MAYBERRY INVESTMENTS LIMITED

VOLUME 3
MARCH 2020

ECONOMIC SUMMARY

UNITED STATES

GROSS DOMESTIC PRODUCT

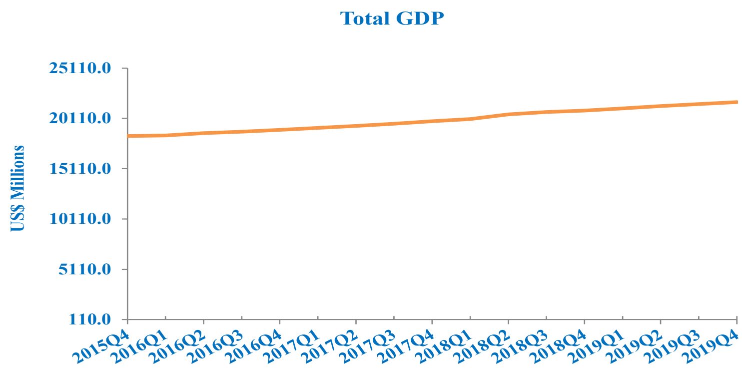
Real gross domestic product (GDP) increased at an annual rate of 2.1% for the fourth quarter of 2019 according to the third estimate released by the Bureau of Economic Analysis (BEA). Similarly, for the third quarter of 2019, real GDP had a 2.1% growth.

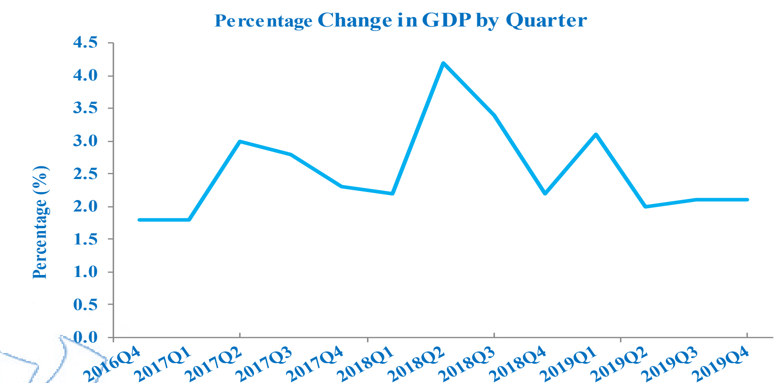
The upward movement in real GDP for the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), federal government spending, residential fixed investment, state and local government spending, and exports. This movement was partly offset by a negative contribution from non-residential fixed investment and private inventory investment. Moreover, imports decreased.

Real GDP growth in the fourth quarter was similar to that of the third quarter. Notably, there was a decline in imports and growth in government spending in the fourth quarter. However, this acceleration was partly tempered by a larger decrease in private inventory investment and a slowdown in PCE.

"Current dollar GDP increased 3.5%, or $186.6 billion, in the fourth quarter to a level of $21.73 trillion. In the third quarter, GDP increased 3.8%, or $202.3 billion," according to BEA.

In the fourth quarter, the index for gross domestic purchases price index went up 1.4% when compared to a similar rising by 1.4% in the third quarter. In addition, the PCE price index increased 1.4% relative to an increase of 1.5%. With the exception of the food and energy prices, the PCE price index climbed 1.3% versus an increase of 2.1%.





UNEMPLOYMENT

Total nonfarm payroll employment decreased by 701,000 in March, as the rate of unemployment increased to 4.4%, according to a report by the U.S. Bureau of Labour Statistics (BLS). This increase reflects the effects of the coronavirus (COVID-19) and efforts to contain it. BLS mentioned that, "employment in leisure and hospitality fell by 459,000, mainly in food services and drinking places." Notable job losses also occurred in health care and social assistance, professional and business services, retail trade, and construction.

Leisure and hospitality decreased by 459,000 in March 2020 with most of the decline occurring in the food services and drinking places (-417,000) while the employment in the accommodation industry also declined in March (-29,000). Notably, employment in health care and social assistance declined by 61,000 jobs in March. Whereas, professional and business services fell by 52,000, retail trade went down by 46,000, construction decreased by 29,000 while other services subsided by 24,000 jobs in March. Moreover, employment within the other major industries including mining and manufacturing lost 6000 jobs and 18,000 jobs respectively, meanwhile, federal government added 18,000 jobs. However, wholesale trade, transportation and warehousing, information, and financial activities reflected little change over the month.

Notably, BLS stated, "the number of unemployed persons who reported being on temporary layoff more than doubled in March to 1.8 million. The number of permanent job losers increased by 177,000 to 1.5 million."

In March, the number of unemployed persons increased by 1.4 million to 7.1 million, while the number of long-term unemployed (those jobless for 27 weeks or more) stood at 1.2 million. Notably, the total number of persons classified as long-term unemployed, accounted for 15.9% of the unemployed. However, number of unemployed persons who were jobless less than 5 weeks increased by 1.5 million in March to 3.5 million.

The labour force participation rate for March decreased by 0.7 percentage point to 62.7%, while the employment population ratio fell 1.1 percentage points to 60.0%. Persons employed part time for economic reasons stood at 5.8 million in March. Based on BLS assessment, "these individuals, who would have preferred full-time employment, were working part time because their hours had been reduced or they were unable to find full-time jobs."

In March, a total of 1.4 million individuals were slightly attached to the labour force, little changed from February. These persons were not in the labour force, wanted and were available for work, and had looked for a job in the last year. Of the marginally attached, 514,000 persons were classified as discouraged workers in March, up 109,000 over the month. These persons are not currently seeking for work as they believe no jobs are available for them.

Labour Force in Thousands	Jan-Mar	Apr-Jun	Jul-Sep	Oct - Dec
Year	Q1	Q2	Q3	Q4
2015	422,317	424,418	426,408	428,508
2016	430,265	431,898	434,075	435,715
2017	437,386	438,949	440,567	442,168
2018	444,004	445,948	447,640	449,097
2019	450,551	451,828	453,481	455,365
2020	456,544			

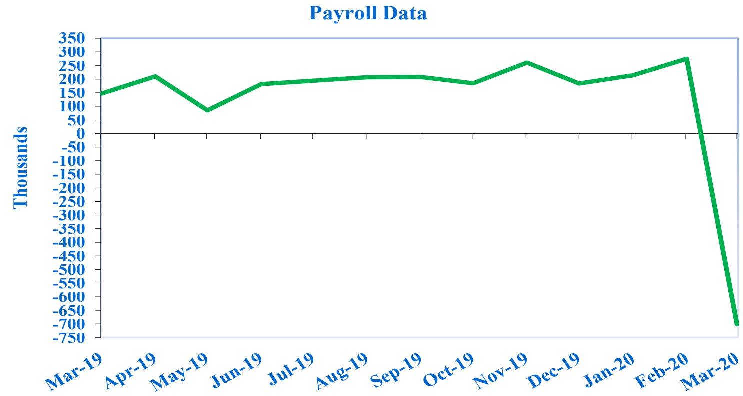
CONSUMER PRICE INDEX

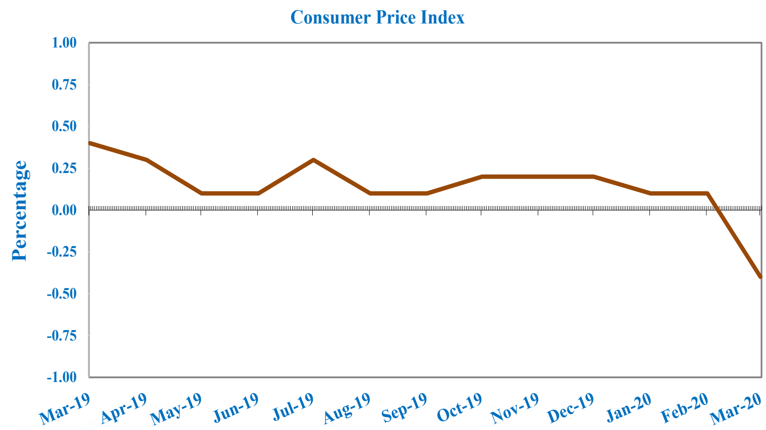
The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.4% for March after increasing 0.1% in February, on a seasonally adjusted basis according to the U.S. Bureau of Labor Statistics. The all items index increased 1.5% before seasonal adjustment over the last year. BLS noted that the sharp decrease in the gasoline index was the largest contributor to the decrease in adjusted all items index along with declines in indexes for airline fares, lodging away from home, and apparel.

The all items less food and energy index declined 0.1% in March. The index for shelter remained unchanged. The index for airline fares declined 12.6%, the apparel index decreased 2.0% while the index for new vehicles fell 0.4% in March. However, the indexes for used cars and trucks, motor vehicle insurance and for medical care rose 0.8%, 0.6%, and 0.4% respectively over the month. Moreover, the indexes for education, recreation, tobacco, alcoholic beverages, and personal care all also advanced in March.

The index for food increased 0.3% in March, while the index for food at home rose 0.5%. The dairy and related products climbed 0.6% while the index for other food at home rose 0.6%. Prices for non-alcoholic beverages and fruits and vegetables rose 0.9% and 0.8% respectively over the month. The index for meats, poultry, fish, and eggs and cereals and bakery both increased 0.1% in March. However, limited service meals rose 0.4 percent, while the index for full-service meals remained unchanged in March. Moreover, the food away from home increased by 0.2%.

The index for energy fell 5.8% in March. A 10.2% decline was recorded for the gasoline index in March. Whereas the fuel oil index fell 13.7%, the electricity index decreased 0.2% while the natural gas index fell by 1.4% in March.





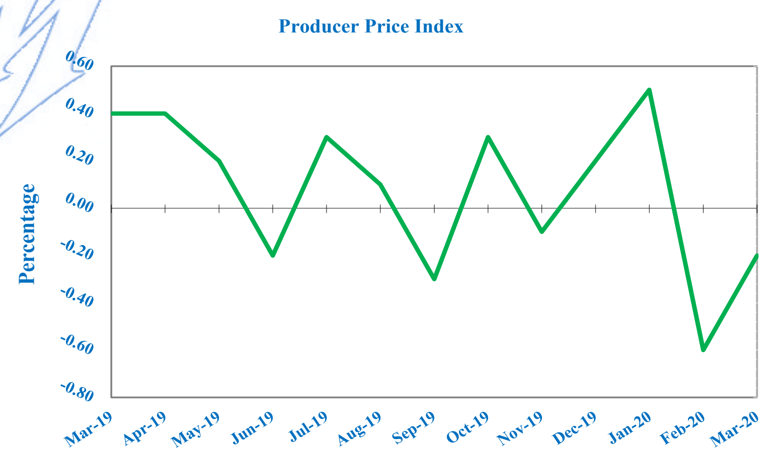
PRODUCER PRICE INDEX

Final demand for the Producer Price Index decreased 0.2% in March 2020, seasonally adjusted according to U.S. Bureau of Labor Statistics. Final demand prices fell 0.6% in February and increased 0.5% in January. On an unadjusted basis, "the final demand index increased 0.7% for the 12 months ended in March," BLS indicated.

Prices for final demand less foods, energy, and trade services fell 0.2% in the month of March. Notably, the index over the past twelve months ended March depicted an upwards trend with a 1.0% advance.

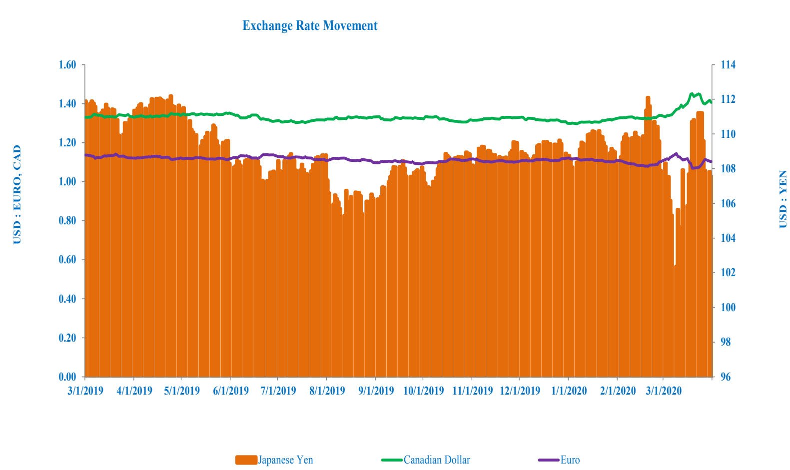
Final demand services experienced a 0.2% increase in prices in the month of March. This performance was mainly attributable to an increase of 1.4% in prices for final demand trade services. BLS highlighted, that prices for final demand transportation, and warehousing declined by 3.3% whereas margins for final demand services less trade, transportation and warehousing remained unchanged.

A decline of 1.0% was observed in prices for final demand goods in March. This performance stemmed from a decrease of 6.7% in prices for final demand energy. The index for final demand goods less food and energy increased 0.2%, while prices for final demand foods remained unchanged.



U.S. Dollar

For March 2020, the EUR/USD pair closed at $1.1031 versus $1.1134 at the start of the month, a 0.93% decrease. This decrease according to FX Empire, was partly because "home sales in the United States were reported to increase by 2.4% on March 30, coming in ahead of the analyst estimate for a decline of 1.8%." However, looking ahead, FX Empire noted that, "President Donald Trump's plan to reopen the economy, regained some appetite for risk" which could boost market sentiment.



FEDERAL RESERVE MINUTES

On March 15, 2020, the Federal Open Market Committee noted that the coronavirus outbreak has afflicted communities and disrupted economic activity over the world. Furthermore, FOMC indicated that the labour market remained strong in February, whilst economic activity has been rising at a moderate rate. Job gains have been solid and the unemployment rate has remained low. Household spending has continued to grow moderately, however, business fixed investment and exports continues to be weak. According to the Fed, "on a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2%. Market-based measures of inflation compensation have declined; survey-based measures of longer-term inflation expectations are little changed."

The FOMC decided to lower the target range for the federal funds rate to 0 to 1/4% after decreasing to 1.00%-1.25% in March 03, 2020. According to the FOMC, "The Committee will continue to monitor the implications of incoming information for the economic outlook, including information related to public health, as well as global developments and muted inflation pressures, and will use its tools and act as appropriate to support the economy. In determining the timing and size of future adjustments to the stance of monetary policy, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments."

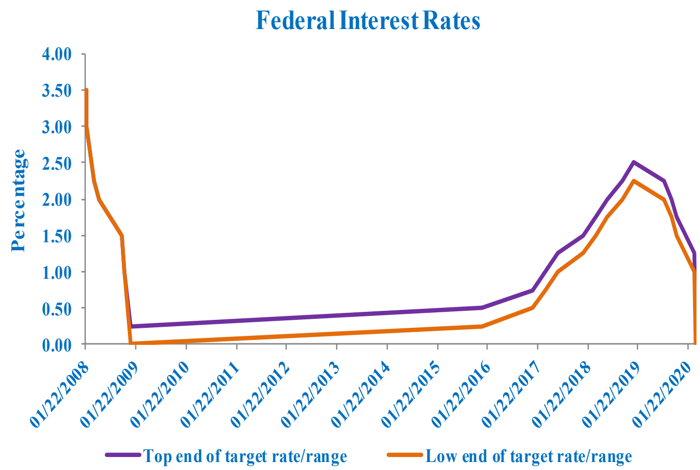
The FOMC as part of its policy decision, voted to authorize and direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

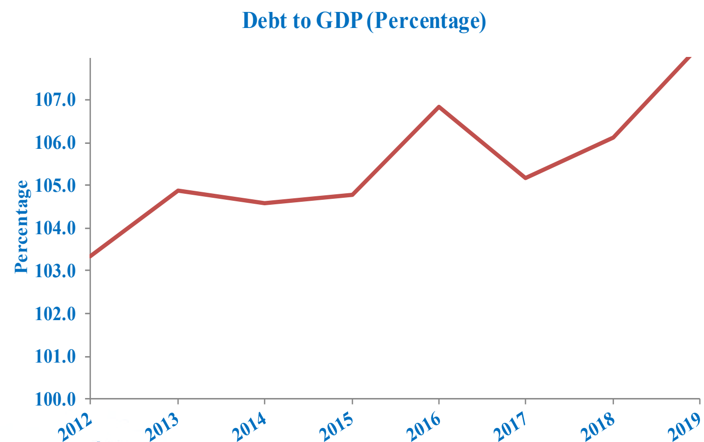
"Effective March 16, 2020, the Federal Open Market Committee directs the Desk to undertake open market operations as necessary to maintain the federal funds rate in a target range of 0 to 1/4 percent. The Committee directs the Desk to increase over coming months the System Open Market Account holdings of Treasury securities and agency mortgage-backed securities (MBS) by at least $500 billion and by at least $200 billion, respectively. The Committee instructs the Desk to conduct these purchases at a pace appropriate to support the smooth functioning of markets for Treasury securities and agency MBS.

The Committee also directs the Desk to continue conducting term and overnight repurchase agreement operations to ensure that the supply of reserves remains ample and to support the smooth functioning of short-term U.S. dollar funding markets. In addition, the Committee directs the Desk to conduct overnight reverse repurchase operations (and reverse repurchase operations with maturities of more than one day when necessary to accommodate weekend, holiday, or similar trading conventions) at an offering rate of 0.00 percent, in amounts limited only by the value of Treasury securities held outright in the System Open Market Account that are available for such operations and by a percounterparty limit of $30 billion per day.

The Committee directs the Desk to continue rolling over at auction all principal payments from the Federal Reserve's holdings of Treasury securities and to reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities received during each calendar month in agency mortgage-backed securities. Small deviations from these amounts for operational reasons are acceptable.

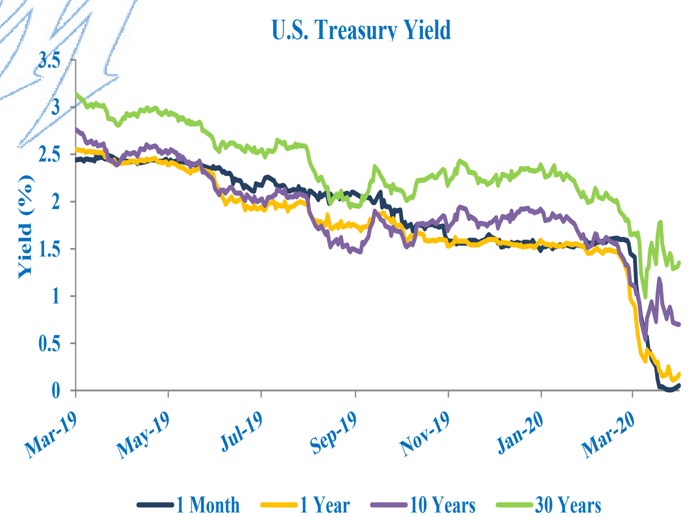
The Committee also directs the Desk to engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency mortgage-backed securities transactions."





U.S. TREASURY YIELD CURVE

The 3-month Treasury bill rate inched down to 0.11% from February's 1.27%. The 5-year rate registered a decrease to close the month of March at 0.37% from 0.89% a month earlier. The 10-year rate (also constant maturity) decreased to 0.70%, down from February's 1.13% and below January's 1.51%.



GOVERNMENT DEBT/ DEFICIT

For the first six months in the fiscal year 2020, the Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to $741 billion. Notably, this was $50 billion more than the deficit recorded during the corresponding period last year.

Furthermore, for the first half of the fiscal year 2020, receipts amounted to $1,604 billion based on CBO estimates which totaled $97 billion more than in the similar period last year.

Outlays for the first six months of the fiscal year 2020, based on CBO estimates, totaled $2,345 billion which was a $147 billion increase relative to the same period last year.

Budget Totals, October 2019 –March 2020

Billions of Dollars

	Actual, FY 2019	Preliminary, FY 2020	Estimated Change
Receipts	1,507	1,604	97
Outlays	2,198	2,345	147
Deficit (-)	-691	-741	-50