MAYBERRY INVESTMENTS LIMITED

VOLUME 1
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ECONOMIC SUMMARY

UNITED STATES

GROSS DOMESTIC PRODUCT

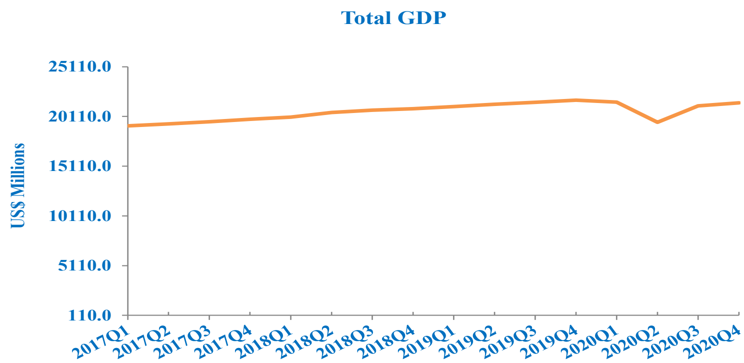
Real gross domestic product (GDP) rose at an annual rate of 4.0% for the fourth quarter of 2020 according to the advance estimate released by the Bureau of Economic Analysis (BEA). This follows an increase of 33.4% in the third quarter. The fourth quarter GDP increase reflected continued economic recovery and the ongoing impact of the COVID-19 pandemic, including new restrictions and closures that took effect in some areas of the United States.

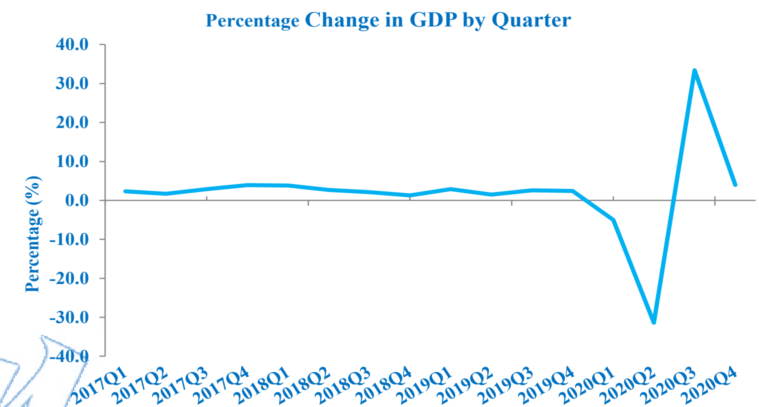
The upward movement in real GDP for the fourth quarter was mainly attributed to increases in personal consumption expenditures, private inventory investment, exports, non-residential fixed investment, and residential fixed investment but was partly offset by declines in state and local government spending.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

Notably, the increase in exports was due to increases in goods led by industrial supplies and materials. There was also an increase in non-residential fixed investment which revealed increases in all components, led by equipment. BEA noted that, "the increase in PCE was more than accounted for by spending on services (led by health care); spending on goods decreased (led by food and beverages)." Moreover, the increase in residential fixed investment was attributable to investment in new single-family housing. The inventory investment mainly reflected surges in manufacturing and in wholesale trade that were partially tempered by a decrease in retail trade.

"Current dollar GDP rose 6.0% at an annual rate, or $309.2 billion, in the fourth quarter to a level of $21.48 trillion", according to BEA.

In the fourth quarter of 2020, the price index for gross domestic purchases went up 1.7% when compared to an increase by 3.3% in the third quarter of 2020. In addition, the PCE price index rose 1.5% relative to a rise of 3.7% the previous quarter. With the exception of the food and energy prices, the PCE price index climbed 1.4% versus a rise of 3.4%.





UNEMPLOYMENT

Total nonfarm payroll employment was little changed by 49,000 in January, as the unemployment rate fell 6.3%, according to a report by the U.S. Bureau of Labour Statistics (BLS). This decline in payroll employment was due to the impact of the coronavirus (COVID-19) and efforts to contain the pandemic. BLS mentioned that in January, "notable job gains in professional and business services and in both public and private education were offset by losses in leisure and hospitality, in retail trade, in health care, and in transportation and warehousing."

Professional and business services employment increased by 97,000 in January 2021. While local government education employment increased by 49,000, state government education (+36,000), and private education (+34,000). Employment in wholesale trade increased by 14,000 in January. Employment in mining rose by 9,000. Whereas employment in leisure and hospitality fell by 61,000 jobs, and retail trade declined by 38,000 jobs. Health care employment decreased by 30,000 jobs, transportation and warehousing fell by 28,000 jobs, employment in manufacturing fell by 28,000 jobs. Notably, employment in manufacturing declined slightly by 10,000 jobs in January. Employment in decreased construction by 3,000 while information, financial activities, and other services were little changed in January.

Notably, BLS stated, "the number of persons on temporary layoff decreased in January to 2.7 million." In January, the number of permanent job losers was little changed at 3.5 million. Also, the number of unemployed re-entrants fell by 2.0 million over the month. While the number of long-term unemployed (those jobless for 27 weeks or more) stood at 4.0 million. Moreover, the number of unemployed persons who were jobless less than 5 weeks in January fell to 2.3 million.

The labour force participation rate for January stood at 61.4%, while the employment-population ratio stood at 57.5%. Nonetheless, persons employed part-time for economic reasons amounted to 6.0 million in January. 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 January, a total of 1.9 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, 624,000 persons were classified as discouraged workers in January, 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	430,276	431,893	434,138	435,687
2017	437,341	438,955	440,624	442,216
2018	443,964	445,945	447,653	449,152
2019	450,503	451,747	453,350	455,201
2020	455,597	400,995	422,580	427,936

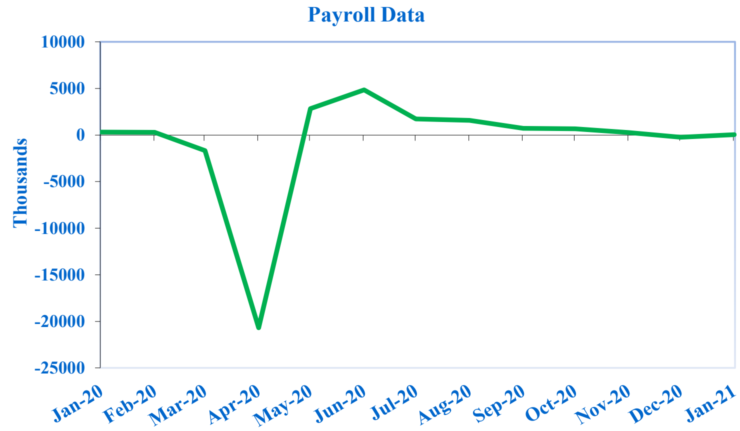
CONSUMER PRICE INDEX

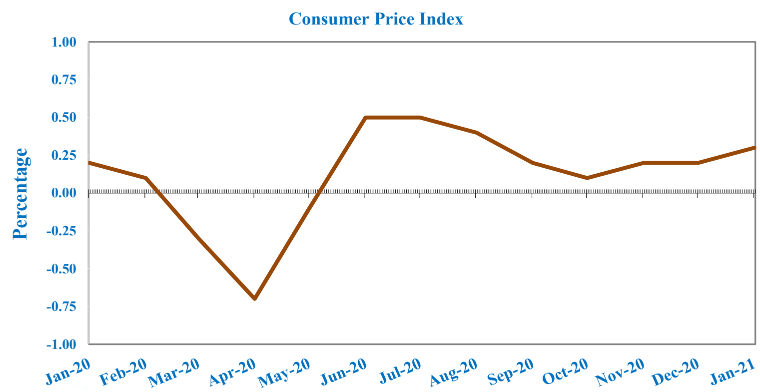
The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.3% for January 2021, on a seasonally adjusted basis, according to U.S. Bureau of Labor Statistics (BLS). The all-items index rose 1.4% before seasonal adjustment over the last year.

The all-items less food and energy index stood unchanged in January. The indexes for apparel and medical care rose 2.2% and 0.4%, respectively in January. The indexes for shelter, motor vehicle insurance and tobacco rose 0.1%, 1.6% and 1.8%, respectively in January. The indexes for recreation, used cars and trucks, new vehicles, airline fares and household furnishings and operations fell 0.6%, 0.9%, 0.5%, 3.2% and 0.3%, respectively. The indexes for communication and for alcoholic beverages also declined in January. Whereas the indexes for education and personal care were both unchanged over the month.

The index for food rose 0.1% in January, while the index for food at home decreased 0.1%. The index for other food at home decreased 0.3% in January. The non-alcoholic beverages index increased 0.1%. The index for cereals and bakery products fell 0.8% while the index for dairy and related products declined 0.4%. The index for meats, poultry, fish, and eggs rose 0.5% in January. The index for food away from home also rose 0.3% in January, however, the index for fruits and vegetables fell 0.2% over the month.

The index for energy climbed 3.5% in January. A 7.4% growth was recorded in the gasoline index. The index for electricity decreased 0.2% in January while the natural gas index also decreased by 0.4% in January.





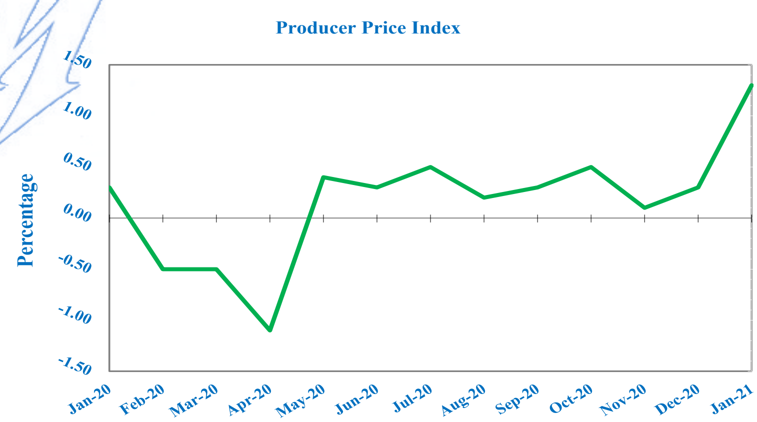
PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 1.3% in January 2020, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 0.3% in December and increased 0.1% in November. On an unadjusted basis, "the final demand index moved up 1.7% for the 12 months ended January 2021, the largest increase since climbing 2.0 percent for the 12 months ended January 2020," BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 1.2% in the month of January.

Prices for final demand services increased 1.3% in January. The prices for final demand less trade, transportation, and warehousing increased by 1.4%. There was an increase of 1.0% in prices for final demand trade services. Moreover, the index for final demand transportation and warehousing services rose 1.3%.

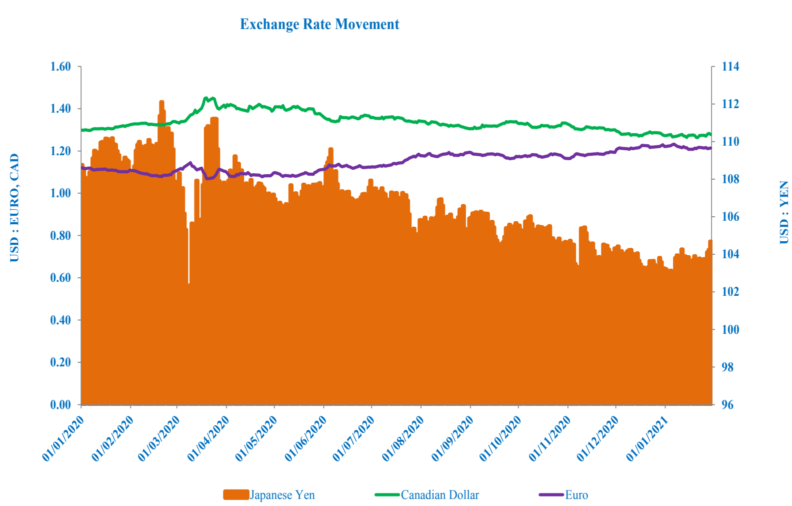
An increase of 1.4% was observed in prices for final demand goods in January. This performance stemmed from an increase of 5.1% in prices for final demand energy. The index for final demand goods less foods and energy rose 0.8%, while prices for final demand foods also rose 0.2%.



U.S. Dollar

For January 2021, the EUR/USD pair closed at $1.2136 versus $1.2215 at the start of the month, a 0.65% decrease. According to FX empire the decrease might be because "the European Central Bank has recently suggested that they are willing to loosen monetary policy even further, directly countering the Federal Reserve and its ultra-loose monetary policy."

However, looking ahead, FX Empire notes that, "foreign exchange market traders will focus on inflation data from the Eurozone." Moreover, "traders will also continue to monitor the developments in the U.S. government bond markets. Treasury yields remain close to multi-month highs, but the recent increase in yields did not provide support to the U.S. dollar as stimulus expectations put pressure on the American currency," as per FX empire.

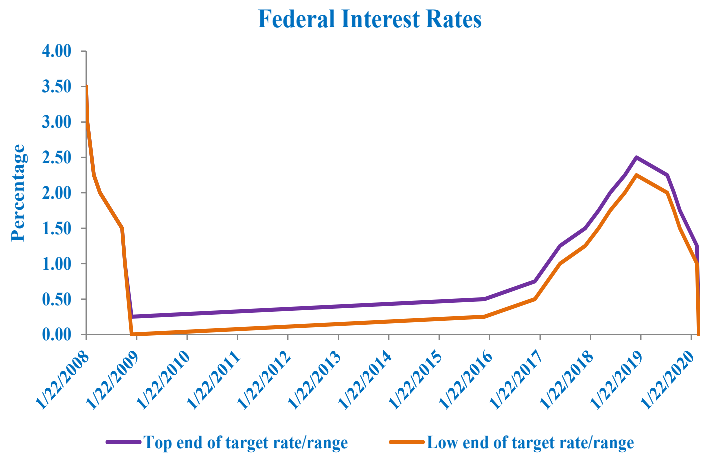


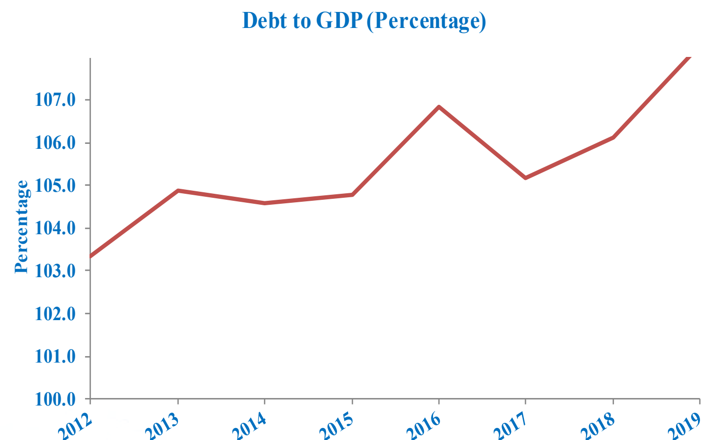
FEDERAL RESERVE MINUTES

On January 27, 2021, the Federal Reserve 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. Though the COVID-19 pandemic continues to cause tremendous hardship globally, economic activities and employment have moderated in recent months. The fall in demand and previous decline in oil prices continues to hold down consumer inflation, additionally overall financial conditions remain accommodative partly attributable to the support of policy measures to support the economy and the flow of credit to U.S. households and businesses.

The Federal Reserve cites, “the future of the economy will depend significantly on the course of the virus, including progress on vaccinations.” The Committee seeks to maintain employment and inflation at the rate of 2 percent over the longer run and plans to maintain 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.”

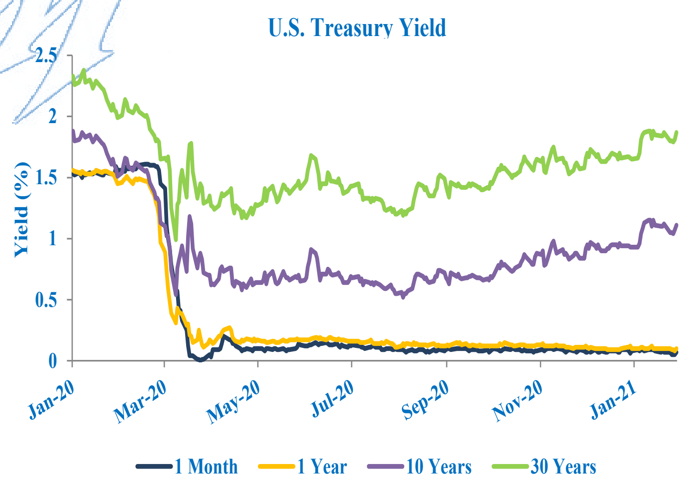
Furthermore, the Federal Reserve will continuously increase its holdings of Treasury securities and agency mortgage-backed securities over coming months to foster smooth market functioning and accommodative financial conditions, to support the flow of credit to households and businesses. The Committee 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 fell to 0.06% from December’s 0.09%. The 5-year rate rose to 0.45% in January 2021 relative to 0.36% a month earlier. The 10-year rate (also constant maturity) increased to 1.11%, from December’s 0.93% and increased from November’s 0.84%.



GOVERNMENT DEBT/ DEFICIT

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to $738 billion for the first four months of the fiscal year 2021.

Furthermore, for the first four months of fiscal year 2021, CBO estimates receipts to amount to $387 billion, $15 billion more than in the similar period in 2020.

However, based on CBO estimates for the first four months of fiscal year 2021, outlays are estimated to total $1,928 billion, a $360 billion increase relative to the same period last year.

Budget Totals, October-December, Billions of Dollars

	2020	Preliminary, FY 2021	Estimated Change
Receipts	1,179	1,191	12
Outlays	1,568	1,928	360
Deficit (-)	-389	-738	-348