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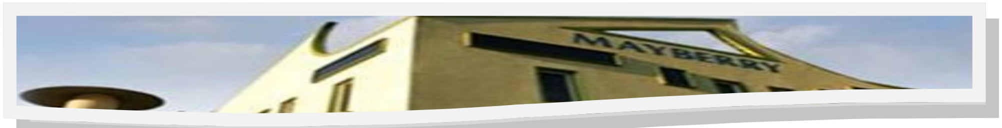



MAYBERRY INVESTMENTS LIMITED

# ECONOMIC SUMMARY

# UNITED STATES

## *GROSS DOMESTIC PRODUCT*

Real gross domestic product (GDP) rose at an annual rate of 33.1% for the third quarter of 2020 according to the advance estimate released by the Bureau of Economic Analysis (BEA). This follows a decrease of 31.4% in the second quarter. The third quarter GDP increase reflected continued efforts to reopen businesses and resume activities that were postponed or restricted due to COVID-19.

The upward movement in real GDP for the third quarter was mainly attributed to increases in personal consumption expenditures, private inventory investment, exports, non-residential fixed investment, and residential fixed investment but were partly offset by declines in federal government spending and state and local government spending. Moreover, imports increased.

Notably, the increase in personal consumption expenditures reflected increases in services led by health care as well as food services and accommodations and goods which was led by motor vehicles and parts as well as clothing and footwear. The increase in private inventory investment mainly reflected an increase in retail trade led by motor vehicle dealers. Meanwhile, the increase in exports primarily reflected rise in goods led by automotive vehicles, engines, and parts as well as capital goods. The increase in non-residential fixed investment primarily reflected an increase in equipment led by transportation equipment. Whereas, increase in residential fixed investment primarily reflected an increase in brokers' commissions and other ownership transfer costs.

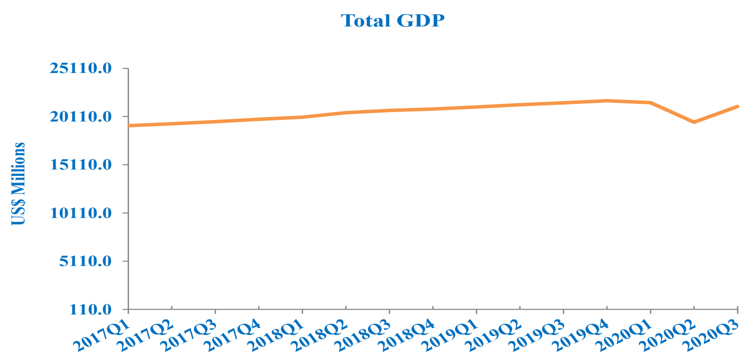
"Current-dollar GDP increased 38.0%, or $1.64 trillion, in the third quarter to a level of $21.16 trillion. In the second quarter, GDP decreased 32.8%, or $2.04 trillion," according to BEA.

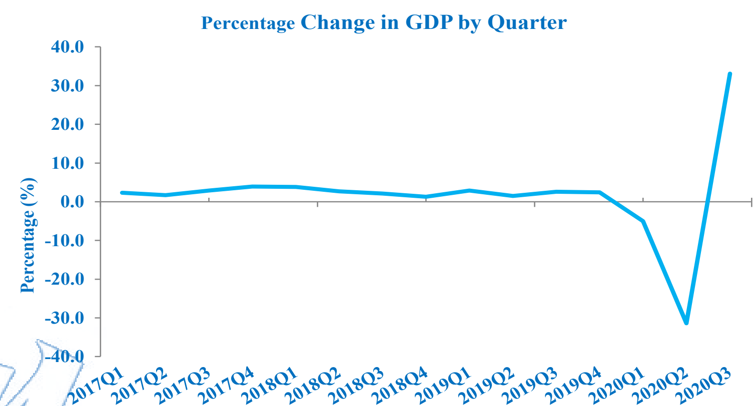
In the third quarter of 2020, the price index for gross domestic purchases went up 3.4% when compared to a decrease by 1.4% in the second quarter of 2020. In addition, the PCE price index increased 3.7% relative to a decline of 1.6%. With the exception of the food and energy prices, the PCE price index climbed 3.5% versus fall of 0.8%.

Current-dollar personal income declined $540.6 billion in the third quarter, relative to an increase of $1.45 trillion in the second quarter. This decrease in personal income was attributable to a decrease in personal current transfer receipts (notably, government social benefits related to pandemic relief programs) that was partly offset by increases in compensation and proprietors' income.

In the third quarter, disposable personal income fell $636.7 billion, or 13.2%, relative to an increase of $1.60 trillion, or 44.3%, in the second quarter. Moreover, real disposable personal income (DPI) fell 16.3% in the third quarter, following a 46.6% increase in the second.

Personal saving amounted to $2.78 trillion in the third quarter, in comparison to $4.71 trillion in the second quarter. The personal saving rate was 15.8% in the third quarter, relative to 25.7% in the second.




## *UNEMPLOYMENT*

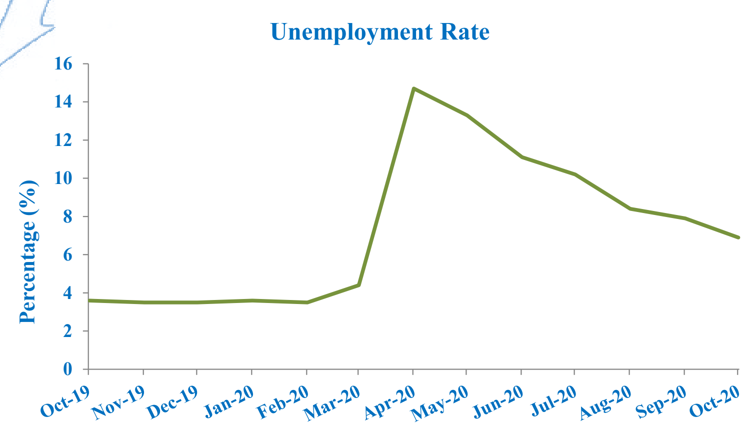
Total nonfarm payroll employment climbed 638,000 in October, as the unemployment rate fell to 6.9%, according to a report by the U.S. Bureau of Labour Statistics (BLS). The improved performance was due to the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it. BLS mentioned that in October, "notable job gains occurred in leisure and hospitality, professional and business services, retail trade, and construction. Employment in government declined."

Leisure and hospitality employment increased by 271,000 in October 2020. While in the retail trade, employment rose by 104,000. Notably, employment in professional and business services climbed by 208,000 jobs in October. Employment in construction rose by 84,000 in October. Employment in health care and social assistance rose by 79,000. Whereas, employment in transportation and warehousing added 63,000 jobs, other services went up by 47,000 jobs, manufacturing employment added 38,000 jobs, financial activities increased by 31,000 jobs, the government decreased 268,000 jobs while construction employment rose by 84,000 jobs in October. Employment in mining, wholesale trade, and information was little changed in October.

Notably, BLS stated, "the number of persons on temporary layoff decreased by 1.4 million in October to 3.2 million." In October, the number of permanent job losers was little changed at 3.7 million. Also, the number of unemployed persons who were jobless for 5 to 14 weeks declined by 457,000 to 2.3 million in October. While, the number of long-term unemployed (those jobless for 27 weeks or more) rose by 1.2 million to 3.6 million. Moreover, the number of unemployed persons who were jobless less than 5 weeks in October amounted to 2.5 million.

The labour force participation rate for October rose 0.3 percentage points to 61.7%, while the employment-population ratio rose 0.8 percentage points to 57.4%. Nonetheless, persons employed part-time for economic reasons rose by 383,000 to 6.7 million in October. 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. This group includes persons who usually work full time and persons who usually work part-time." In October, the number of persons who usually work full time increased by 1.2 million to 123.6 million, and the number who usually work part time increased by 1.0 million to 26.2 million.

In October, 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, 588,000 persons were classified as discouraged workers in October, relatively unchanged 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 | 401,140 | 422,368 | |

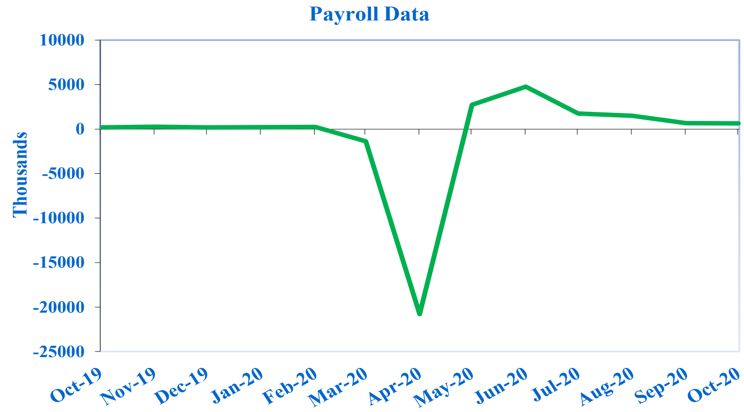
## CONSUMER PRICE INDEX

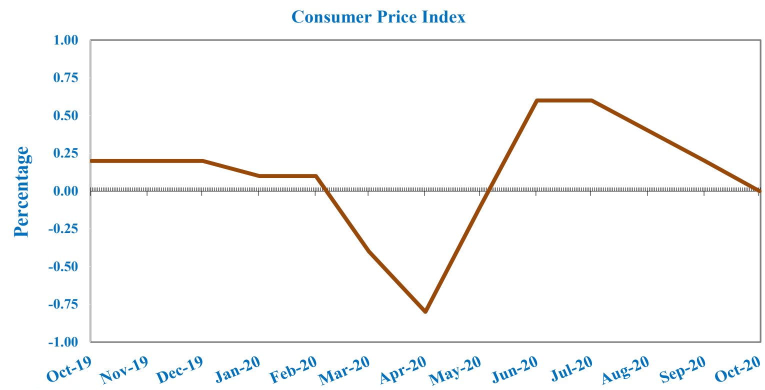
The Consumer Price Index for All Urban Consumers (CPI-U) was stable for October, on a seasonally adjusted basis according to the U.S. Bureau of Labour Statistics. The all items index increased 1.2% before seasonal adjustment over the last year.

The all items less food and energy index stood constant for October. The index for shelter increased 0.1% in October while the airline fares index rose 6.3%. The recreation index and the new vehicle index both rose 0.4%. The index for communication increased 0.1% in October, while the indexes for education and for personal care were unchanged. The medical index decreased 0.4% in October. Moreover, motor vehicle insurance index fell by 2.3%, while the index for apparel decreased 1.2%. The index for used cars and trucks also fell 0.1% in October.

The index for food rose 0.2% in October, while the index for food at home climbed 0.1%. The index for meats, poultry, fish, and eggs rose 0.4%. The index for fruits and vegetables also increased 0.1% while the indexes for other food at home, food away from home and cereals and bakery products all climbed 0.3% in October. However, the index for food away from home rose 0.6% in October. The indexes for non-alcoholic beverages and dairy and related products all fell 0.1% and 0.9%, respectively in October.

The index for energy climbed 0.1% in October as the electricity index rose 1.2%. Whereas, the gasoline index fell 0.5% while the natural gas index decreased by 0.7% over the month.



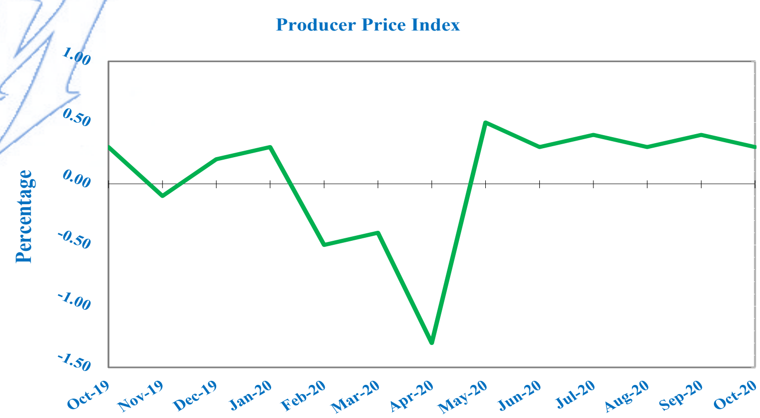

## PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 0.3% in October 2020, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 0.4% in September and increased 0.3% in August. On an unadjusted basis, "the final demand index increased 0.5% for the 12 months ended in October," BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 0.2% in the month of October. Notably, the index over the past twelve months ended October depicted an upward movement by 0.8%.

Final demand services experienced a 0.2% increase in prices in October. This performance was mainly attributable to an increase of 1.1% in prices for final demand transportation and warehousing services. Moreover, the index for final demand trade services rose 0.2% while the prices for and final demand services less trade, transportation, and warehousing increased by 0.1%.

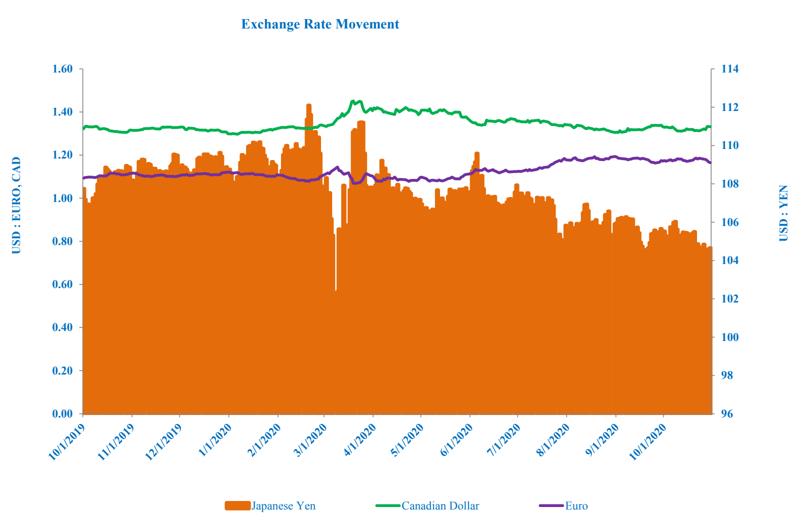
An increase of 0.5% was observed in prices for final demand goods in October. This performance stemmed from an increase of 2.4% in prices for final demand foods. The index for final demand food was stable, while prices for final demand energy climbed 0.8%.




## U.S. Dollar

For October 2020, the EUR/USD pair closed at $1.1647 versus $1.1748 at the start of the month, a 0.86% decrease. According to FX empire the decrease might be due to "the European Union locking down its economy," and the fact that "stimulus is nowhere to be found in the United States." Furthermore, due to high uncertainty, "people may be looking to the greenback for bit of safety."

Moreover, looking ahead, ECB President Christine Lagarde stated that the "Euro area economy is expected to be severely affected by the fallout from the rapid increase in infections and the reinstatement of containment measures, posing a clear downside risk to the near-term economic outlook." As such, FX Empire noted that, "with the Euro Zone heading back into recession this quarter, Lagarde repeated a promise to ease policy at the ECB's December 10 meeting, with measures focused on more emergency government bond buys and cheap loans to banks."

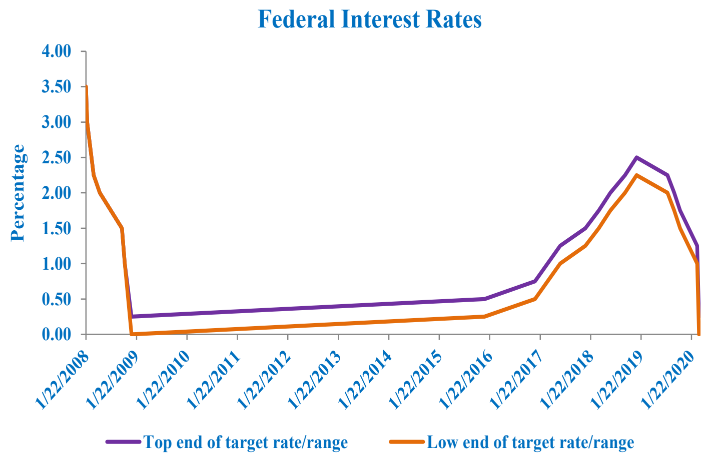


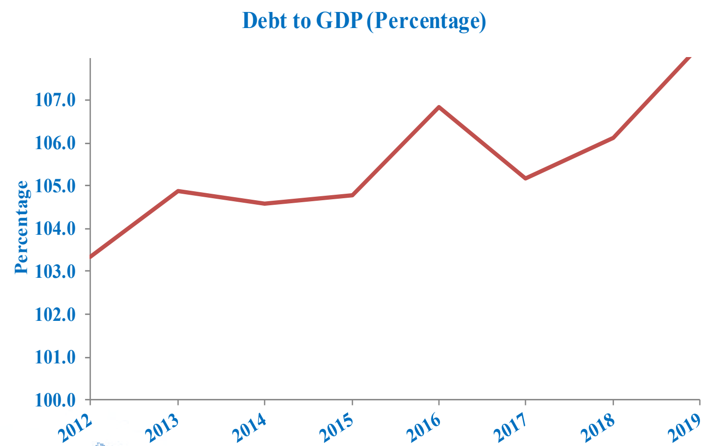
## FEDERAL RESERVE MINUTES

On November 5, 2020, the Federal Reserve 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. Though the novel Corona virus continues to cause tremendous hardship across the United States and around the world, economic activities and employment have continued to recover but remain below their pre-pandemic levels. The Federal Reserve cites, "Weaker demand and earlier declines in oil prices have been holding down consumer price inflation. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses."

In the near term the Federal Reserve foresee that economic activity, employment, and inflation will continue to be impacted by the ongoing public health crisis. While it poses considerable risks to the economic outlook over the medium term. The Committee seeks to maintain employment and inflation at the rate of 2 percent over the longer run, along with an accommodative stance of the monetary policy until these goals are achieved. According to the Federal Reserve, "The committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and expects it will be appropriate to maintain this target range until labour market conditions have reached levels consistent with the Committee's assessments."

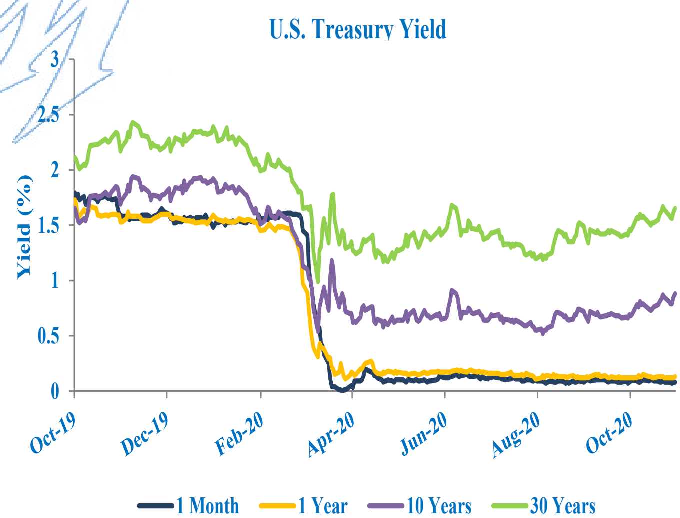
Furthermore, the Federal Reserve plans to increase its holdings of Treasury securities and agency mortgage-backed securities over coming months to sustain smooth market functioning and assist with fostering accommodative financial conditions, to support the flow of credit to households and businesses. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook and is prepared to adjust the stance of monetary policy if necessary.




## U.S. TREASURY YIELD CURVE

The 3-month Treasury bill rate inched down to 0.09% from September's 0.10%. The 5-year rate registered an increase to 0.38% in October relative to 0.28% a month earlier. The 10-year rate (also constant maturity) increased to 0.88%, from September's 0.69% and increased from August's 0.72%.




## *GOVERNMENT DEBT/ DEFICIT*

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to $3.1 trillion for the fiscal year 2020.

Furthermore, based on preliminary results for the fiscal year 2020, CBO estimates receipts to amount to $3.4 trillion, $42 billion less than in the similar period in fiscal year 2019.

However, based on CBO estimates for the fiscal year 2020, outlays are estimated to total $6.6 trillion, a $2.1 trillion increase relative to the same period last year.

| Fiscal Year Totals -Billions of Dollars | | | |
|---|---|---|---|
| | Actual, FY 2019 | Preliminary , FY 2020 | Estimated Change |
| Receipts | 3,462 | 3,420 | -42 |
| Outlays | 4,447 | 6,552 | 2,105 |
| Deficit (-) | -984 | -3,132 | -2,148 |