United States

In Q4 2024, US growth remained solid (+0.6% after +0.8%, ►**Figure 1**). Household consumption was the main driving force behind economic activity (+1.0%), bolstered by a still dynamic labour market, purchasing power gains and a further decline in the savings ratio. Residential investment rebounded significantly (+1.3% after -1.1% in the summer). Conversely, non-residential investment contracted (-0.8% in Q4), partly because strikes in the aeronautics sector delayed deliveries, which also weighed on exports (-0.1% in Q4, after +2.3% in Q3). Imports also declined (-0.3% after +2.6%). Over 2024 as a whole, growth reached +2.8%, after +2.9% in 2023, driven by robust domestic demand: private consumption grew at a sustained pace (+2.8% after +2.5%), as did public demand (+3.4% after +3.9%), residential investment rebounded after two years of decline (+4.2% after -8.3%) and productive investment remained very dynamic (+3.6% after +6.0%). Foreign trade, for its part, hampered US growth, with the increase in imports (+5.4%) exceeding that in exports (+3.3%).

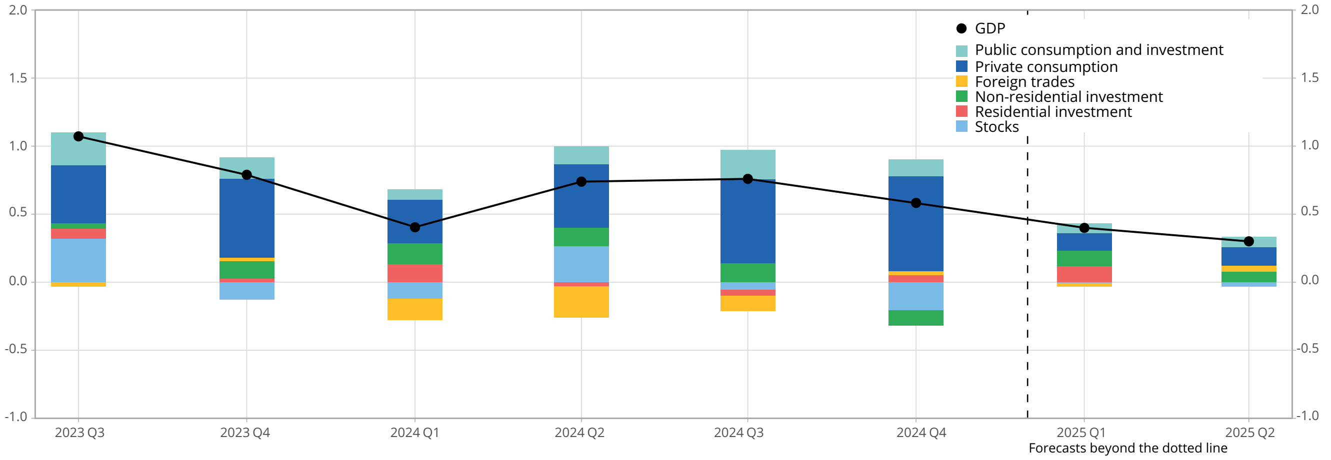
Inflation measured by the CPI published by the Bureau of Labor Statistics stood at +3.0% year on year in January, compared to +2.6% in October 2024. This increase was driven on the one hand by food inflation (+2.5% compared to +2.1% in October) due to the rising price of eggs as a result of avian flu, and on the other hand, by the rise in energy prices in the wake of oil prices. Core inflation too remained relatively high (+3.3% in January, as in October): the healthy labour market is fuelling sustained wage growth (+4.1% year on year in January). Core inflation is expected to increase to +3.5% year on year by June: in addition to wage dynamics, the increase in customs tariffs is likely to raise the prices of certain manufactured products.

Concerning activity, the business tendency surveys indicate a sharp slowdown in H1 2025, in a climate of growing uncertainty as trade tensions intensify. In the manufacturing sector in particular, balances in the surveys relating to activity edged down slightly in February and balances relating to expected selling prices increased substantially (►**Figure 2**). In addition, monthly consumption fell in January (-0.5%), and consumer confidence indices by the University of Michigan and the Conference Board fell sharply in February (►**Figure 3**). Thus GDP is set to slow (+0.4% in Q1 2025 then +0.3% in Q2). The announcements by the new US administration are expected to contribute to this slowdown. On the one hand, employment is likely to suffer from cuts in public budgets and will also be hampered by the planned travel bans, as the labour force has been boosted significantly in recent years by net migration. In addition, the increase in customs tariffs is expected to disrupt industrial value chains. Household consumption is likely to slow considerably (+0.2%), with purchasing power gains diminishing due to inflationary pressures. The savings ratio is not expected to decline any further but will stabilise at a low level. Residential investment should continue to pick up a little, due to the dissemination of earlier monetary easing. Regarding non-residential investment, the end of the aeronautical strikes should favour a sharp recovery in Q1. Fiscal policy is expected to be less favourable: federal spending, excluding defence, is set to slow significantly. Foreign trade is likely to be affected by the introduction of additional tariffs and retaliatory measures by partner countries, starting in Q1 and more strongly felt in Q2. These measures are expected to result in a contraction in imports and exports in the spring. All in all, the mid-year GDP growth overhang for 2025 is expected to be +1.6%. ●

International economic outlook

►1. Contributions of GDP components to US growth

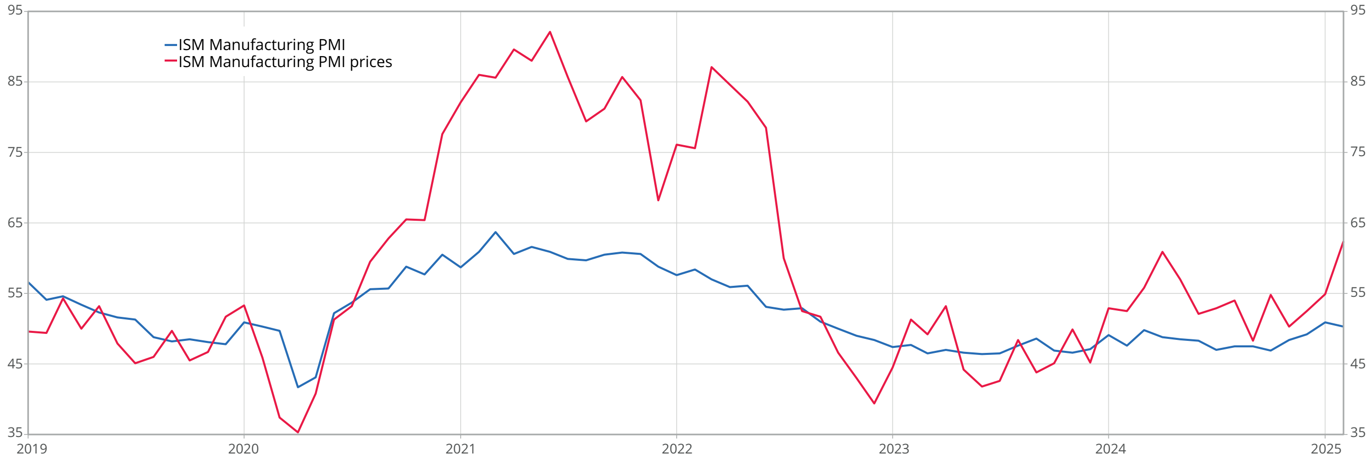
(quarterly change in GDP in %, contributions in percentage points)



How to read it: in Q4 2024, the US GDP increased by 0.6% and private consumption contributed +0.7 points to this growth.
Source: Bureau of Economic Analysis, INSEE forecast.

►2. Customs tariffs are exerting upward pressure on the prices of manufactured products

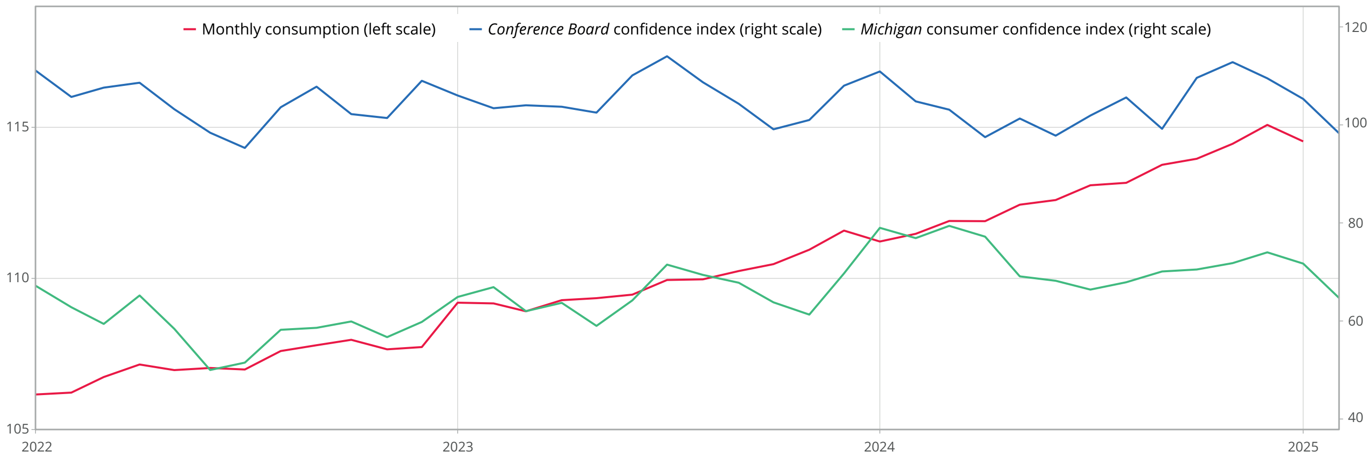
(balance of opinion in %)



Last point: February 2025.
How to read it: in February 2025, the ISM manufacturing index for prices in the manufacturing sector was 62.4 and the general index for the sector was 50.3.
Source: S&P.

►3. Household consumption and consumer confidence fell in early 2025

(level= January 2020 for monthly consumption, level for indices, Michigan university 100= Q1 1966, Conference Board 100= average 1985)



Last point: February 2025 for the Conference Board and University of Michigan confidence index, January for monthly consumption.
How to read it: in February 2025, the University of Michigan consumer confidence index was 65 and the Conference Board index was 98. In January 2025, monthly consumption was 14 points above its January 2020 level.
Source: University of Michigan, Conference Board, BEA, INSEE calculations.