



UNITED STATES

GROSS DOMESTIC PRODUCT

Real gross domestic product (GDP) rose at an annual rate of 6.4% for the first quarter of 2021 according to the advance estimate released by the Bureau of Economic Analysis (BEA). This follows an increase of 4.3% in the fourth quarter. The first quarter GDP increase reflected continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. BLS noted, "In the first quarter, government assistance payments, such as direct economic impact payments, expanded unemployment benefits, and Paycheck Protection Program loans, were distributed to households and businesses through the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act."

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

Notably, the increase in PCE was due to increases in durable goods led by motor vehicles and parts, nondurable goods which was led by food and beverages and services led by food services and accommodations. There was also an increase in non-residential fixed investment which revealed increases in equipment led by information processing equipment) and intellectual property products (led by software). BEA noted that, "the increase in federal government spending primarily reflected an increase in payments made to banks for processing and administering the Paycheck Protection Program loan applications as well as purchases of COVID-19 vaccines for distribution to the public." Moreover, the decrease in private inventory investment primarily reflected a decrease in retail trade inventories.

Current dollar GDP rose 10.7% at an annual rate, or \$554.2 billion, in the first quarter to a level of \$22.05 trillion.

In the first quarter of 2021, the price index for gross domestic purchases went up 3.8% when compared to an increase by 1.7% in the fourth quarter of 2021. In addition, the PCE price index rose 3.5% relative to a rise of 1.5% the previous quarter. With the exception of the food and energy prices, the PCE price index climbed 2.3% versus a rise of 1.3%.

UNEMPLOYMENT

Total nonfarm payroll employment increased by 266,000 in April, as the unemployment rate declined to 6.1%, according to a report by the U.S. Bureau of Labour Statistics (BLS). BLS mentioned that in April, "job gains in leisure and hospitality, other services, and local government education were partially offset by employment declines in temporary help services and in couriers and messengers."

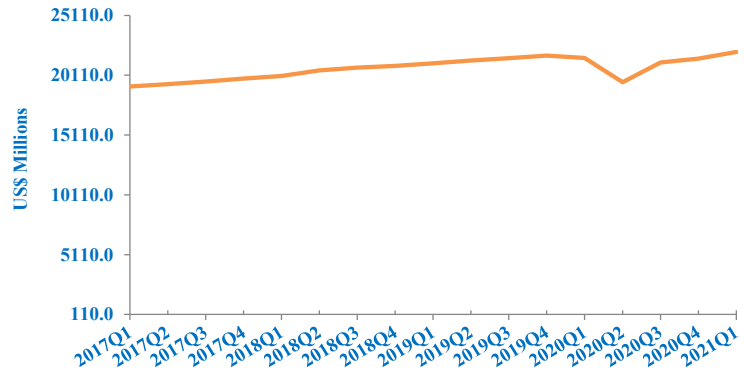
Leisure and hospitality employment rose by 331,000 in April 2021. Notably, employment increased in both other services by 44,000. Employment rose by 31,000 in local government education and by 23,000 in social assistance. While financial activities added 19,000 jobs in April. Employment in temporary help services decreased by 111,000 over the month. Employment in couriers and messengers fell 77,000, manufacturing (-18,000), retail trade (-15,000) and healthcare (-4,000). Meanwhile, employment in construction, and mining, wholesale trade, and information were little changed in April.

Notably, the number of persons on temporary layoff in April was little changed at 2.1 million. In April, the number of permanent job losers was little changed at 3.5 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 April relatively rose by 237,000 to 2.4 million.

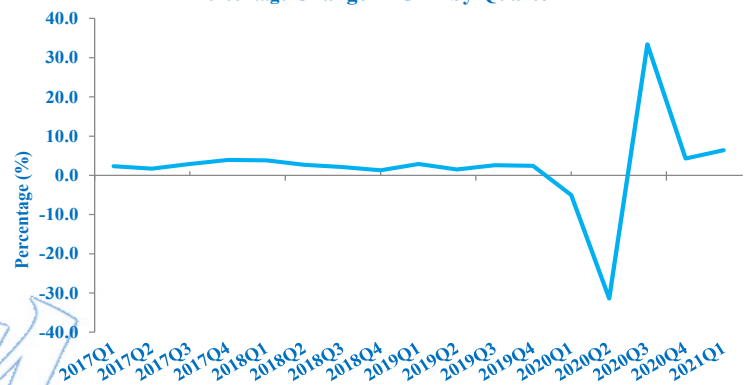
The labour force participation rate for April was 61.7%, while the employment population ratio stood at 57.9%. Nonetheless, persons employed part-time for economic reasons amounted to 5.2 million in April, a decline of 583,000. Based on BLS assessment, "this decline reflected a drop in the number of people whose hours were cut due to slack work or business conditions." Furthermore, 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 April, 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, 565,000 persons were classified as discouraged workers in April, relatively unchanged over the month. These persons are not currently seeking work as they believe no jobs are available for them.

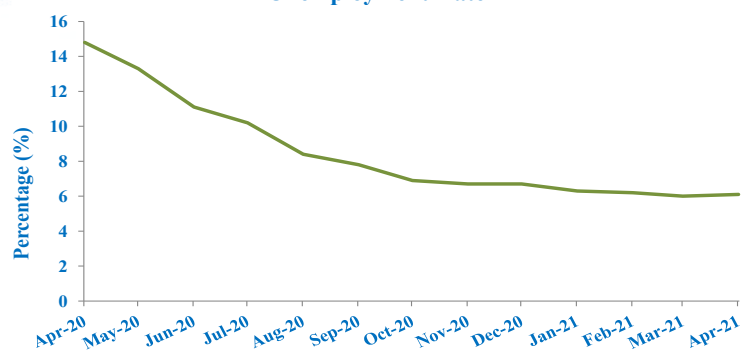
Total GDP



Percentage Change in GDP by Quarter



Unemployment Rate



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	430,050			



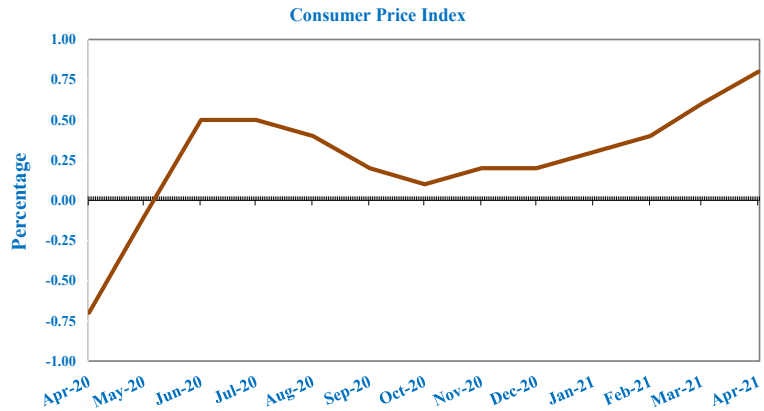
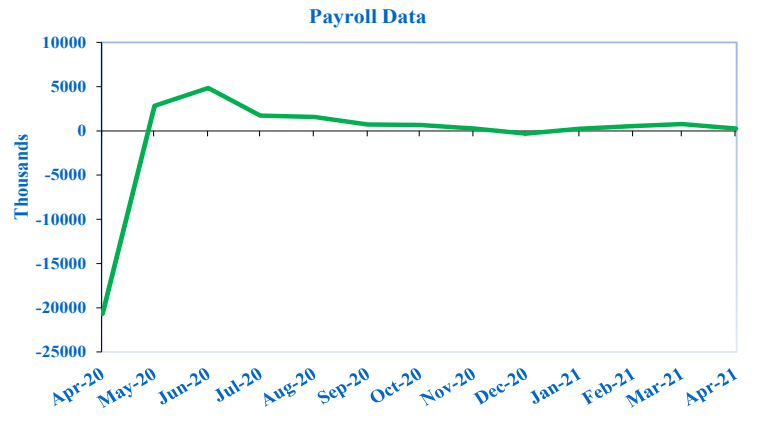
CONSUMER PRICE INDEX

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.8% for April 2021, on a seasonally adjusted basis, according to U.S. Bureau of Labour Statistics (BLS). The all-items index rose 4.2% before seasonal adjustment over the last year.

The all-items less food and energy index climbed 0.9% in April. The index for used cars and trucks was the largest contributor with an increase of 10%. The indexes for shelter, airline fares, recreation and household furnishings and operations rose 0.4%, 10.2%, 0.9% and 0.9%, respectively in April. The indexes for motor vehicle insurance, car and truck rentals and new vehicles rose 2.5%, 16.2% and 0.5%, respectively in April. The indexes for communication and apparel rose 0.4% and 0.3%, respectively. The indexes for education, alcoholic beverages, personal care, and tobacco also increased over the month. The medical care index also climbed 0.1% in April.

The index for food rose 0.4% in April, while the index for food at home increased 0.4%. The index for fruits and vegetables increased 0.8% in April. The index for dairy and related products climbed 0.6%. The index for meats, poultry, fish, and eggs rose 0.5% in April. The non-alcoholic beverages index increased 0.3% in April while the index for cereals and bakery products rose 0.4%. The food away from home index rose 0.3% while the index for other food at home rose 0.1% over the month.

The index for energy fell 0.1% in April. A 1.4% decline was recorded in the gasoline index. Meanwhile, the index for natural gas increased 2.4% and the electricity index rose 1.2% in April.



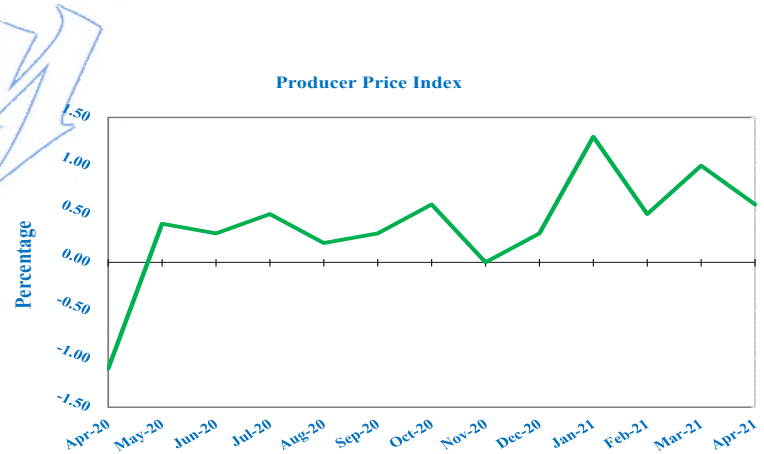
PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 0.6% in April 2021, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 1.0% in March 2021 and increased 0.5% in February 2021. On an unadjusted basis, “the final demand index moved up 6.2 percent for the 12 months ended in April, the largest advance since 12-month data were first calculated in November 2010,” BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 0.7% in the month of April.

Prices for final demand services increased 0.6% in April. This was mainly attributable to the index for final demand services less trade, transportation, and warehousing which rose 0.5%. There was an increase of 0.5% in prices for final demand trade services. The prices for final demand transportation and warehousing services climbed 2.1% in April.

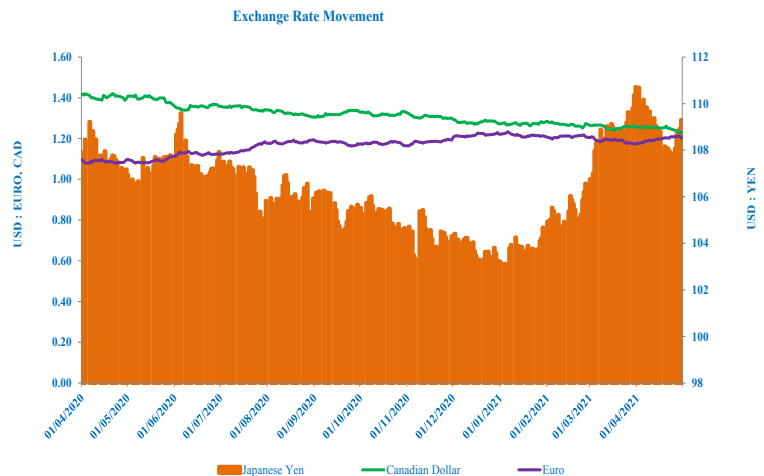
An increase of 0.6% was observed in prices for final demand goods in April. This performance stemmed from an increase of 1.0% in prices for final demand goods less foods and energy. The prices for final demand foods rose 2.1%, while prices for final demand energy declined 2.4%.



U.S. Dollar

For April 2021, the EUR/USD pair closed at \$1.202 versus \$1.1777 at the start of the month, a 2.06% increase. According to FX empire the US dollar probably took a hit because Joe Biden is “looking to spend \$10 trillion at the very least this year” and “the European Union is starting to show signs of life again.”

Moreover, looking ahead, FX Empire notes that, “This is a market that is continuing to gain mainly upon the weakness of the US dollar, but you should also pay attention to the fact that bond yields in the European Union are starting to rise.” Also, “In economic news, Euro Zone business growth accelerated at its fastest pace in over three years in May, as a strong resurgence in the bloc’s reopening service industry added to the impetus from an already-booming manufacturing sector.”



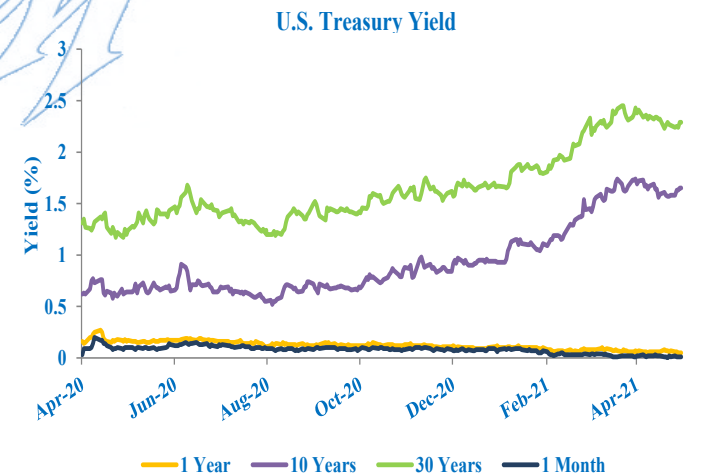
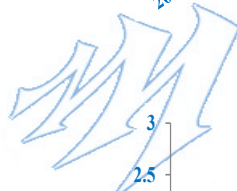
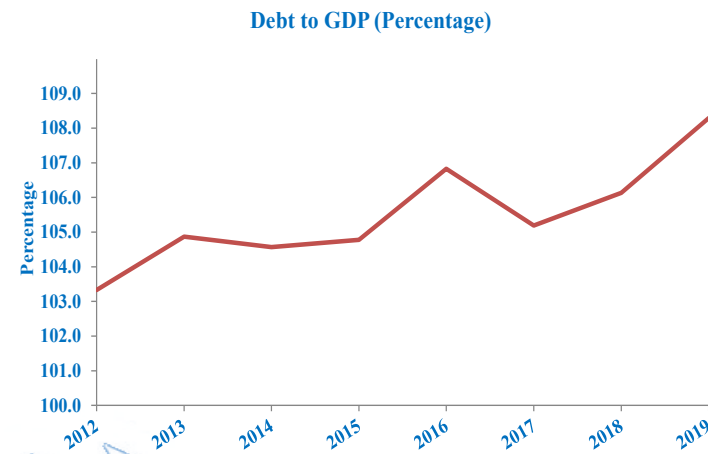
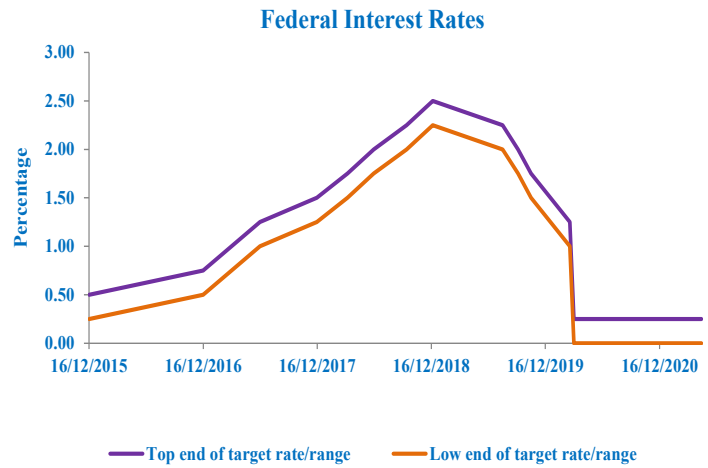


FEDERAL RESERVE MINUTES

On April 28, 2021, the Federal Reserve stated that it 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, indicators of economic growth and welfare have improved as a result of emphasis on vaccines and strong policy support. The sectors most adversely affected by the pandemic remain weak but have shown improvement. Inflation has risen, largely reflecting transitory factors. 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 0.01% from March’s 0.03%. The 5-year rate declined to 0.86% in April 2021 relative to 0.92% a month earlier. The 10-year rate (also constant maturity) decreased to 1.65%, from March’s 1.74% but increased from February’s 1.44%.

GOVERNMENT DEBT/DEFICIT

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to \$1.9 trillion for the first seven months of the fiscal year 2021.

Furthermore, for the first seven months of fiscal year 2021, CBO estimates receipts to amount to \$2,143 billion, \$297 billion more than in the similar period in 2020.

However, based on CBO estimates for the first seven months of fiscal year 2021, outlays are estimated to total \$4,074 billion, a \$747 billion

Budget Totals, October-April, Billions of Dollars			
	Actual, FY2020	Preliminary, FY 2021	Estimated Change
Receipts	1,845	2,143	297
Outlays	<u>3,327</u>	<u>4,074</u>	<u>747</u>
Deficit (-)	-1,481	-1,931	-449

