wage is calculated as the moving average over 3 months of the year-on-year variation in the median hourly wage for the category considered. An individual is considered to have changed jobs if they were in a different occupation or in a different industry a year ago or changed employers or jobs within the last three months.
How to read it: the median hourly wage of a person who changed jobs increased by 7.3% year-on-year.
Source: Federal Reserve Bank of Atlanta.

Last point: Q4 2022.
Note: the first decile defines the limit of the lowest 10% of the usual weekly wage for full-time payroll employees.
How to read it: in Q4 2022, the first decile of the weekly wage was 48% above its 2015 average.
Source: Bureau of Labor Statistics.