

# United States

In Q3 2024, the United States economy remained solid (+0.7% after +0.7% in Q2, ► [Figure 1](#)). On the demand side, private consumption accelerated (+0.9% in Q3, after +0.7% in Q2): in particular, purchases of goods strengthened and continue to increase well beyond their 2019 level (► [Figure 2](#)). Public consumption and investment returned to strong growth (+1.2%), driven by military spending. Private investment slowed (+0.4% after +0.6%): on the one hand, the drop in housing starts in early 2024 resulted in a decline in residential investment (-1.3%), while on the other hand, non-residential investment continues to slow (+0.9% after +1.0%), with the gradual weakening of public support provided under the Inflation Reduction Act (IRA), which had boosted industrial investment since the start of 2022. Foreign trade hampered growth (-0.2 points) for the third consecutive quarter: exports certainly increased vigorously (+1.8%), but less quickly than imports (+2.5%).

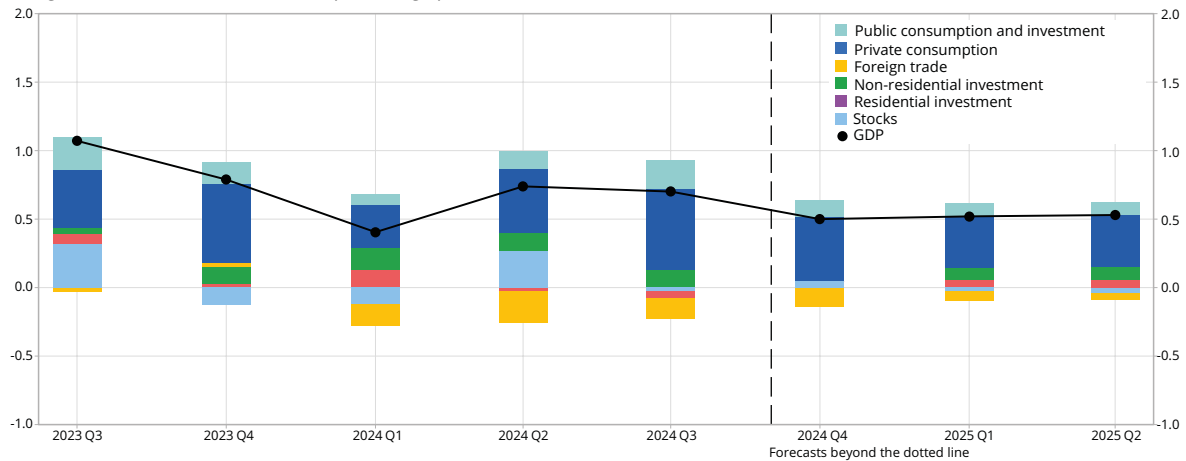
Concerning prices, the Federal Reserve began lowering its base rates in September, then in November (-75 basis points in total) after the cycle of increases triggered by the inflation crisis. Thus, inflation measured by the CPI published by the Bureau of Labor Statistics stood at +2.6% year on year in October, compared to +3.2% a year earlier. However, the increase in this index is being driven further upwards by the dynamism of rents, which play a significant role: within the meaning of the HICP, a similar concept to inflation measured in Europe, the year-on-year variation in prices in the United States fell back below the 2% bar in May and has remained there since. Food inflation has been slightly above 2.0% since February (+2.1% in October 2024). Core inflation stands at +3.3% compared to +4.0% a year earlier, with the positive contribution of rents gradually declining. Energy prices are falling (-4.9% year on year in October 2024), due mainly to the fall in the price of a barrel of oil since the summer.

For the coming quarters, business tendency surveys indicate a divergence between the manufacturing sector, which is slowing down, and the services sector, which is booming (► [Figure 3](#)). This gap reflects the difference in dynamics between private consumption, which is holding up, supported by the recent improvement in household confidence, and private investment, which is slowing. Thus GDP is expected to slow slightly to +0.5% per quarter from Q4 2024 until mid-2025: growth for the whole of 2024 would therefore be +2.7% and the mid-year growth overhang for 2025 would be +1.8%. Despite the halt observed in October, employment is expected to continue to grow, albeit at a slower pace than in H1 2024. Expected productivity gains should result in continued growth in real wages, which would then boost purchasing power. Residential investment is expected to still be penalised to some extent in Q4 2024 due to the decline in housing starts in H1: it is likely to stagnate, before picking up in H1 2025. Corporate investment looks set to come to a complete standstill at the end of 2024, as spending on capital goods in particular is expected to contract. It should then pick up a little, as financing conditions improve in the wake of the Federal Reserve's cut in base interest rates.

Regarding fiscal policy, the Congressional Budget Office forecasts a deficit of 6.1% in GDP for the 2024-2025 tax year, down from the previous year (6.4%), with public consumption and investment expected to slow by mid-2025. Exports are likely to be at a standstill in Q4 2024, penalised by the temporary drop in aeronautical production. They should start to rise again in H1 2025, moving forwards a little less quickly than demand for US goods: industrialists report depleted export order books and they are expected to suffer somewhat from the recent appreciation of the dollar. Imports should increase solidly to meet domestic demand, with the result that the contribution of foreign trade is likely to remain negative until mid-2025. ●

## ► 1. Contributions of GDP components to US growth

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

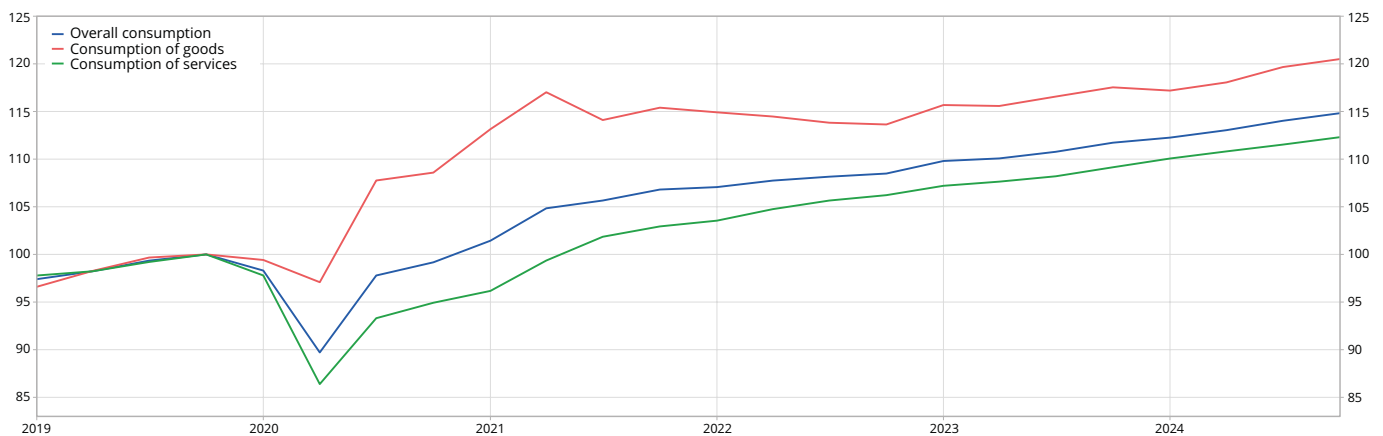


**How to read it:** in Q3 2024, the US GDP rose by 0.7% and private consumption contributed +0.6 points to this growth.

**Source:** Bureau of Economic Analysis and INSEE forecasting.

## ► 2. Change in private consumption components

(base 100= Q4 2019)



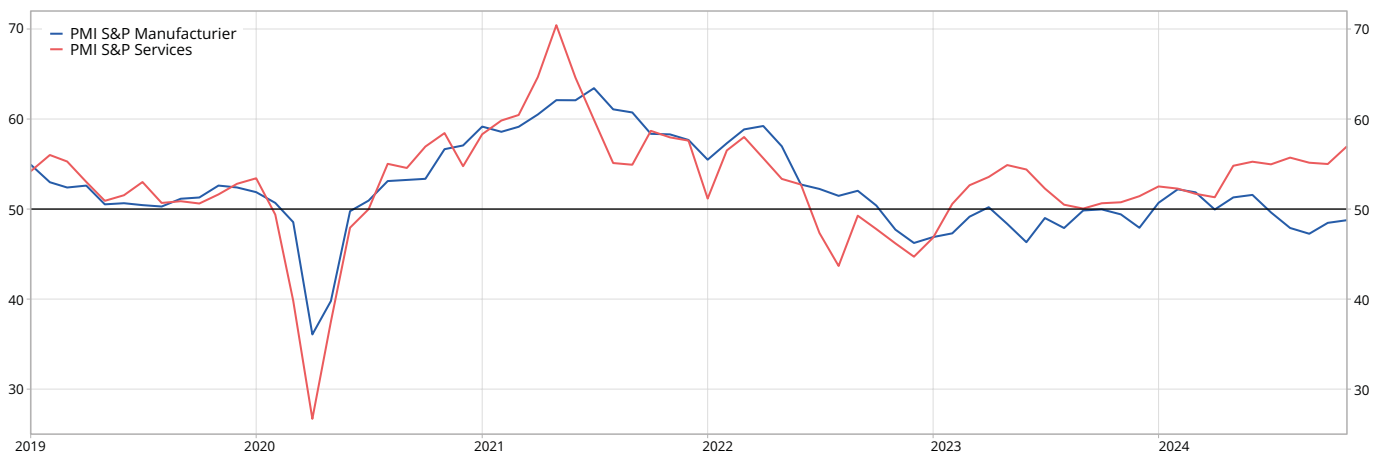
**Last point:** Q3 2024.

**How to read it:** in Q3 2024, the consumption was 15 points above its Q4 2019 level, with consumption of goods and services 21 and 12 points respectively above their levels for this period.

**Source:** Bureau of Economic Analysis, INSEE calculations.

## ► 3. PMI in the manufacturing and services sectors

(level)



**Last point:** November 2024.

**How to read it:** in November 2024, the manufacturing PMI was 48.8 and the services PMI 57.0.

**Source:** S&P.