VOLUME 1
MARCH 2021

MAYBERRY INVESTMENTS LIMITED

# ECONOMIC SUMMARY

# UNITED STATES

## *GROSS DOMESTIC PRODUCT*

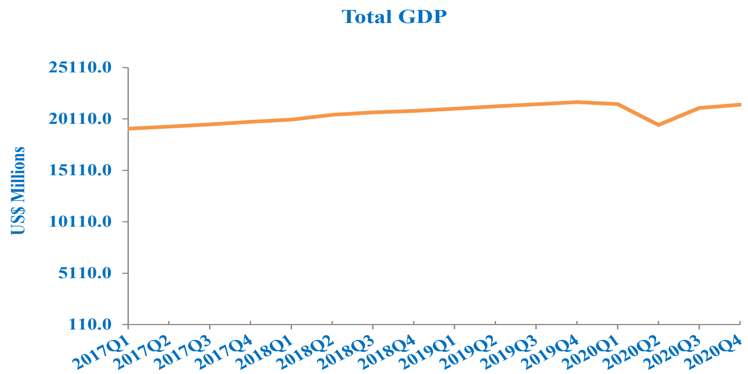
Real gross domestic product (GDP) rose at an annual rate of 4.3% for the fourth quarter of 2020 according to the third estimate released by the Bureau of Economic Analysis (BEA). This follows an increase of 33.4% in the third quarter. The fourth quarter GDP increase reflected continued economic recovery and the ongoing impact of the COVID-19 pandemic, including new restrictions and closures that took effect in some areas of the United States.

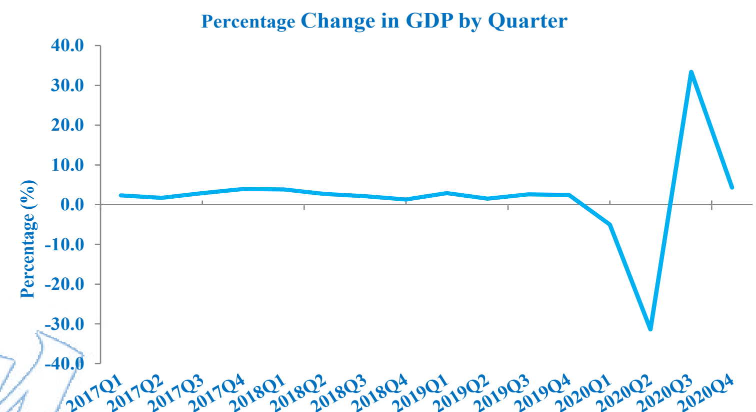
The upward movement in real GDP for the fourth quarter was mainly attributed to increases in personal consumption expenditures, private inventory investment, exports, non-residential fixed investment, and residential fixed investment but was partly offset by declines in state and local government spending. 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 equipment led by transportation equipment. BEA noted that, "the increase in PCE was more than accounted for by spending on services (led by health care)." Moreover, the increase in residential fixed investment was attributable to increases in single-family units. The private inventory investment increase mainly reflected surges in manufacturing and in including both durable and nondurable goods industries.

Current dollar GDP rose 6.3% at an annual rate, or $324.4 billion, in the fourth quarter to a level of $21.49 trillion.

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 1.3% versus a rise of 3.4%.




## *UNEMPLOYMENT*

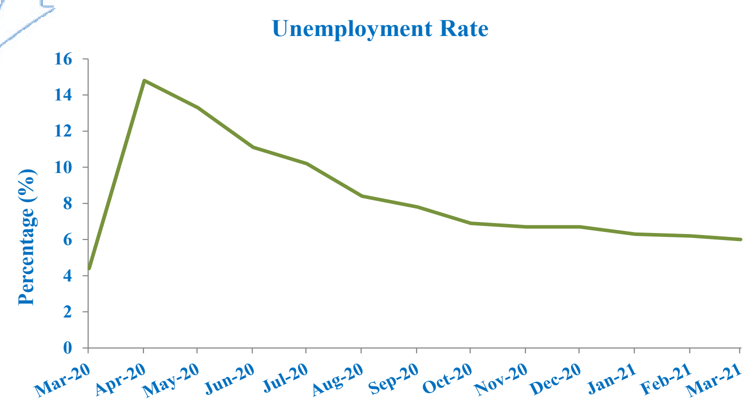
Total nonfarm payroll employment increased by 916,000 in March, as the unemployment rate declined to 6.0%, according to a report by the U.S. Bureau of Labour Statistics (BLS). This improvement in the labour market is due to the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic. BLS mentioned that in March, "job growth was widespread in March, led by gains in leisure and hospitality, public and private education, and construction."

Leisure and hospitality employment rose by 280,000 in March 2021. Notably, employment increased in both public and private education, reflecting the continued resumption of in-person learning and other school-related activities in many parts of the country. According to BLS, "Employment rose by 76,000 in local government education, by 50,000 in state government education, and by 64,000 in private education." While construction added 110,000 jobs in March. Employment in professional and business services increased by 66,000 over the month. Social assistance added 25,000, transportation and warehousing (+48,000), other services (+42,000), manufacturing (+53,000) and wholesale trade (+24,000). Additionally, employment in retail trade rose by 23,000 jobs, and mining increased by 21,000 jobs. Employment in financial activities increased by 16,000 jobs. Meanwhile, employment in health care and information were little changed in March.

Notably, the number of persons on temporary layoff decreased in March by 203,000 to 2.0 million. In March, the number of permanent job losers was little changed at 3.4 million. While the number of long-term unemployed (those jobless for 27 weeks or more) stood at 4.2 million. Moreover, the number of unemployed persons who were jobless less than 5 weeks in March relatively unchanged at 2.2 million.

The labour force participation rate for March stood at 61.5%, while the employment population ratio stood at 57.8%. Nonetheless, persons employed part-time for economic reasons amounted to 5.8 million in March. 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 March, 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, 523,000 persons were classified as discouraged workers in March, 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 |
| 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 | 427,857 |
| 2021 | 430,060 | | | |

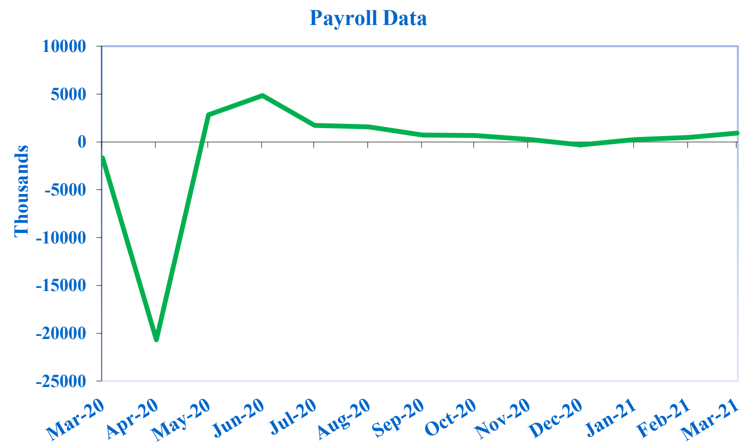
## *CONSUMER PRICE INDEX*

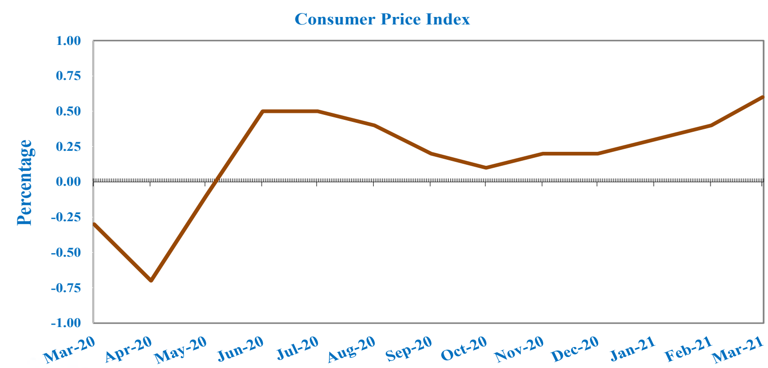
The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6% for March 2021, on a seasonally adjusted basis, according to U.S. Bureau of Labour Statistics (BLS). The all-items index rose 2.6% before seasonal adjustment over the last year.

The all-items less food and energy index climbed 0.3% in March. The indexes for shelter, household furnishings and operations and recreation rose 0.3%, 0.4% and 0.4%, respectively in March. The indexes for used cars and trucks, personal care, medical care and motor vehicle insurance rose 0.5%, 0.6%, 0.1% and 3.3%, respectively in March. The indexes for education and apparel fell 0.2% and 0.3%, respectively. The indexes for communication and the index for new vehicles were both stable over the month.

The index for food rose 0.1% in March, while the index for food at home increased 0.1%. The index for fruits and vegetables increased 1.0% in March. The index for meats, poultry, fish, and eggs rose 0.1% in March. The food away from home index rose 0.1% while the index for other food at home remained constant over the month. The index for dairy and related products declined 0.5%. The non-alcoholic beverages index fell 0.2% in March while the index for cereals and bakery products fell 0.1%

The index for energy climbed 5.0% in March. A 9.1% growth was recorded in the gasoline index. The index for natural gas increased 2.5% while the electricity index was unchanged in March.



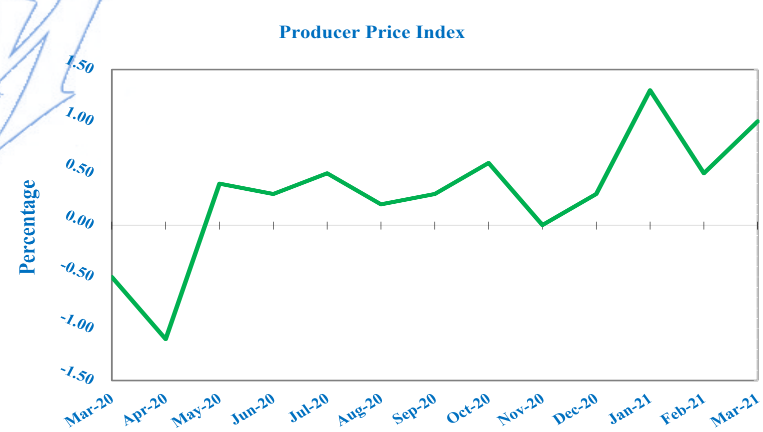

## *PRODUCER PRICE INDEX*

The final demand for the Producer Price Index rose 1.0% in March 2021, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 0.5% in February 2021 and increased 1.3% in January 2021. On an unadjusted basis, "the final demand index moved up 4.2 percent for the 12 months ended in March, the largest advance since rising 4.5 percent for the 12 months ended September 2011," BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 0.6% in the month of March.

Prices for final demand services increased 0.7% in March. This was mainly attributable to the index for final demand trade services which rose 1.0%. There was an increase of 0.4% in prices for final demand services less trade, transportation and warehousing. The prices for final demand transportation and warehousing services climbed 1.5% in March.

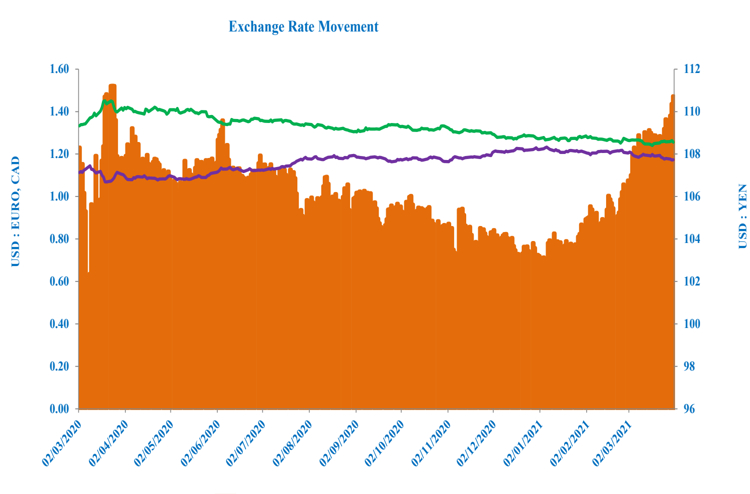
An increase of 1.7% was observed in prices for final demand goods in March. This performance stemmed from an increase of 5.9% in prices for final demand energy. The index for final demand goods less foods and energy rose 0.9%, while prices for final demand foods also rose 0.5%.




## *U.S. Dollar*

For March 2021, the EUR/USD pair closed at $1.2049 versus $1.173 at the start of the month, a 2.65% decrease. According to FX empire the "investors are still bullish the dollar as they continue to bet that massive fiscal stimulus and aggressive vaccinations will help speed up the U.S. recovery from the pandemic." Moreover, "the vaccination situation in the European Union is nothing short of embarrassing, and therefore lockdowns will continue to be a fact of life in the EU." as per FX Empire.

Moreover, looking ahead, FX Empire notes that, "Traders will also continue to monitor the developments in the U.S. government bond markets. Currently, Treasury yields are trying to gain some ground after yesterday's downside move. If this attempt is successful, the American currency may get more support."

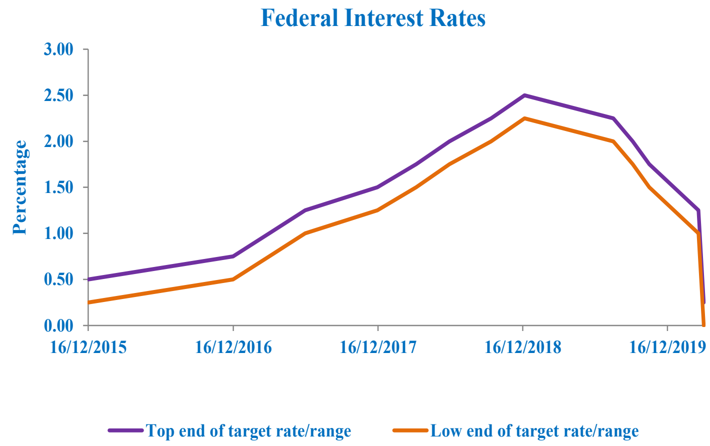


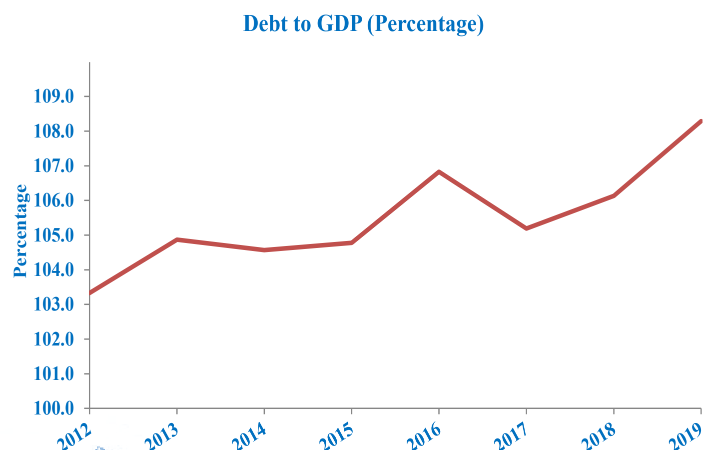
## FEDERAL RESERVE MINUTES

On March 17, 2021, the Federal Reserve is committed to using its entire set of tools to assist the United States economy through this difficult period while supporting its maximum employment and price stability targets. Despite the fact that the COVID-19 pandemic is still wreaking havoc across the world, economic growth and jobs have moderated in recent months. Following a moderation in the rate of recovery, indicators of economic development and employment have recently increased, though the sectors most impacted by the pandemic remain poor. Additionally, overall financial conditions remain accommodative partly attributable to the support of policy measures to boost the economy and the flow of credit to U.S. households and businesses.

The Federal Reserve cites, “the path of the economy will depend significantly on the course of the virus, including progress on vaccinations.” The Committee's long-term aim is to maintain employment and inflation at 2%, and it aims to keep monetary policy accommodative until these goals are reached. 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.”

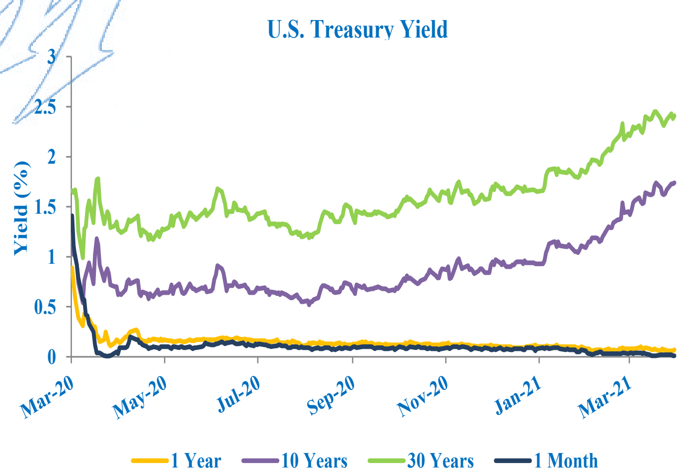
Furthermore, the Federal Reserve will continue to increase its holdings of Treasury securities by at least $80 billion a month and agency mortgage-backed securities by at least $40 billion per month in order to promote smooth market functioning and accommodative financial conditions, thus facilitating 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 0.03% from February’s 0.04%. The 5-year rate rose to 0.92% in March 2021 relative to 0.75% a month earlier. The 10-year rate (also constant maturity) increased to 1.74%, from February’s 1.44% and increased from January’s 1.11%.




## *GOVERNMENT DEBT/ DEFICIT*

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to $1.7 billion for the first six months of the fiscal year 2021.

Furthermore, for the first six months of fiscal year 2021, CBO estimates receipts to amount to $1,703 billion, $100 billion more than in the similar period in 2020.

However, based on CBO estimates for the first six months of fiscal year 2021, outlays are estimated to total $3,408 billion, a $1,061 billion increase relative to the same period last year.

Budget Totals, October-March, Billions of Dollars

| | Actual, FY2020 | Preliminary, FY 2021 | Estimated Change |
|---|---|---|---|
| Receipts | 1,604 | 1,703 | 100 |
| Outlays | 2,347 | 3,408 | 1,061 |
| Deficit (-) | -743 | -1,705 | -961 |