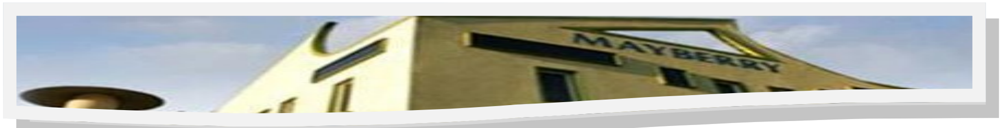

# MAYBERRY INVESTMENTS LIMITED

VOLUME 4
NOVEMBER 2020

# 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 second 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, nonresidential 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 a rise in goods led by automotive vehicles, engines, and parts as well as capital goods. The increase in nonresidential 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 3.3% 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.

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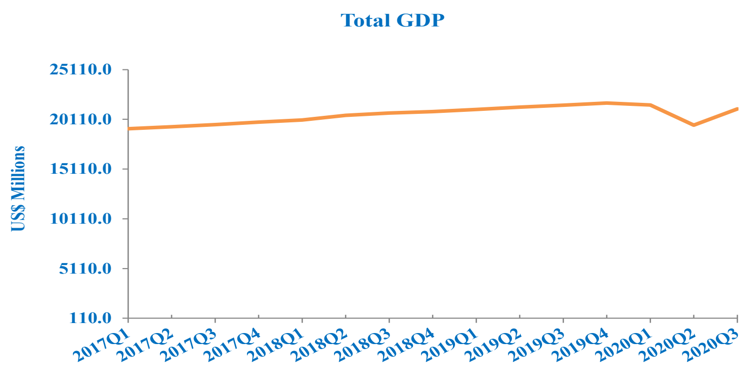
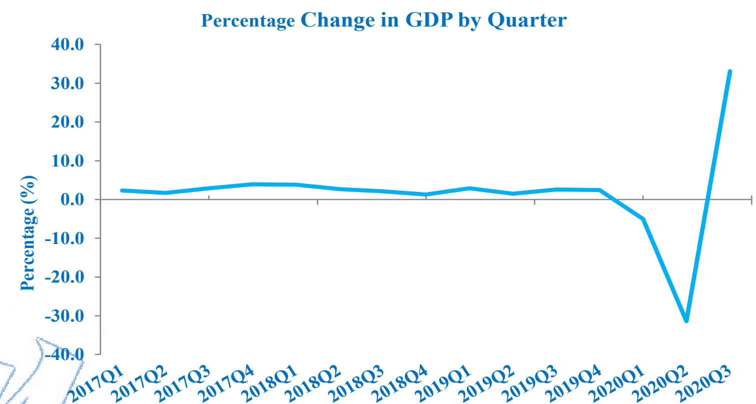



### UNEMPLOYMENT

Total nonfarm payroll employment climbed 245,000 in November, as the unemployment rate fell to 6.7%, 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 November, "notable job gains occurred in transportation and warehousing, professional and business services, and health care. Employment declined in government and retail trade."

Transportation and warehouse employment increased by 145,000 in November 2020. While in professional and business services, employment rose by 60,000. Notably, employment in health care climbed by 46,000 jobs in November. Employment in construction rose by 27,000 in November. Employment in manufacturing rose by 27,000. Whereas employment in financial activities added 15,000 jobs, and wholesale trade went up by 10,000 jobs. However, government employment decreased by 99,000 jobs, retail trade decreased by 35,000 jobs, while employment in leisure and hospitality, mining, information, and other services were little changed in November.

Notably, BLS stated, "the number of persons on temporary layoff decreased by 441,000 in November to 2.8 million." In November, 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 stood at 2.5 million in November. While the number of long-term unemployed (those jobless for 27 weeks or more) rose by 386,000 to 3.9 million. Moreover, the number of unemployed persons who were jobless less than 5 weeks in November amounted to 2.4 million.

The labour force participation rate for November fell to 61.5%, while the employment-population ratio stood at 57.3%. Nonetheless, persons employed part-time for economic reasons were unchanged at 6.7 million in November. 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 November, the number of persons who usually work full time increased by 752,000 to 124.3 million, and the number who usually work part-time fell by 779,000 to 25.4 million.

In November, a total of 2.1 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, 657,000 persons were classified as discouraged workers in November, little change 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 | 422,407 | |

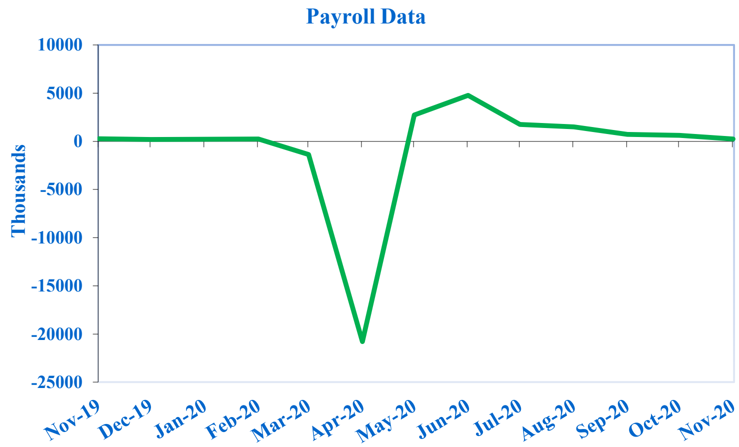
## CONSUMER PRICE INDEX

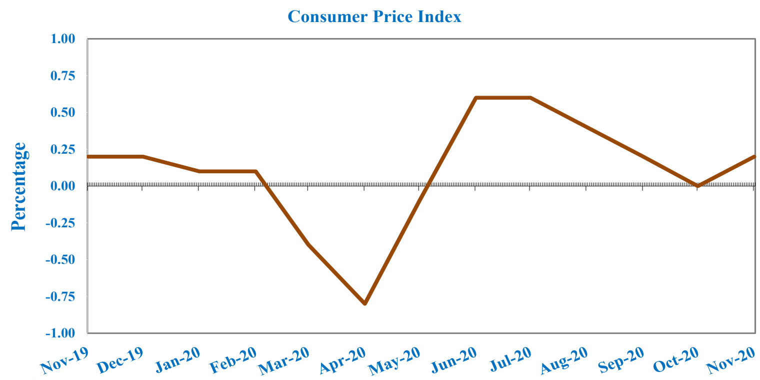
The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% for November 2020 after remaining unchanged in October, on a seasonally adjusted basis according to U.S. Bureau of Labor Statistics (BLS). The all items index rose 1.2% before seasonal adjustment over the last year. BLS stated, "seasonally adjusted increase in the all items index was broad-based, with no component accounting for more than a quarter of the increase."

The all items less food and energy index increased 0.2% in November, after remaining unchanged in October. The indexes for household furnishings and operations, for recreation, and for shelter rose 0.7%, 0.4% and 0.1% respectively in November. The indexes apparel, airline fares and motor vehicle insurance climbed 0.9%, 3.5% and 1.1% respectively over the month. Moreover, the indexes for education, for alcoholic beverages, and for tobacco also rose in November. On the other hand, the used cars and trucks index declined 1.3% in November. The index for medical care and motor vehicles indexes both declined by 0.1% in November.

The index for food decreased 0.1% in November, while the index for food at home fell 0.3%. The indexes for non-alcoholic beverages fell 0.9% in November. The other food at home index also declined 0.6% in November along with a 0.5% decrease in the index for cereals and bakery products. Advances occurred in the dairy and related products index which rose 0.3% in November followed by a 0.1% increase in the index for meats, poultry, fish, and eggs. The index for food away from home also rose in November, however, the index for fruits and vegetables remained unchanged.

The index for energy climbed 0.4% in November. A 3.1% growth was recorded in the natural gas index. The index for electricity index increased 0.5% in November. The fuel oil index also increased by 3.6% in November. Whereas, the gasoline index declined by 0.4% in November.



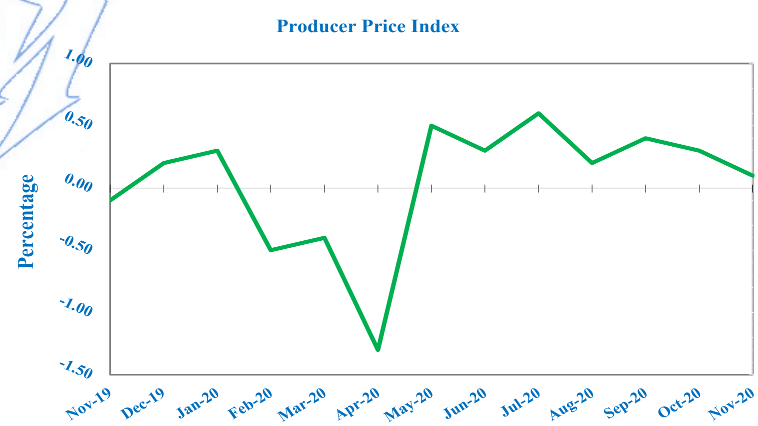

## PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 0.1% in November 2020, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 0.3% in October and increased 0.4% in September. On an unadjusted basis, "the final demand index increased 0.8% for the 12 months ended in November," BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 0.1% in the month of November. Notably, the index over the past twelve months ended November depicted an upward movement by 0.9%.

Prices for final demand services remained unchanged in November. There was an increase of 0.2% in prices for final demand services less trade, transportation, and warehousing. Moreover, the index for final demand trade services fell 0.3% while the prices for and final demand transportation, and warehousing services declined by 0.1%.

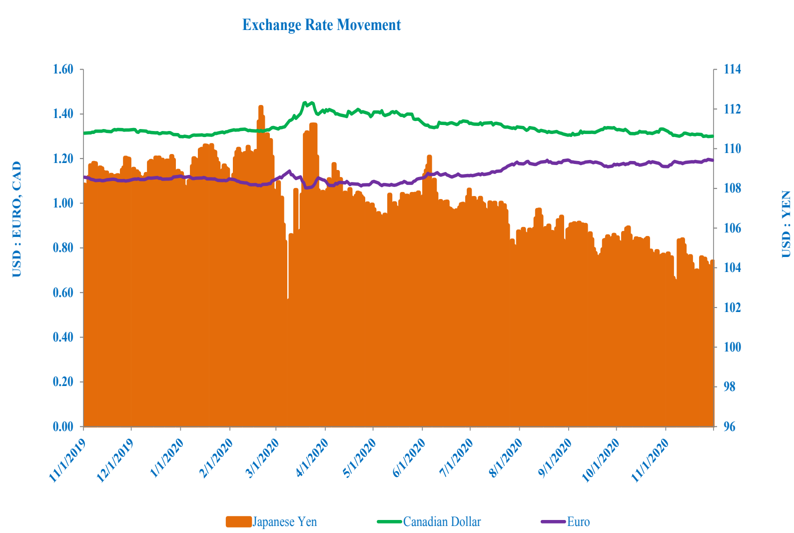
An increase of 0.4% was observed in prices for final demand goods in November. This performance stemmed from an increase of 1.2% in prices for final demand energy. The index for final demand goods less foods and energy rose 0.2%, while prices for final demand foods climbed 0.5%.




## U.S. Dollar

For November 2020, the EUR/USD pair closed at $1.1927 versus $1.1641 at the start of the month, a 2.46% increase. According to FX empire the increase might be due to "traders focusing more on the idea of the Federal Reserve flooding the markets of liquidity."

However, looking ahead, "the U.S. Dollar Index gained upside momentum on worries about new COVID-19 strain in Britain. Many European countries have already closed their borders for British travelers, boosting demand for the safe-haven U.S. dollar on the foreign exchange market," as per FX empire.

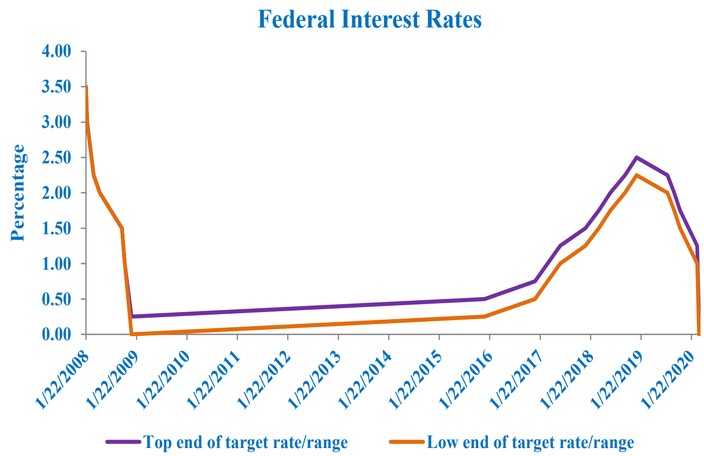


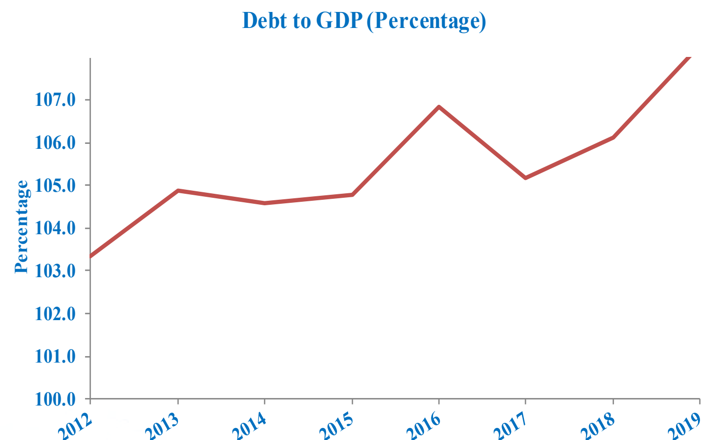
## FEDERAL RESERVE MINUTES

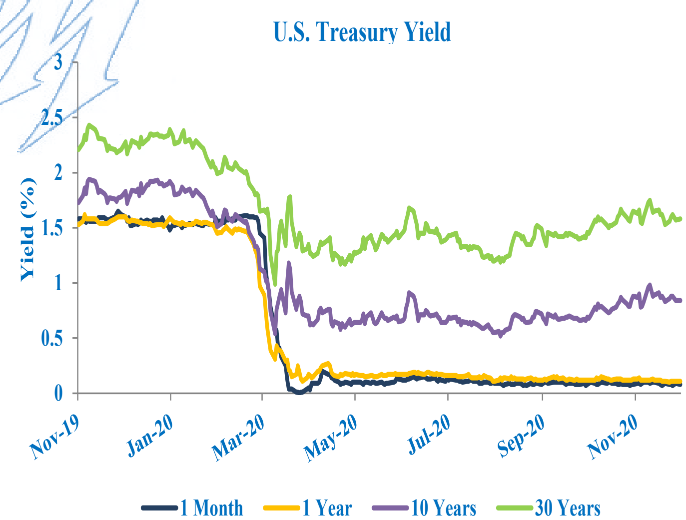
On December 16, 2020, the Federal Reserve committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals. Though the novel Corona virus continues to cause tremendous hardship across the United States 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 of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time."

Furthermore, the Federal Reserve plans to increase its holdings of Treasury securities by at least $80 billion and agency mortgage-backed securities by at least $40 billion per month until further progress has been made toward the Committee's maximum employment and price stability targets. The purchases of these assets help 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 0.08% from October's 0.09%. The 5-year rate registered a decrease to 0.36% in November relative to 0.38% a month earlier. The 10-year rate (also constant maturity) decreased to 0.84%, from October's 0.88% and increased from September's 0.69%.

## *GOVERNMENT DEBT/ DEFICIT*

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to $430 billion for the first two months of the fiscal year 2021.

Furthermore, for the first two months of fiscal year 2021, CBO estimates receipts to amount to $457 billion, $14 billion less than in the similar period in 2020.

However, based on CBO estimates for the first two months of fiscal year 2021, outlays are estimated to total $887 billion, a $73 billion increase relative to the same period last year.

**Budget Totals, October-November, Billions of Dollars**

| | 2020 | Preliminary, FY 2021 | Estimated Change |
|---|---|---|---|
| Receipts | 471 | 457 | -14 |
| Outlays | 814 | 887 | 73 |
| Deficit (-) | -343 | -430 | -87 |