

United States

The American economy proved to be relatively dynamic in 2023, despite the monetary tightening imposed by the Federal Reserve since the start of 2022. Thus GDP increased by 1.3% in Q3 2023, after +0.5% in Q2 and +0.6% in Q1 (► **Figure 1**). Most of the items that make up domestic demand (consumption and investment, both public and private) have shown a degree of resistance. The rebound in household consumption in Q3 was mainly the result of a strong contribution by the consumption of household durables and services, especially rents (► **Figure 2**). At the same time, the household savings ratio declined, from 5.1% in Q2 to 4.0% in Q3. The momentum of the labour market was able to support these trends.

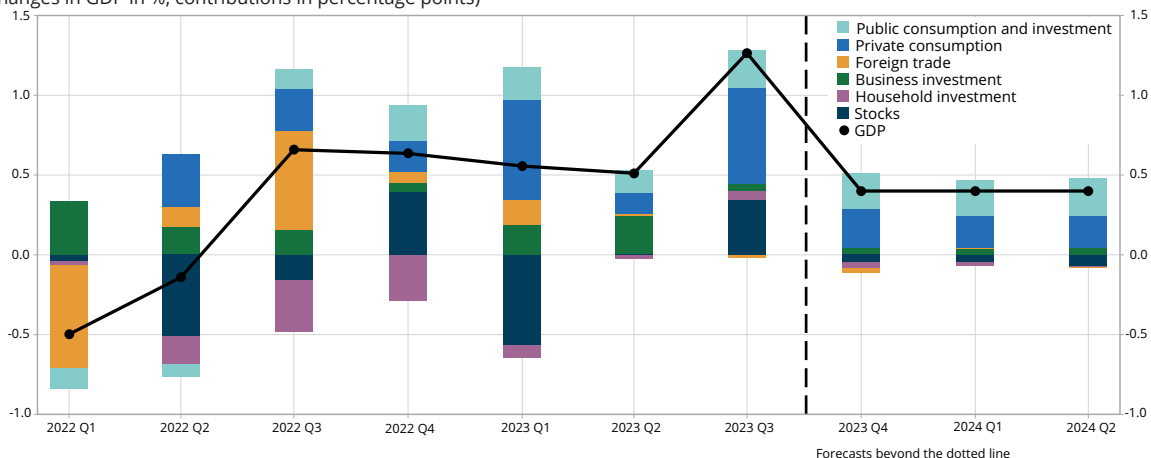
At the same time, the slowdown in prices that began mid-2022 continued in Q3 2023 (► **Figure 3**). Inflation increased slightly from July to September, driven by the prices of energy and rents (+3.7% year-on-year in August and September, after +3.2% in July). However, it fell back once again in October (+3.2% year-on-year). In addition, food inflation and core inflation, which both fell in Q3 (+3.7% and +4.1% respectively in September), continued to decline (+3.3% and +4.0% respectively in October).

Corporate investment contributed close to zero to GDP growth in Q3 2023, after making a strong contribution in H1. In the summer, equipment investment fell back (-0.9%), cancelling out to some extent the rise in investment in infrastructure (+1.7%) and intellectual property (+0.7%). This slowdown in corporate investment could be due to the effect of high interest rates. Meanwhile, home investment by households bounced back by 1.5% in Q3, after a continuous decline over nine quarters. It is still very low compared to 2021 (in Q3 2023, it was almost 20% below its Q1 2021 level). Against a backdrop of high borrowing rates, the second-hand real estate market ran out of steam in H1 2023 (with households deciding not to sell their property to buy another home and thus have to take on further debt at a higher rate), while the market for new dwellings remained vigorous.

Given this context, economic activity should pick up towards the end of 2023 and the start of 2024 at an average pace. Private consumption could slow from Q4 2023 onwards, as could imports, linked to the expected weak growth in purchasing power and high interest rates making consumer loans more expensive. Home investment looks set to continue its decline, after rebounding in Q3, due to high borrowing rates. However, public consumption and investment should maintain a certain momentum. Exports were up 1.5% in Q3 and should progress at a slower pace from Q4. All in all, GDP is expected to grow at an annual average of 2.5% in 2023, with the mid-year growth overhang for 2024 coming in at +1.8%. ●

► 1. The US economy is growing at a dynamic pace due to household consumption

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



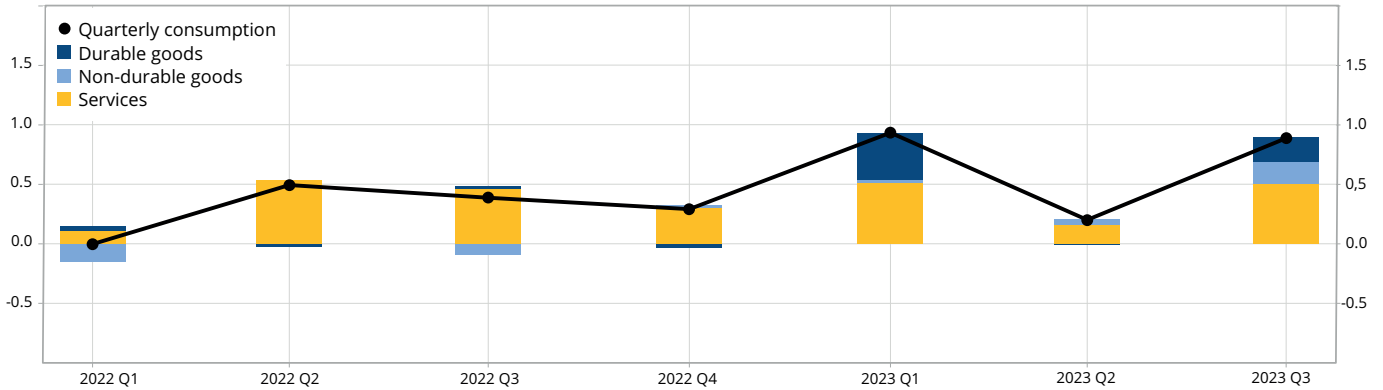
How to read it: in Q3 2023, GDP grew by 1.3% and private consumption contributed +0.6 points to this growth.

Source: Bureau of Economic Analysis.

International economic outlook

► 2. In Q3, household consumption was driven by services

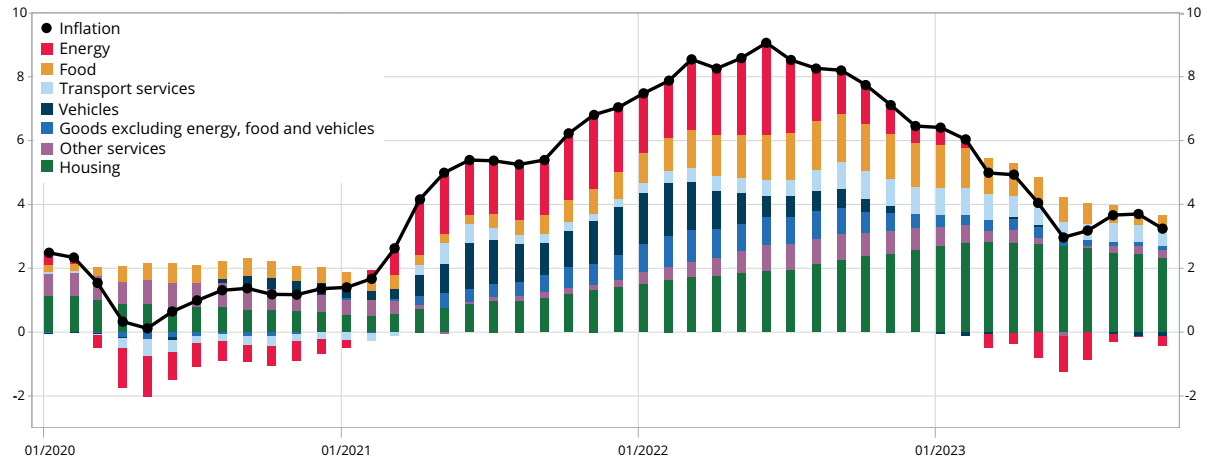
(quarterly variations in consumption in %, contributions in percentage points)



How to read it: in Q3 2023, private consumption increased by 0.9%, and consumption of durable goods contributed 0.2 points to this change.
Source: Bureau of Economic Analysis.

► 3. Year-on-year variation in the consumer price index

(year-on-year change in the CPI in %, contributions in percentage points)



Last point: October 2023.

Note: the "Housing" item in the consumer price index (CPI) in the United States includes the price of rents, particularly imputed rents (which is not the case in the French CPI, where only actual rents are taken into account). This is not the case in the French CPI, where only actual rents are taken into account. The Harmonised Indices of Consumer Prices (HICPs) presented in the The Harmonised Indices of Consumer Prices (HICPs) presented in the inflation section of this *Economic Outlook* Report cover only actual rents, allowing comparisons to be made between countries.

How to read it: in October 2023, consumer prices rose by 3.2% year-on-year, with housing prices accounting for 2.3 percentage points of this increase.

Source: Bureau of Labor Statistics.