



United States / États-Unis

Not as weak as spelled out

GDP contracted by 0.1% in Q4, due to a fall in federal government spending on defence. The deceleration is only at first sight, as both households and the business sector accelerated their spending. The beginning of 2013 will be weak, as austerity will weigh on growth, but business investment and job creations are likely to support growth later on

■ GDP contracted by an annualised 0.1% in the final quarter of 2012, after +3.1% in Q3 and +1.6% on average in 2012H1. The slump seems obvious, but is actually just apparent. Details show that the pace of growth in final private domestic demand in Q4 (+3.1%) remained in line with the recent trend (average of +2.8% since the end of 2010).

■ The Q3 performance was indeed boosted by unusually large positive contributions from the inventory change (+0.6 pp) and net exports (+0.4 pp). These boosters faded in Q4 and both components of demand actually cut the overall GDP growth, respectively by 1.2 pp and 0.3 pp.

■ Additionally, the federal government had markedly boosted its consumption expenditure on defence in Q3 (+15.1%), subsequently cutting back (-25.1% in Q4). While overall government spending had brought a surprisingly large positive contribution to GDP growth in Q3 (+0.7 pp), it renewed with negative reading in Q4 (-1.2%), a trend initiated in early 2010. But the burden is shifting from state and local governments, which were the first to try and limit their growing financing gaps that appeared with the 2008-09 recession as they have to balance their budgets, to the federal government, which tried and stimulated the economy at first. The current debate over the federal government finances indicates that this trend is to continue, as automatic spending cuts are very likely to be implemented in March.

■ In short, Q3 growth was lifted by temporary factors and the deceleration from Q3 and Q4 is only apparent, as the main engines of growth, i.e. households and business spending, actually accelerated, respectively from +2% to +2.6% and from -1.8% to +8.4%.

■ The first quarter of 2013 is likely to record a similar performance, as the increase in the payroll tax will weigh on households' disposable income. Americans are likely to cut on consumption expenditures, especially on durable goods. However, a rebound in job creation is likely to offset that weakness later in the year, while we also expect a continuous improvement in investment spending and exports.

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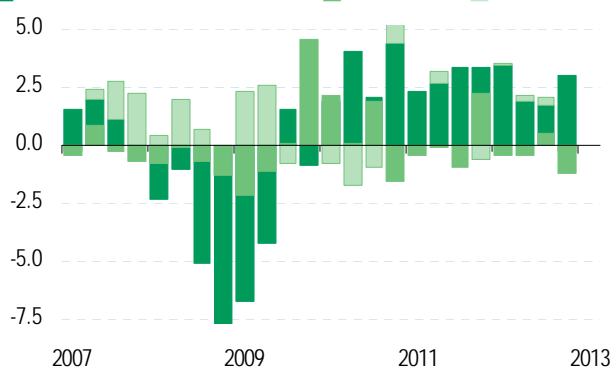
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Pas si faible qu'il n'y paraît

Le PIB s'est contracté de 0,1% au T4, sous le coup d'une chute des dépenses militaires du gouvernement fédéral. La décélération n'est qu'apparente, ménages et entreprises ayant accéléré leurs dépenses. Le début de 2013 devrait être difficile, l'austérité pesant sur l'activité. Par la suite, une reprise de l'investissement et des embauches devrait soutenir la croissance

■ GDP growth and contributions (q/q saar, %)

■ Final private domestic demand ; ■ Net exports ; ■ Inventory change



Source : Bureau of Economic Analysis

■ Data in details

% increase q/q, saar	2012Q4	2012Q3	2012Q2
GDP	-0.1	3.1	1.3
Final Domestic Demand	1.3	2.1	1.4
Private consumption	2.2	1.6	1.5
Government spending	-6.6	3.9	-0.7
Fixed Investment	9.7	0.9	4.5
Residential	15.3	13.6	8.4
Non residential	8.4	-1.8	3.6
Equipment & Software	12.5	-2.6	4.8
Structures	-1.1	0.0	0.6
Change in inventories (contrib.)	-1.2	0.6	-0.5
Net exports (contrib.)	-0.3	0.4	0.2
Exports	-5.7	1.9	5.2
Imports	-3.2	-0.6	2.8

Source : US Bureau of Economic Analysis



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