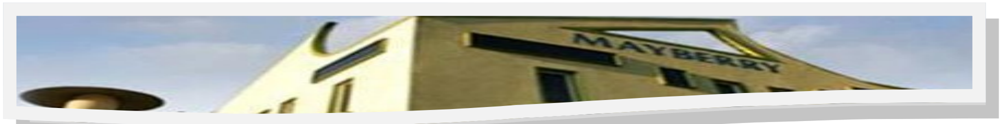


MAYBERRY INVESTMENTS LIMITED

VOLUME 7
JULY 2020

ECONOMIC SUMMARY

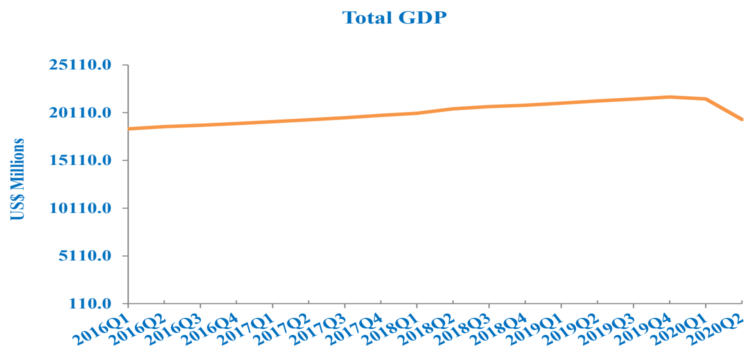
UNITED STATES

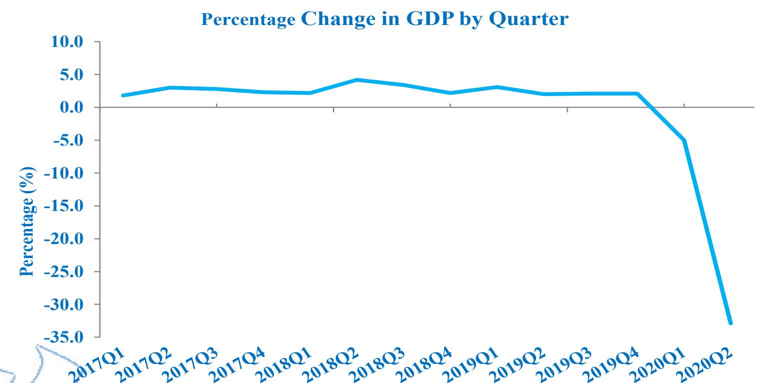
GROSS DOMESTIC PRODUCT

U.S. real gross domestic product (GDP) contracted 32.9% for the second quarter of 2020, subsequent to a 5% decline for the first three months of 2020 as the economy experienced a nose-dive in activity. Current-dollar GDP for the second quarter declined $2.15 trillion or 34.3% to 19.41 trillion, compared to a 3.4% of $186.3 billion fall in the first quarter. According to the Bureau of Economic Analysis (BEA), GDP for the second quarter reflected the response to COVID-19 as “stay-at-home” orders issued in March and April were partially lifted in some areas of the country in May and June. During this period, government pandemic assistance payments were distributed to households and businesses. This action led to swift changes in activity, as businesses and schools continued remote work, and consumers and businesses canceled, restricted, or redirected their spending.

GDP performance for Q2 2020 was impacted by declines in personal consumption expenditures (PCE), exports, private inventory investment, nonresidential fixed investment, residential fixed investment, and state and local government spending. Impacting the performance was sharp contractions in services and goods. Declines in exports echoed a decrease in goods, led by capital goods, while the decrease in private inventory investment primarily reflected a reduction in retail, led by motor vehicle dealers. BEA also indicated, “the decrease in nonresidential fixed investment primarily reflected a decrease in equipment (led by transportation equipment), while the decrease in residential investment primarily reflected a decrease in new single-family housing.”

Current personal income rose 1.39 trillion for the second quarter, relative to an increase of $193.4 billion for the first quarter. The growth was attributed to government transfer payments associated with the coronavirus pandemic. Despite the rise, personal outlays collapsed by $1.57 trillion, due largely to a drop in services spending.





UNEMPLOYMENT

Total nonfarm payroll employment climbed 1.8 million in July, as the unemployment rate fell to 10.2%, according to a report by the U.S. Bureau of Labour Statistics (BLS). The performance was due to the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it. BLS mentioned that, “in July, notable job gains occurred in leisure and hospitality, government, retail trade, professional and business services, other services, and health care.”

Leisure and hospitality increased by 592,000 in July 2020, accounting for almost one-third of the total nonfarm employment gain. While in the food services and drinking places, employment rose by 502,000. Employment in amusements, gambling, and recreation rose by 100,000 in July. Notably, employment in government climbed by 301,000 jobs in July. Employment in retail trade rose by 258,000. Whereas, employment in professional and business services added 170,000 jobs, other services went up by 149,000 jobs, health care increased by 126,000 jobs while social assistance employment rose by 66,000 jobs in July. Employment also increased in transportation and warehousing by 38,000 and manufacturing (+26,000) in July, as well as jobs in financial activities by 21,000. Employment in construction increased by 20,000 while mining lost 7,000 jobs.

Notably, BLS stated, “the number of unemployed persons who were on temporary layoff decreased by 1.3 million in July to 9.2 million, about half its April level. In July, the number of permanent job losers and the number of unemployed reentrants to the labor force were virtually unchanged over the month, at 2.9 million and 2.4 million, respectively.”

In July, the number of unemployed persons who were jobless for 5 to 14 weeks decreased by 6.3 million to 5.2 million. Notably, the total number of persons jobless for 5 to 14 weeks, accounted for 31.6% of the unemployed. While, the number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 1.5 million. However, the number of unemployed persons who were jobless less than 5 weeks rose by 364,000 in July to 3.2 million.

The labour force participation rate for July stood at 61.4%, while the employment population ratio increased 0.5 percentage points to 55.1%. In July, the number of persons who usually work full time changed slightly to 119.5 million, and the number of persons who usually work part-time increased by 803,000 to 24.0 million. Nonetheless, persons employed part-time for economic reasons decreased by 619,000 to 8.4 million in July. 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 July, a total of 2.0 million individuals were slightly attached to the labour force. 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, 665,000 persons were classified as discouraged workers in July, little changed over the month. These persons are not currently seeking 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	455,765	401,150		

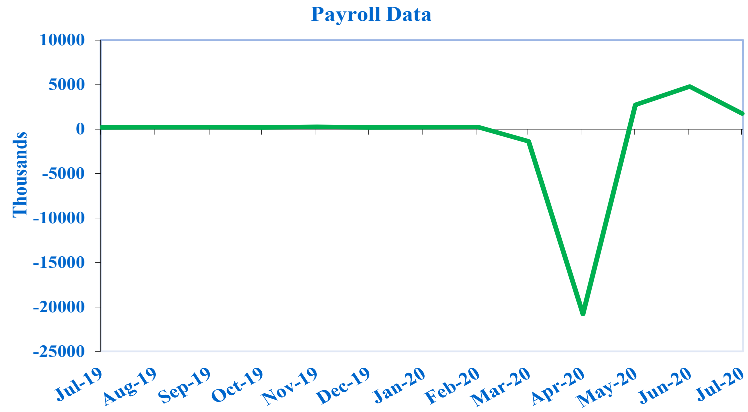
CONSUMER PRICE INDEX

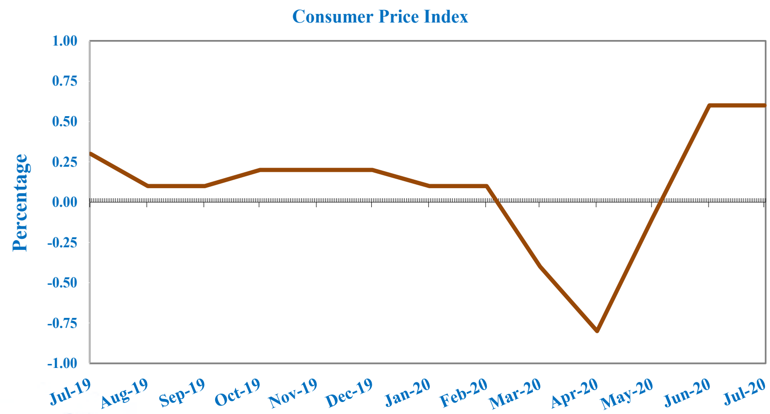
The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6% for July, on a seasonally adjusted basis according to the U.S. Bureau of Labour Statistics. The all items index increased 1.0% before seasonal adjustment over the last year. BLS noted that the increase in the monthly seasonally adjusted all items index was mainly due to the continued rise in the gasoline index.

The all items less food and energy index rose 0.6% in July. The index for motor vehicle insurance increased by 9.3% in July. The index for shelter increased 0.2%, medical care index rose 0.4%, communication index climbed 1.9% while the index for used cars and trucks increased 2.3% in July. Moreover, airline fares index rose by 5.4% while other indexes that increased include new vehicles (+0.8%), apparel (+1.1%), household furnishings and operations (+0.5%), and personal care (+0.2%). However, in July, the index for recreation fell 0.6%.

The index for food declined 0.4% in July, while the index for food at home also decreased 1.1%. The index for meats, poultry, fish, and eggs declined 3.8%. The index for dairy and related products experienced a 0.8% decline in July. The indexes for cereals and bakery products and non-alcoholic beverages fell 0.5% and 0.4%, respectively in July. Prices for other food at home also decreased 0.2% in July. Whereas, the index for fruits and vegetables rose by 0.1%.

The index for energy climbed 2.5% in July as the gasoline index rose 5.6%. Nevertheless, the electricity index increased 0.3% while the natural gas index remained declined 1.0% over the month.





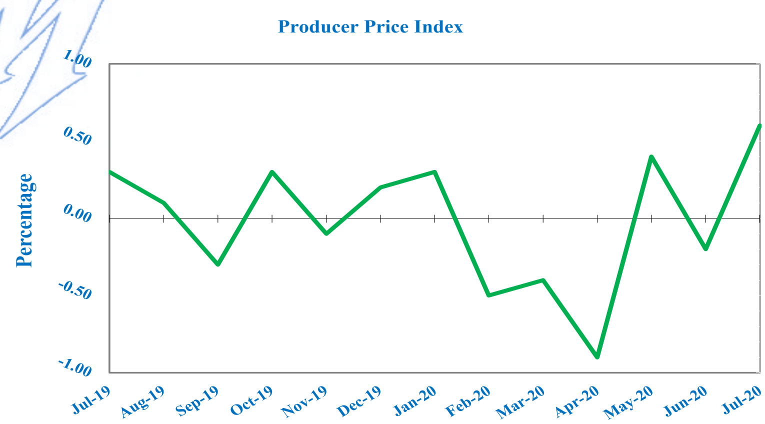
PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 0.6% in July 2020, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices fell 0.2% in June and increased 0.4% in May. On an unadjusted basis, "the final demand index moved down 0.4% for the 12 months ended in July," BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 0.3% in the month of July. Notably, the index over the past twelve months ended July depicted an upward movement by 0.1%.

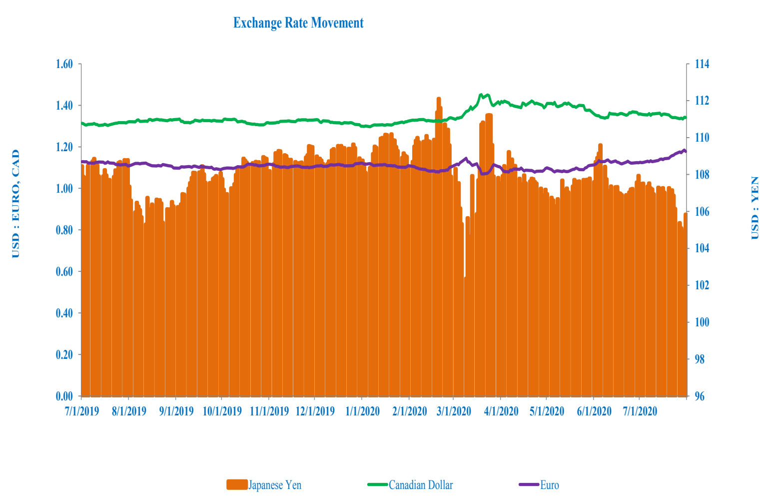
Final demand services experienced a 0.5% increase in prices in July. This performance was mainly attributable to an increase of 0.4% in prices for final demand services less trade, transportation, and warehousing. Moreover, the indexes for final demand trade services rose 0.8% while the prices for final demand transportation and warehousing services declined 0.8%.

An increase of 0.8% was observed in prices for final demand goods in July. This performance stemmed from an increase of 5.3% in prices for final demand energy. The index for final demand goods less foods and energy rose 0.3%, while prices for final demand foods fell 0.5%.



U.S. Dollar

For July 2020, the EUR/USD pair closed at $1.1778 versus $1.1251 at the start of the month, a 4.68% increase. This increase according to FX Empire, was due to "the Federal Reserve flooding the markets with greenback and therefore it is likely that the Euro will continue to go higher longer term." Moreover, looking ahead, when the Euro Area inflation is released, FX Empire noted that, "a stronger-than-expected inflation will signal that current measures to support the economy are working and may provide an additional boost to EUR/USD."



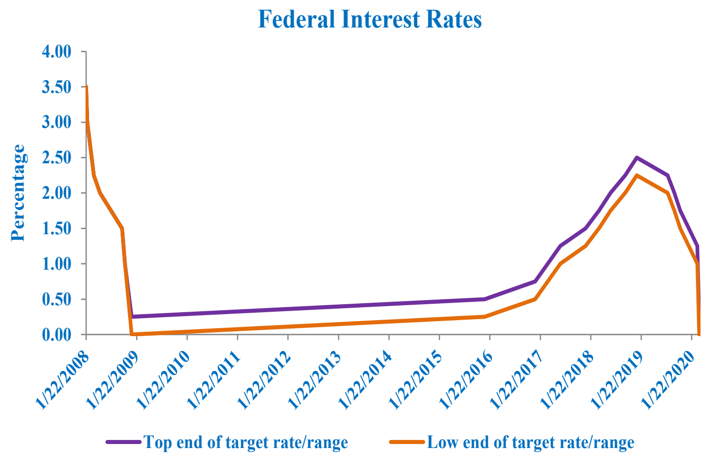
FEDERAL RESERVE MINUTES

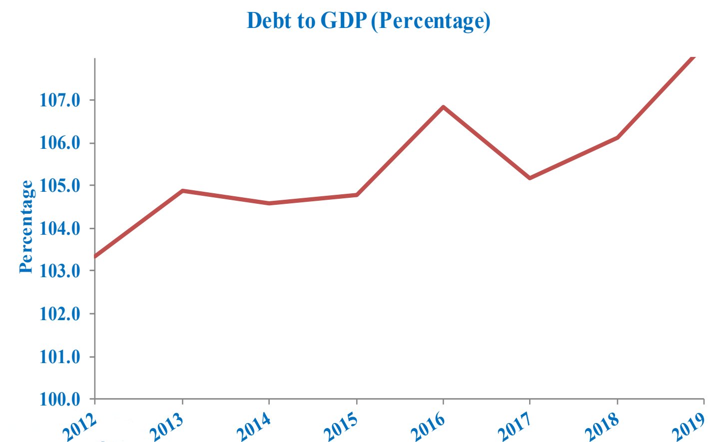
On July 29, 2020, the Federal Reserve reiterated its commitment to using its full range of tools to support the U.S. economy in this challenging time, thereby pursuing its maximum employment and price stability goals.

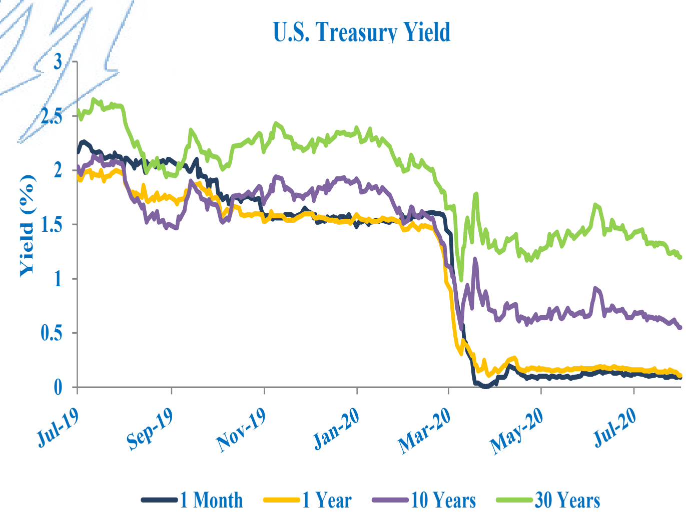
The Federal Reserve announced its decision to hold interest rates steady as economic activity, sharp declines and employment remain below their levels at the beginning of the year. Despite some uptick in recent months, the coronavirus outbreak has caused widespread human and economic hardship across the United States and around the world. The current climate has led to weaker demand and lower oil prices which according to the Federal Reserve, "are holding down consumer price inflation."

The way forward for the U.S. economy will hinge on course of COVID-19. Economic activity, employment and inflation in the near term continue to be impacted by the on-going health crisis, while posing risks to the economic outlook over the medium term. Against this background, The target for federal fund rate was maintained at 0% – 0.25%, 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 also intends to increase its holdings of Treasury securities and agency residential and commercial mortgage-backed securities at least at the current pace to sustain smooth market functioning, thereby fostering effective transmission of monetary policy to broader financial conditions. Additionally, the Open Market Desk will continue to offer large-scale overnight and term repurchase agreement operation. The Committee also reiterated its stance on, "monitoring 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."







U.S. TREASURY YIELD CURVE

The 3-month Treasury bill rate inched up to 0.09% from June's 0.16%. The 5-year rate registered a slight decrease to close the month of July at 0.21% from 0.29% a month earlier. The 10-year rate (also constant maturity) decreased to 0.55%, from June's 0.66% and May's 0.65%.

GOVERNMENT DEBT/ DEFICIT

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to $2.8 trillion for the first ten months of the fiscal year 2020, relative to the $0.9 trillion recorded during the corresponding period last year.

Furthermore, for the first ten months of the fiscal year 2020, receipts amounted to $2,823 billion based on CBO estimates which totalled $37 billion less than in the similar period last year.

Outlays for the first ten months of the fiscal year 2020 totalled $5,629 billion, based on CBO estimates, $1,902 billion higher than the same period last year.

Budget Totals, October-July, Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays	
	Actual, FY 2019	Preliminary, FY 2020	Estimated Change	Billions of Dollars	Percent
Receipts	2,860	2,823	-37	-37	-1
Outlays	3,727	5,629	1,902	1,845	49.5
Deficit (-)	-867	-2,806	-1,939	-1,882	217.1