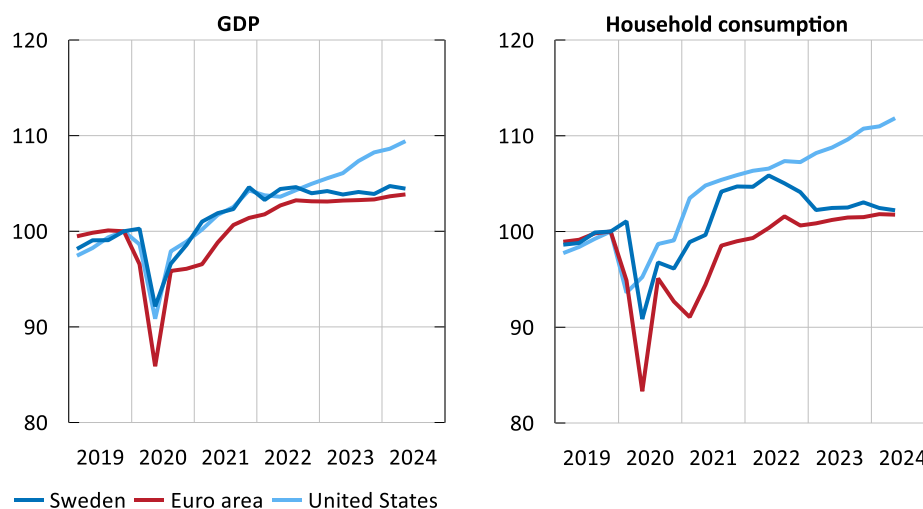


In the United States, GDP rose more than expected in the second quarter, by 0.7 per cent compared with the first quarter of this year. Growth was partly due to a continued strong outcome in household consumption (see Figure 3). In July, too, household consumption remained strong, but the purchasing managers' index, for example, suggests weaker development going forward (see Figure 3).

Growth in China was marginally lower than expected during the second quarter, which is largely explained by weak domestic demand. Indicators such as the purchasing managers' index and in particular consumer confidence indicate that domestic demand will be weak.

**Figure 2. GDP and consumption abroad**

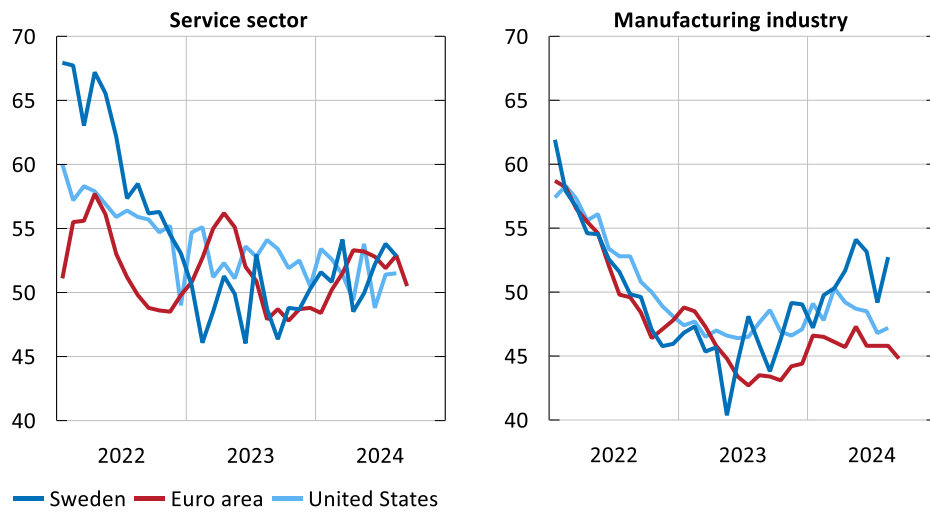
Index, 2019 Q4 = 100



Note. Seasonally-adjusted and calendar-adjusted data.

Sources: Eurostat, Statistics Sweden and the US Bureau of Economic Analysis.

**Figure 3. Purchasing managers' index in the service sector and manufacturing sector**  
Index



Note. The purchasing managers' index is an indicator of economic activity where an index figure above 50 indicates growth, while a figure below 50 indicates a downturn.

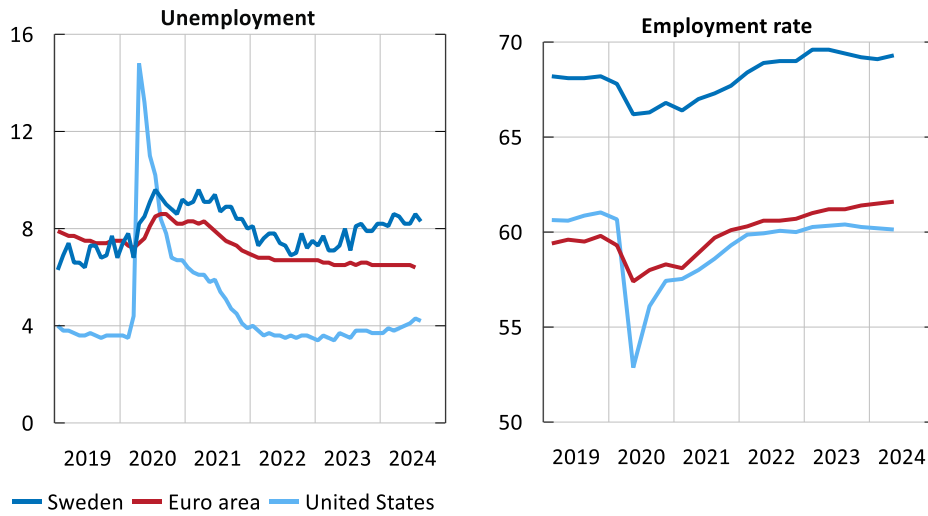
Sources: Institute for Supply Management, S&P Global and Swedbank.

### Labour market starting to weaken in United States

In the euro area, unemployment is still low and the employment rate is rising (see Figure 4) despite a period of relatively weak growth and companies' recruitment plans having fallen since last winter. The weakening in the labour market in the United States has become clearer recently. The increase in employment according to Nonfarm Payrolls has slowed down significantly, and US unemployment has risen over the past year, although it fell marginally in August to 4.2 per cent. Moreover, new recruitments and voluntary redundancies have fallen to a low level. In a longer term perspective, however, unemployment in the United States can still be regarded as low.

**Figure 4. Unemployment and the employment rate abroad**

Percentage of the labour force (left) and percentage of the population (right)



Note. Seasonally adjusted data. Unemployment and the employment rate among those aged 15–74 in Sweden and the euro area, and those aged 16 and older for the United States.

Sources: Eurostat, Statistics Sweden and the US Bureau of Labor Statistics.

### Inflation is on the way down but inflation in service prices is still high

In August, HICP inflation in the euro area fell to 2.2 per cent. The downturn can largely be explained by a lower rate of increase in energy prices (see Figure 5). Since the end of last year, the annual rate of increase for services prices has been at around 4 per cent, which is substantially higher than normal (see Figure 6).<sup>5</sup> Agreed wage increases in the euro area slowed down during the second quarter but, in several countries, wages are still rising at a relatively rapid pace, which contributes to maintaining the rate of increase in service prices. This includes Germany.

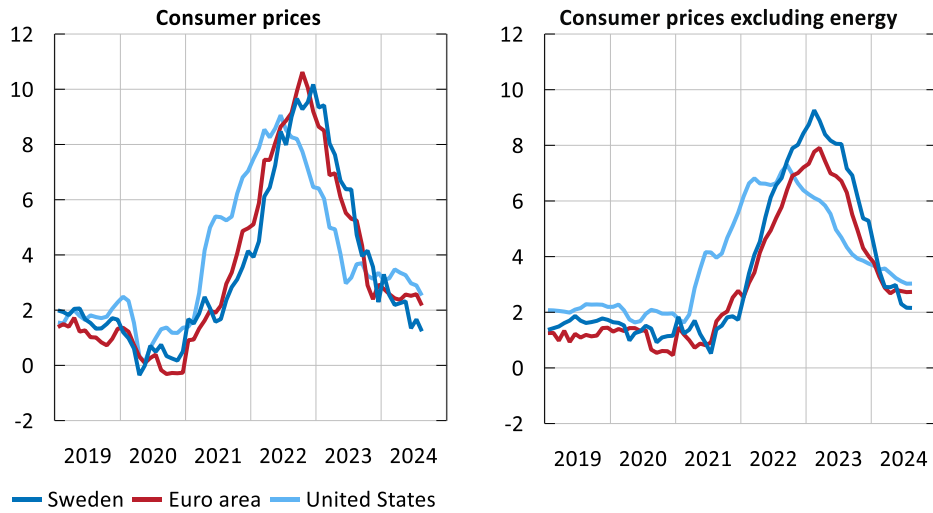
In the United States, CPI inflation has continued to fall and was 2.5 per cent in August. One reason for this is the lower rate of increase for energy prices, as well as the slower increase of services prices excluding rents and energy in recent months at the same time as the rate of increase in prices for goods has remained low. Moreover, other prices are now increasing at a more moderate pace. In terms of the PCE, inflation was 2.5 per cent in July.<sup>6</sup> US wage growth has slowed down over the last year. In addition, commodity prices have fallen on the world market and inflation expectations have slowed down in both the euro area and United States. This suggests lower inflationary pressures in the period ahead.

<sup>5</sup> The average annual change in services prices since January 2000 is 2.1 per cent in the euro area, 3.0 per cent in the United States and 2.3 per cent in Sweden.

<sup>6</sup> PCE is the Federal Reserve's preferred measure of inflation. Rents have a lower weighting in this measure than in the CPI. See the fact box "The difference between the measures CPI and PCE in the United States" in the Monetary Policy Report March 2024, Sveriges Riksbank, for a description of the differences between the CPI and PCE measures.

**Figure 5. Consumer prices in various countries and regions**

Annual percentage change

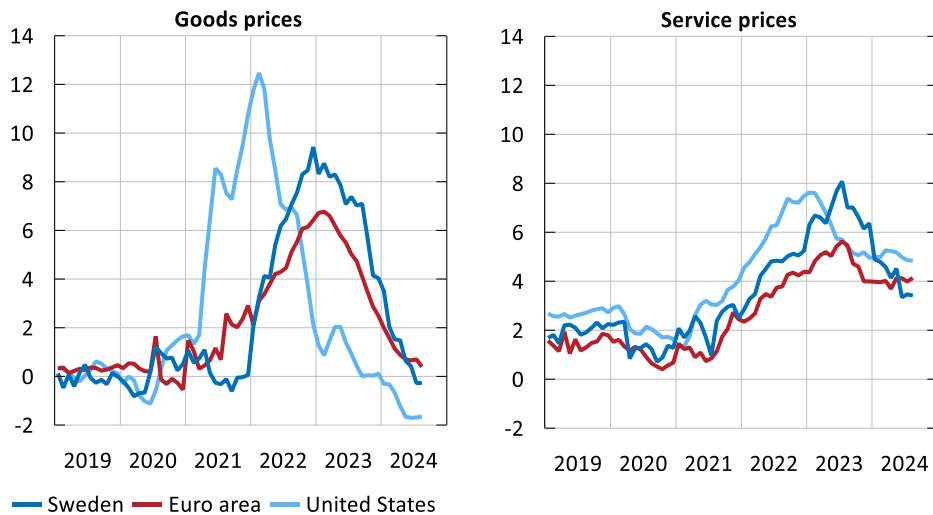


Note. Refers to the CPIF for Sweden, the HICP for the euro area and the CPI for the United States.

Sources: Statistics Sweden, Eurostat and US Bureau of Labor Statistics.

**Figure 6. Prices of goods and services abroad**

Annual percentage change



Note. Refers to the CPIF for Sweden, the HICP for the euro area and the CPI for the United States.

Sources: Eurostat, Statistics Sweden, US Bureau of Labor Statistics and the Riksbank.