



UNITED STATES

GROSS DOMESTIC PRODUCT

Real gross domestic product (GDP) declined at an annual rate of 4.8% for the first quarter of 2020 according to the advance estimate released by the Bureau of Economic Analysis (BEA). However, for the fourth quarter of 2019, real GDP had a 2.1% growth.

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

Notably, the decline in PCE was due to decreases in services, led by health care, and goods, led by motor vehicles and parts. The decrease in non-residential fixed investment was mainly attributable to a decrease in equipment, led by transportation equipment. Meanwhile, the decrease in exports primarily reflected a decline in services, led by travel.

"Current dollar GDP decreased 3.5%, or \$191.2 billion, in the first quarter to a level of \$21.54 trillion. In the fourth quarter, GDP increased 3.5%, or \$186.6 billion," according to BEA.

In the first quarter of 2020, the price index for gross domestic purchases went up 1.6% when compared to a similar rising by 1.4% in the fourth quarter of 2019. In addition, the PCE price index increased 1.3% relative to an increase of 1.4%. With the exception of the food and energy prices, the PCE price index climbed 1.8% versus an increase of 1.3%.

UNEMPLOYMENT

Total nonfarm payroll employment decreased by 20.5 million in April, as the rate of unemployment increased to 14.7%, 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 fell sharply in all major industry sectors, with particularly heavy job losses in leisure and hospitality."

Leisure and hospitality decreased by 7.7 million or 47% in April 2020 with almost three-quarter of the decline occurring in the food services and drinking places (-5.5 million) while the employment in the arts, entertainment, and recreation industry (-1.3 million) and accommodation industry declined in April (-839,000). Notably, employment in education and health services declined by 2.5 million jobs in April. Employment in health care declined by 1.4 million, private education declined by 457,000 and social assistance decreased by 651,000 jobs over the month. Whereas, employment in professional and business services fell by 2.2 million, retail trade went down by 2.1 million, manufacturing decreased by 1.3 million while other services subsided by 1.3 million jobs in April. Moreover, employment within the other major industries including construction lost 975,000 jobs, transportation, and warehousing in April (-584,000), wholesale trade (-363,000), financial activities (-262,000), information (-254,000) and mining lost 46,000 jobs. Moreover, Government employment also decreased by 980,000 jobs in April.

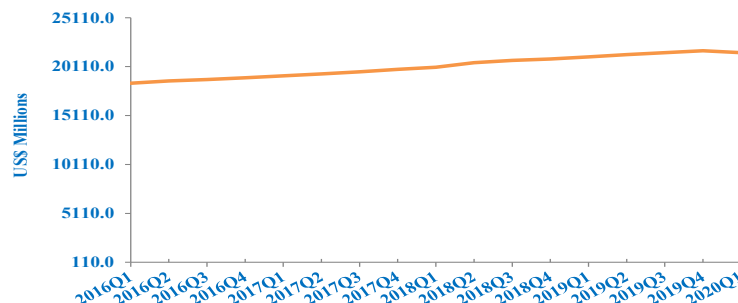
Notably, BLS stated, "the number of unemployed persons who reported being on temporary layoff increased about ten-fold to 18.1 million in April. The number of permanent job losers increased by 544,000 to 2.0 million."

In April, the number of unemployed persons increased by 15.9 million to 23.1 million, while the number of long-term unemployed (those jobless for 27 weeks or more) declined by 225,000 to 939,000. Notably, the total number of persons classified as long-term unemployed, accounted for 4.1% of the unemployed. However, number of unemployed persons who were jobless less than 5 weeks increased by 10.7 million in April to 14.3 million.

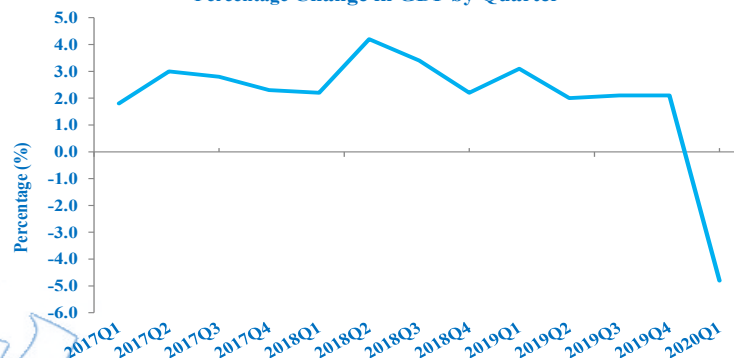
The labour force participation rate for April declined by 2.5 percentage point to 60.2%, while the employment population ratio fell 8.7 percentage points to 51.3%. Persons employed part time for economic reasons stood at 10.9 million in April. Based on BLS assessment, "these individuals, who would have preferred full-time employment, were working part time because their hours had been reduced or they were unable to find full-time jobs. Part-time workers accounted for one-third of the over-the-month employment decline."

In April, a total of 2.3 million individuals were slightly attached to the labour force, an increase by 855,000 from March. 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, 574,000 persons were classified as discouraged workers in April, little changed over the month. These persons are not currently seeking for work as they believe no jobs are available for them.

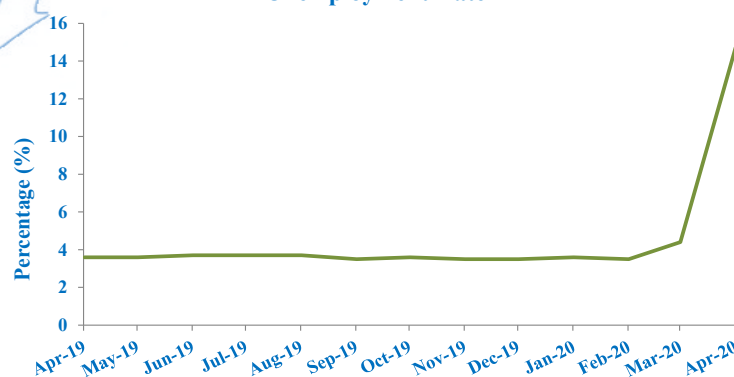
Total GDP



Percentage Change in GDP by Quarter



Unemployment Rate



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	456,316			



CONSUMER PRICE INDEX

The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.8% for April, on a seasonally adjusted basis according to the U.S. Bureau of Labor Statistics. The all items index increased 0.3% before seasonal adjustment over the last year. BLS noted that the 20.6% decrease in the gasoline index was the largest contributor to the decrease in adjusted all items index along with declines in the indexes for apparel, motor vehicle insurance, airline fares, and lodging away from home.

The all items less food and energy index declined 0.4% in April. The index for airline fares declined 15.2%, the apparel index decreased 4.7% while the index for motor vehicle insurance fell 7.2% in April. The indexes for rent and for owners' equivalent rent both rose 0.2% in April. Also, the indexes for used cars and trucks and for recreation declined 0.4% and 0.2%, respectively. The new vehicles index and the index for shelter remained unchanged in April.

The index for food increased 1.5% in April, while the index for food at home rose 2.6%. The index for meats, poultry, fish, and eggs rose 4.3% and cereals and bakery products increased by 2.9%. The dairy and related products and for fruits and vegetables both climbed 1.5% in April while the index for other food away home rose 0.1%. Prices for non-alcoholic beverages rose 2.9%. Moreover, limited service meals increased 0.7%, while the index for full-service meals fell 0.3% in April.

The index for energy fell 10.1% in April. A 20.6% decline was recorded for the gasoline index in April. Whereas, the fuel oil index fell 15.6%, the natural gas index fell by 1.9%, while the electricity index increased 0.2% over the month.

PRODUCER PRICE INDEX

The final demand for the Producer Price Index decreased 1.3% in April 2020, seasonally adjusted according to the U.S. Bureau of Labor Statistics. Final demand prices fell 0.2% in March and increased 0.6% in February. On an unadjusted basis, "the final demand index moved down 1.2% for the 12 months ended in April," BLS indicated.

Prices for final demand less foods, energy, and trade services fell 0.9% in the month of April. Notably, the index over the past twelve months ended April depicted a downward movement by 0.3%.

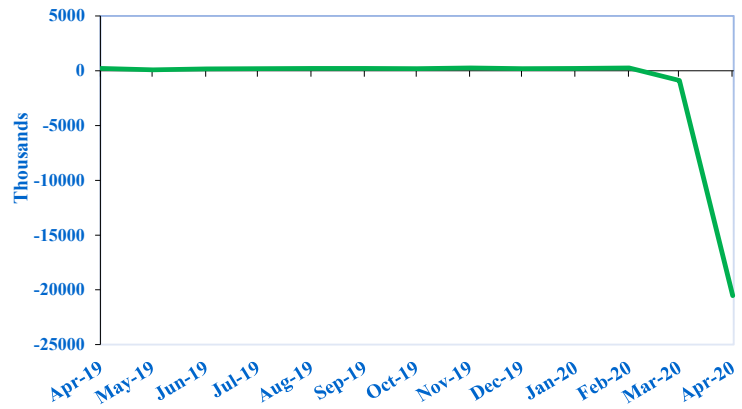
Final demand services experienced a 0.2% decrease in prices in April. This performance was mainly attributable to a decrease of 0.9% in prices for final demand services less trade, transportation, and warehousing. Moreover, the index for final demand transportation and warehousing services decreased 3.5%, whereas margins for final demand trade services rose 1.6%.

A decline of 3.3% was observed in prices for final demand goods in April. This performance stemmed from a decrease of 19.0% in prices for final demand energy. The index for final demand goods less food and energy decreased 0.4%, while prices for final demand foods declined 0.5%.

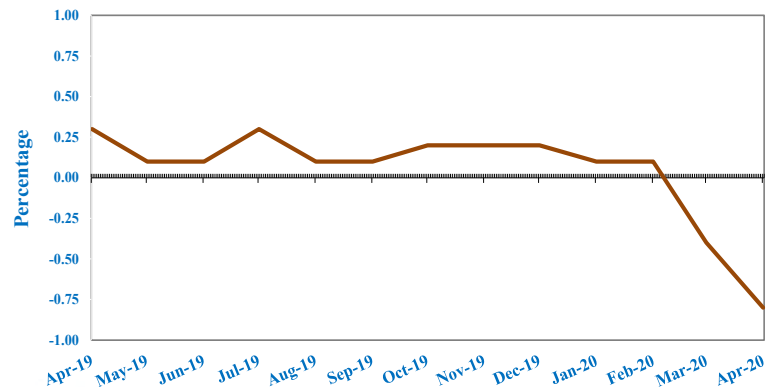
U.S. Dollar

For April 2020, the EUR/USD pair closed at \$1.0957 versus \$1.0964 at the start of the month, a 0.06% decrease. This decrease according to FX Empire, was partly because "the Federal Reserve left rates on hold, as expected, and emphasized the need for further fiscal support to help the economy survive the Coronavirus. Fed Chair Powell reaffirmed the Fed will act as necessary and is not in a rush to raise rates after lowering them close to zero last month." However, looking ahead, FX Empire noted that the U.S. retail sales report, "stands to have an impact on the exchange rate" where analysts are forecasting "a 12% drop in sales after an 8.7% decline in March." Furthermore, FX analysts noted that "the Euro is edging higher on Friday despite the release of a report that showed the Euro Zone economy posted its deepest contraction on record in the first three months of the year against the previous quarter."

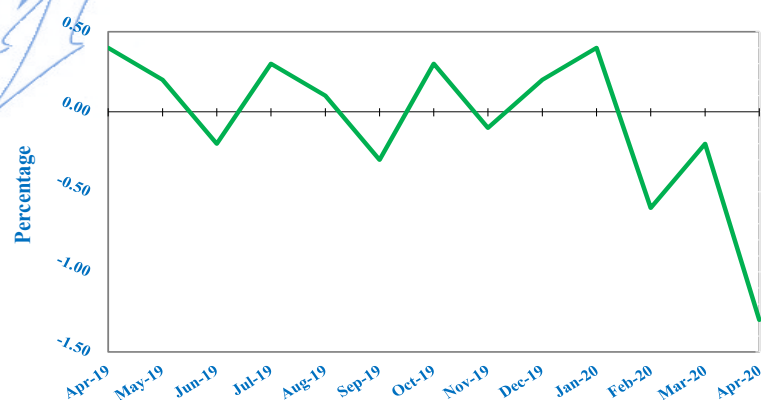
Payroll Data



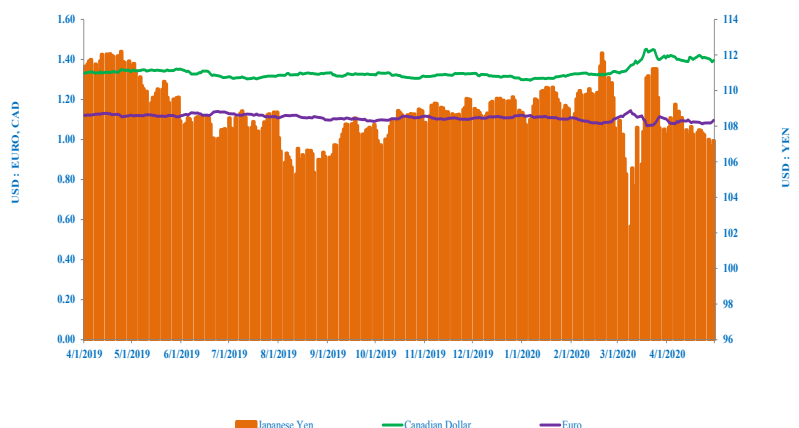
Consumer Price Index



Producer Price Index



Exchange Rate Movement





FEDERAL RESERVE MINUTES

On April 29, 2020, the Federal Reserve stated that it is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals.

Furthermore, tremendous human and economic hardship blankets the United States and the World due to the outbreak of the coronavirus. The outbreak has resulted in the implementation of numerous measures to protect public health while inducing declines in economic activity and a surge in job losses. The Federal Reserve cites, “weaker demand and significantly lower oil prices are holding down consumer price inflation. The disruptions to economic activity here and abroad have significantly affected financial conditions and have impaired the flow of credit to U.S. households and businesses.”

For the near term, the Fed sees economic activity, employment and inflations being affected by the ongoing health crisis, thus posing considerable risks to the economic outlook over the medium term. As a result, the Committee decided to maintain the target range for the federal funds rate at 0 to 1/4 percent. The range is expected to remain until the Committee is confident that the economy has weathered the recent events and is on track to achieve its maximum employment and price stability goals.

The Federal Reserve reiterates its commitment to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals. The Committee will also continue to monitor the implications of 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.

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.”

Furthermore, FOMC noted, “To support the flow of credit to households and businesses, the Federal Reserve will continue to purchase Treasury securities and agency residential and commercial mortgage-backed securities in the amounts needed to support smooth market functioning, thereby fostering effective transmission of monetary policy to broader financial conditions. In addition, the Open Market Desk will continue to offer large-scale overnight and term repurchase agreement operations. The Committee will closely monitor market conditions and is prepared to adjust its plans as appropriate.”

U.S. TREASURY YIELD CURVE

The 3-month Treasury bill rate inched down to 0.09% from March's 0.11%. The 5-year rate registered a decrease to close the month of April at 0.36% from 0.37% a month earlier. The 10-year rate (also constant maturity) decreased to 0.64%, down from March's 0.70% and below February's 1.13%.

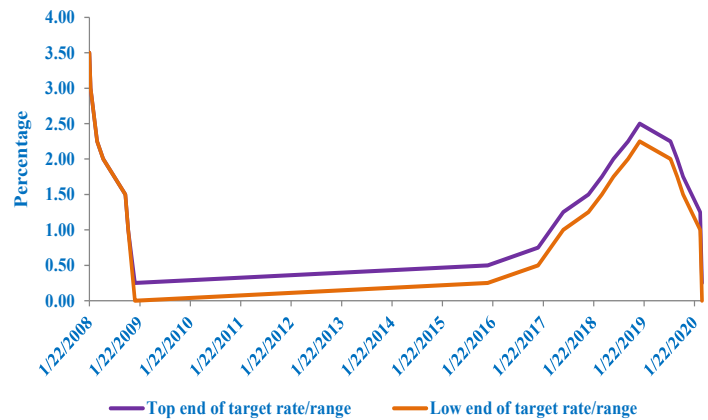
GOVERNMENT DEBT/DEFICIT

For the first seven months in the fiscal year 2020, the Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to \$1.5 trillion. Notably, this was \$949 billion more than the deficit recorded during the corresponding period last year.

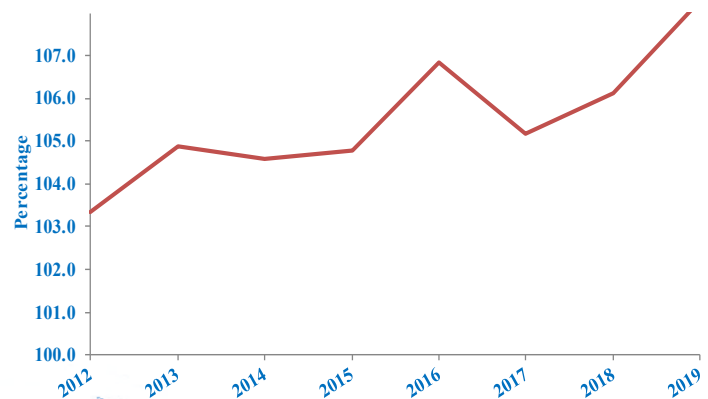
Furthermore, for the first seven months of the fiscal year 2020, receipts amounted to \$239 billion based on CBO estimates which totaled \$296 billion less than in the similar period last year.

Outlays for the first seven months of the fiscal year 2020, based on CBO estimates, totaled \$976 billion more than two-and-a-half times the sum in April 2019.

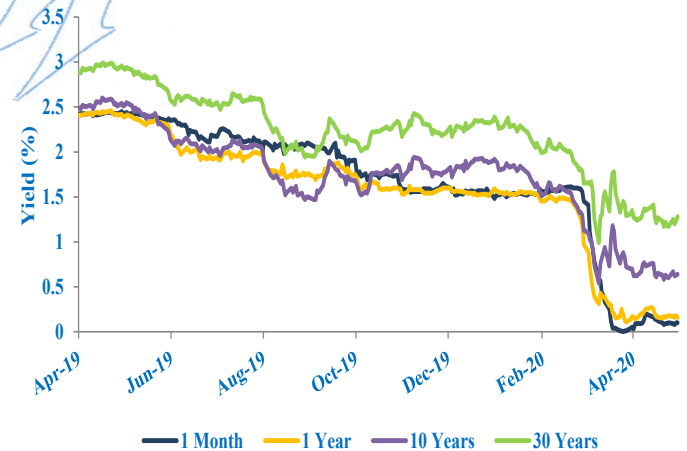
Federal Interest Rates



Debt to GDP (Percentage)



U.S. Treasury Yield



Budget Totals for April, Billions of Dollars				
	Actual, FY 2019	Preliminary, FY 2020	Estimated Change	
			Billions of Dollars	Percent
Receipts	536	239	-296	-55
Outlays	375	976	601	160
Deficit (-)	160	-737	-897	n.a.