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MAYBERRY INVESTMENTS LIMITED
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USA ECONOMIC REVIEW

Prepared by: Research Department

GROSS DOMESTIC PRODUCT

According to the "Advance" estimate released by the Bureau of Economic Analysis, real gross domestic product (GDP) expanded at an annual rate of 2.8% in the third quarter of 2024. The real GDP increased by 3.0% in the second quarter of 2024.

The increase in real GDP primarily reflected increases in consumer spending, exports, and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

In the third quarter, consumer spending rose due to higher expenditures on both goods (notably prescription drugs and motor vehicles) and services (especially health care and food services). Exports increased, driven by capital goods, while federal government spending grew, mainly in defence. Imports also rose, led by capital goods.

However, the deceleration in real GDP was primarily due to a decline in private inventory investment and a larger drop in residential fixed investment, despite the offsetting accelerations in exports, consumer spending, and federal government spending.

Current dollar GDP increased 4.7 percent at an annual rate, or $333.2 billion, in the third quarter to a level of $29.35 trillion. In the second quarter, GDP increased 5.6 percent, or $392.6 billion.

The price index for gross domestic purchases increased 1.8 percent in the third quarter, compared with an increase of 2.4 percent in the second quarter .

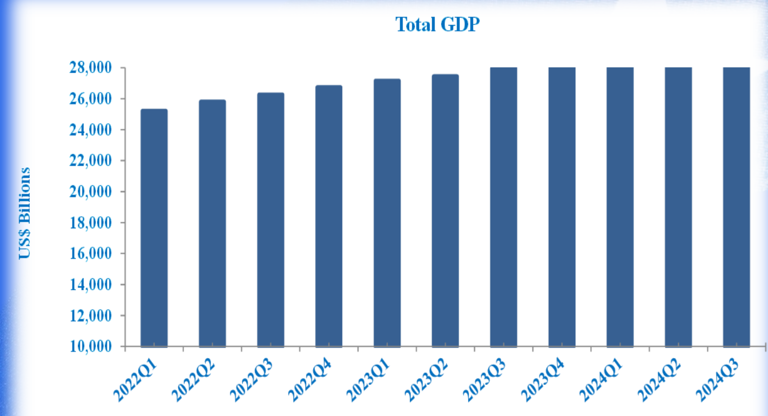
The personal consumption expenditures (PCE) price index increased 1.5 percent, compared with an increase of 2.5 percent. Excluding food and energy prices, the PCE price index increased 2.2 percent, compared with an increase of 2.8 percent.

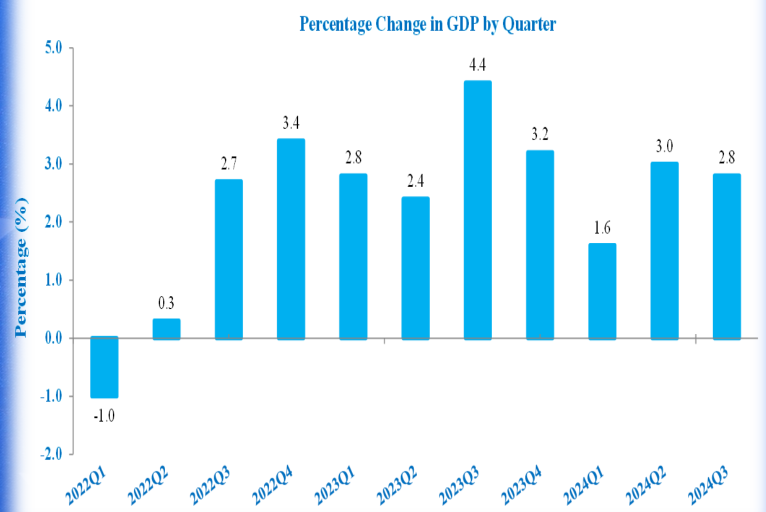
Personal Income

Current-dollar personal income increased $221.3 billion in the third quarter, compared with an increase of $315.7 billion in the second quarter. The increase primarily reflected increases in compensation.

Disposable personal income increased $166.0 billion, or 3.1 percent, in the third quarter, compared with an increase of $260.4 billion, or 5.0 percent, in the second quarter. Real disposable personal income increased 1.6 percent, compared with an increase of 2.4 percent.

Personal saving was $1.04 trillion in the third quarter, compared with $1.13 trillion in the second quarter. The personal saving rate — personal saving as a percentage of disposable personal income — was 4.8 percent in the third quarter, compared with 5.2 percent in the second quarter.





PREPARED BY: RESEARCH DEPARTMENT

NATIONAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment was essentially unchanged in October (+12,000), and the unemployment rate remained at 4.1 percent. Notably, employment continued to trend up in health care and government, while temporary help services lost jobs. Employment in manufacturing declined due to strike activity. The U.S. Bureau of Labor Statistics reported these findings based on two monthly surveys: the household survey, which assesses labour force status, including unemployment by demographic characteristics, and the establishment survey, which measures nonfarm employment, hours, and earnings by industry.

Household Survey Data

In October, the U.S. labour market showed minimal change in key indicators compared to the previous month. The unemployment rate held steady at 4.1%, with 7.0 million people unemployed, up from 6.4 million a year earlier. Among demographic groups, unemployment rates showed little or no change, with adult men at 3.9%, adult women at 3.6%, teenagers at 13.8%, Whites at 3.8%, Blacks at 5.7%, Asians at 3.9%, and Hispanics at 5.1%. The number of permanent job losers edged up to 1.8 million, while the number on temporary layoff remained at 846,000.

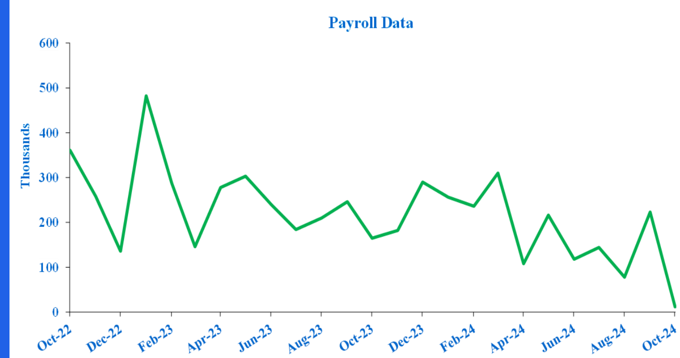
The number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 1.6 million in October, up from 1.3 million a year earlier, comprising 22.9% of all unemployed people. The labour force participation rate remained stable at 62.6%, and the employment-population ratio held at 60.0%. The number of people employed part-time for economic reasons was 4.6 million, and 5.7 million people not in the labour force expressed a desire for employment but were not actively seeking work. Of these, 1.6 million were marginally attached to the labour force, with the number of discouraged workers remaining little changed at 379,000.

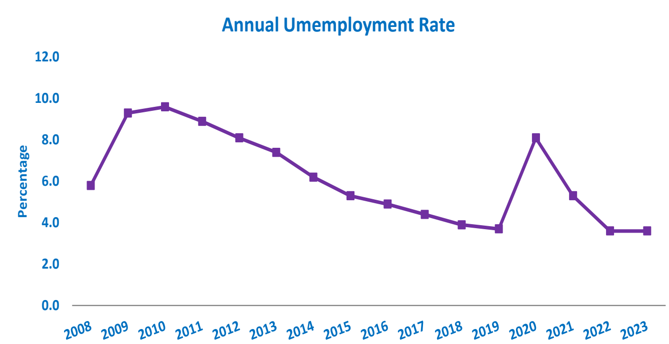
Establishment Survey Data

In October, total nonfarm payroll employment was essentially unchanged, adding just 12,000 jobs, following an average monthly gain of 194,000 over the prior 12 months. Job growth continued in health care, which added 52,000 jobs, close to its 12-month average of 58,000, with gains in ambulatory health care services (+36,000) and nursing and residential care facilities (+9,000). Government employment also rose by 40,000, similar to its monthly average of 43,000, with increases in state government employment (+18,000).

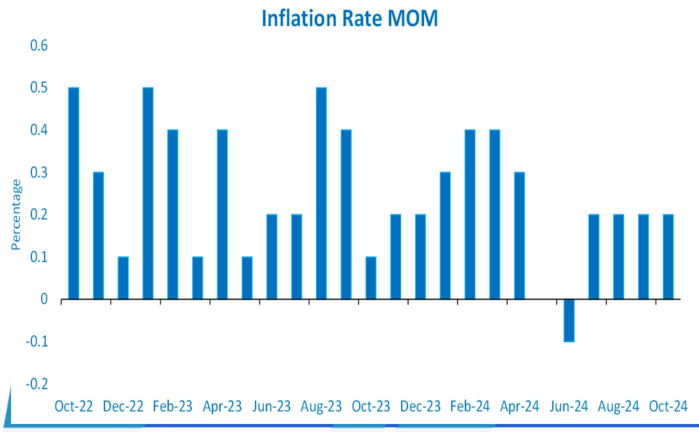
Within professional and business services, employment in temporary help services fell by 49,000 and has decreased by 577,000 since its March 2022 peak. Manufacturing employment dropped by 46,000 due to a decline of 44,000 in transportation equipment manufacturing, largely attributed to strike activity. Construction employment changed little, adding 8,000 jobs, with non-residential specialty trade contractors adding 14,000 jobs.

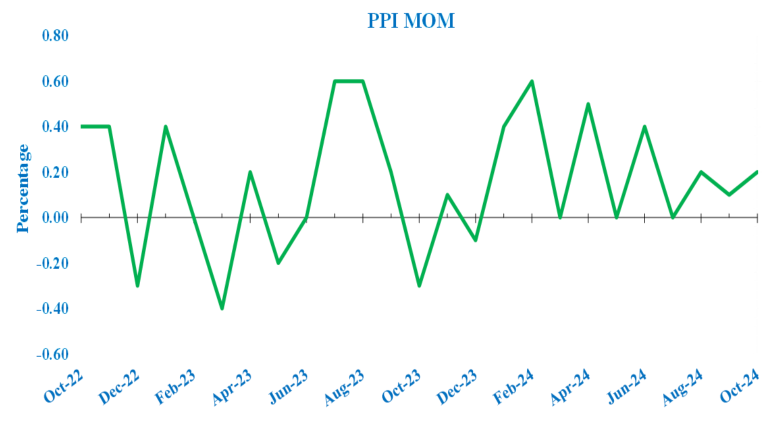
Other major industries, including mining, quarrying, and oil and gas extraction; wholesale trade; retail trade; transportation and warehousing; information; financial activities; leisure and hospitality; and other services, showed little change in employment. Average hourly earnings for all employees on private nonfarm payrolls rose by 0.4%, or 13 cents, to $35.46. Earnings for private-sector production and nonsupervisory employees increased by 0.4%, or 12 cents, to $30.48. The average workweek for all employees held steady at 34.3 hours, while in manufacturing it remained nearly unchanged at 39.9 hours, with overtime decreasing slightly to 2.8 hours .





Labour Force in Thousands	Jan-Mar	Apr-Jun	Jul-Sep	Oct - Dec
Year	Q1	Q2	Q3	Q4
2014	413,248	415,631	417,897	420,258
2015	422,318	424,436	426,384	428,477
2016	430,273	431,909	434,140	435,667
2017	437,460	439,150	440,678	442,042
2018	444,001	446,149	447,658	448,951
2019	450,423	452,086	453,447	454,916
2020	455,252	401,116	421,834	427,772
2021	430,633	435,459	441,693	447,526
2022	452,260	455,918	459,855	462,343
2023	465,039	467,298	469,299	471,150
2024	473,462	475,192	476,455	159,005





CONSUMER PRICE INDEX

The U.S. Bureau of Labor Statistics announced that the Consumer Price Index for All Urban Consumers (CPI-U) rose by 0.2% on a seasonally adjusted basis in October, the same increase as in each of the previous three months. Over the past 12 months, the all items index surged by 2.6% before seasonal adjustment.

In October, the shelter index rose by 0.4%, contributing to over half of the rise in the all-items index. The food index increased by 0.2%, with the food at home index rising by 0.1% and the food away from home index increasing by 0.2%. The energy index remained unchanged after a 1.9% decline in September.

Excluding food and energy, the CPI-U for all other items climbed by 0.3% in October, consistent with the increases in August and September. Notable contributors included shelter, used cars and trucks, airline fares, medical care, and recreation, while the indexes for apparel, communication, and household furnishings and operations decreased.

Over the 12 months ending in October, the all-items index rose by 2.6%, up from a 2.4% increase over the 12 months ending in September. The index for all items less food and energy increased by 3.3%, while the energy index dropped by 4.9%, and the food index rose by 2.1%.

PRODUCER PRICE INDEX

The Producer Price Index (PPI) for final demand in the U.S. increased by 0.2 percent in October on a seasonally adjusted basis, according to the U.S. Bureau of Labor Statistics. Prior to this, final demand prices had increased by 0.1 percent in September and 0.2 percent in August. Over the 12 months ended in October, the index for final demand rose by 2.4 percent on an unadjusted basis.

In October, a 0.3-percent increase in the index for final demand services contributed significantly to the rise, while prices for final demand goods inched up by 0.1 percent.

Excluding the volatile categories of foods, energy, and trade services, the index for final demand less foods, energy, and trade services increased by 0.3 percent in October after a 0.1 percent increase in September. Over the 12 months ended in October, prices for final demand less foods, energy, and trade services rose by 3.5 percent.

Product Details:

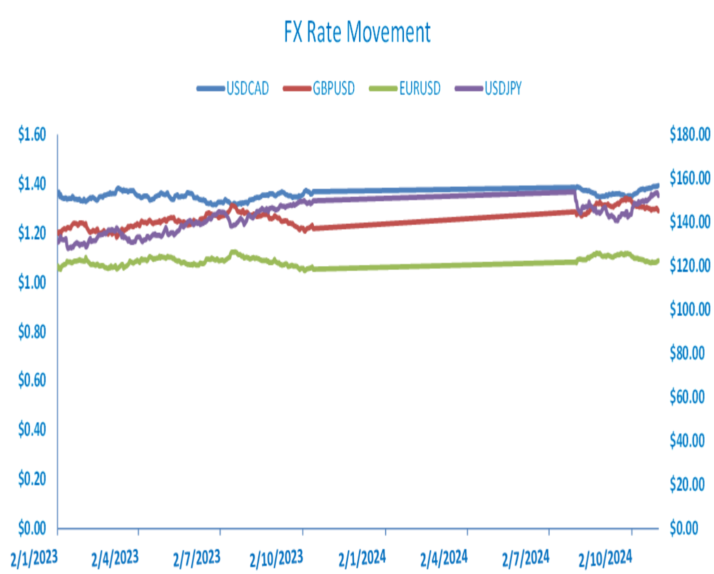
In October, an 8.4 percent rise in carbon steel scrap prices drove the increase in final demand goods, with meats, diesel fuel, and vegetables also contributing. Conversely, liquefied petroleum gas prices fell by 18.1 percent, along with decreases in chicken eggs and ethanol. For services, a 3.6 percent rise in portfolio management prices was significant, with increases in machinery wholesaling and airline services. Margins for apparel retailing fell by 3.7 percent, and declines were seen in securities brokerage and truck transportation.

U.S. DOLLAR

On a month over month basis, October 2024 relative to September 2024, the US dollar has Strengthened against the Canadian dollar (3.02%), the Great British Pound (3.56%), the Euro (2.25%) and the Japanese Yen (5.85%). The US dollar closed on October 31, 2024, at USDCAD 1.3934, GBPUSD 1.2899, EURUSD 1.0884, USDJPY 152.03, respectively.

In October 2024, the US dollar experienced significant movements against major currency pairs such as USDCAD, GBPUSD, EURUSD, and USDJPY. The USDCAD pair was influenced by fluctuations in oil prices and strong US economic data, while the GBPUSD pair saw volatility due to uncertainties around the UK's economic policies and potential rate cuts by the US Federal Reserve. The EURUSD pair trended bullishly, supported by positive Eurozone economic data and resistance faced by the USD around the 104.50 level on the DXY index. Meanwhile, the USDJPY pair experienced a downward trend, driven by Japanese economic policies and speculation around US interest rates.

Overall, the primary factors influencing the US dollar's movements included Federal Reserve policies, key economic indicators, and global geopolitical events. Speculation about potential rate cuts by the Federal Reserve, significant economic data releases, and developments in US-China trade relations and the upcoming US presidential election added to the volatility of the USD. These elements collectively shaped the performance of the US dollar against major currencies throughout the month.

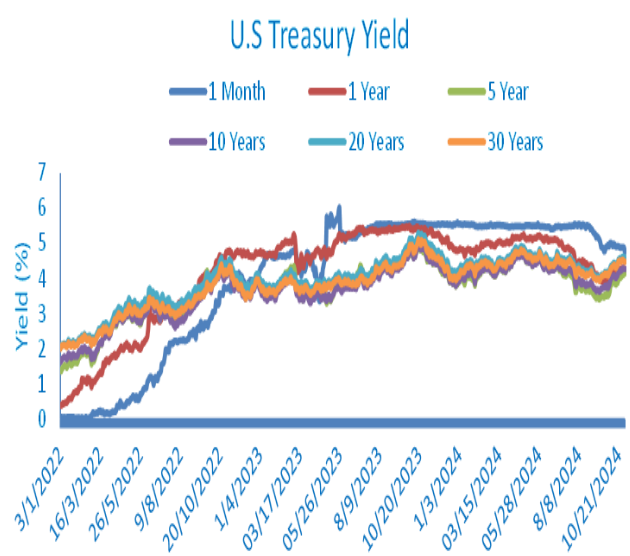


U.S. TREASURY YIELD CURVE

Treasury Par Yield Curve Rates closed October 2024 at the following rates:

- 1 month: 4.76%
- 1 year: 4.27%
- 5 years: 4.15%
- 10 years: 4.28%
- 20 years: 4.58%
- 30 years: 4.47%

In October 2024, both short-term and long-term U.S. Treasury yields experienced significant increases. Short-term yields, such as the 1-year Treasury, rose from around 7.29% to approximately 4.27%, driven by expectations of further interest rate hikes by the Federal Reserve and mixed economic data. Long-term yields, like the 10-year Treasury, increased from about 12.34% to 4.28%, influenced by persistent inflation concerns and shifts in economic growth projections. Overall, the yield curve steepened, reflecting changing market expectations about future economic conditions and monetary policy adjustments.



In fiscal year 2024, which ended on September 30, the federal budget deficit totaled $1.8 trillion—an increase of $138 billion (or 8 percent) from the shortfall recorded in the previous year. Revenues and outlays alike increased from 2023 totals: Revenues rose by 11 percent, or $479 billion, and outlays increased by 10 percent, or $617 billion. Revenues in all major categories, but notably individual income taxes, were greater than they were in fiscal year 2023. The largest increase in outlays was for education ($309 billion). Net outlays for interest on the public debt rose by $239 billion (or 34 percent) to a total of $949 billion.

In 2024, the federal deficit rose to 6.4% of GDP, up from 6.2% in 2023, significantly higher than the 50-year average of 3.8%. This level has only been surpassed six times since 1946. Additionally, federal debt held by the public increased to 97.8% of GDP from 96.0% in 2023.

GOVERNMENT DEBT/ DEFICIT

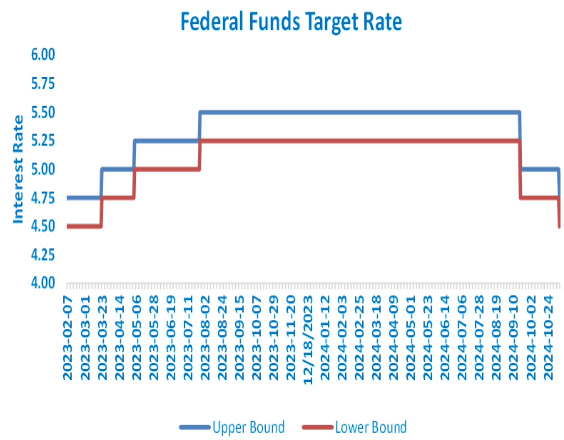
Totals, Fiscal Year 2019 to 2024

Billions of Dollars ($)

	2019	2020	2021	2022	2023	2024
Receipts	3,463	3,421	4,047	4,897	4,439	4,919
Outlays	4,447	6,554	6,822	6,273	6,135	6,752
Deficit (-)						
Amount	-984	-3,133	-2,775	-1,376	-1,696	-1,833
Percentage (%) of GDP	-4.6	-14.7	-12.1	-5.4	-6.2	-6.4

FEDERAL RESERVE MINUTES

On November 7, 2024, the Federal Reserve announced a significant monetary policy adjustment, lowering the target range for the federal funds rate by 0.25 percentage points to 4.5-4.75%. This decision reflects progress in reducing inflation, which remains somewhat elevated but is moving towards the 2% target. The Fed also noted that economic activity continues to expand at a solid pace, though the labor market has eased somewhat and the unemployment rate remains low. The Fed remains committed to supporting maximum employment and achieving its inflation goals, and will continue to monitor economic conditions and adjust policies as necessary.



On November 7, 2024, The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its statement, effective November 8, 2024:

- Undertake open market operations as necessary to maintain the federal funds rate in a target range of 4-1/2 to 4-3/4 percent.
- Conduct standing overnight repurchase agreement operations with a minimum bid rate of 4.75 percent and with an aggregate operation limit of $500 billion.
- Conduct standing overnight reverse repurchase agreement operations at an offering rate of 4.55 percent and with a per-counterparty limit of $160 billion per day.
- Roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in each calendar month that exceeds a cap of $25 billion per month. Redeem Treasury coupon securities up to this monthly cap and Treasury bills to the extent that coupon principal payments are less than the monthly cap.
- Reinvest the amount of principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities (MBS) received in each calendar month that exceeds a cap of $35 billion per month into Treasury securities to roughly match the maturity composition of Treasury securities outstanding.
- Allow modest deviations from stated amounts for reinvestments, if needed for operational reasons.
- Engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions.

Global Outlook

According to the IMF's October 2024 World Economic Outlook update, global growth is projected to slow slightly from 3.3% in 2023 to 3.1% by 2029, with forecasts remaining largely consistent with previous World Economic Outlook reports. This overall stability masks underlying changes, as major economies converge due to diminishing cyclical forces and GDP aligning more closely with potential. As inflation decreases, policy rates are expected to follow, preventing significant increases in real interest rates and gradually moving towards natural levels that align with potential output and target inflation.

Despite minimal global forecast revisions since April, country-level adjustments reflect recent shocks and policy changes, particularly in emerging markets and developing economies. Production and shipping cuts, especially in oil, along with conflicts and civil unrest, have led to downward revisions for the Middle East, Central Asia, and sub-Saharan Africa. Conversely, strong demand for semiconductors and electronics, driven by substantial AI investments, has bolstered growth in emerging Asia.

Global headline inflation is expected to decline from 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025. Advanced economies will see faster disinflation, stabilizing around 2% by 2025, while emerging markets will experience a slower decline, with significant regional variations. Core inflation is projected to decrease due to tight monetary policies and reduced pass-through effects from earlier price drops, particularly in energy

Risks to the Outlook: Tilted to the Downside

The major risks to the global economic outlook are tilted to the downside. Key risks include the potential for monetary policy tightening to have a stronger-than-expected impact, leading to rapid deceleration in growth and rising unemployment. Financial markets may reprice due to reassessments of monetary policy, which could weaken confidence and slow recovery. Sovereign debt stress in emerging markets remains a concern, particularly for countries with large external financing needs and low reserves. Additionally, a deeper contraction in China's property sector could further weaken consumer confidence and domestic demand, with negative spillovers globally.

Other significant risks include renewed spikes in commodity prices due to climate shocks, regional conflicts, or geopolitical tensions, which could lead to higher inflation and restrict central banks' policy options. Protectionist policies could exacerbate global trade tensions and disrupt supply chains, while social unrest driven by economic pressures could slow growth and complicate reform efforts. These risks highlight the fragile nature of the current economic recovery and the potential for significant disruptions.

Growth Outlook: Major & Emerging Economies

Following a strong rebound in 2022, growth in advanced economies slowed in 2023 and is expected to remain steady between 1.7% and 1.8% until 2029. This stability hides varying country dynamics as cyclical forces unwind and economies align with potential. The U.S. is projected to see growth decelerate, reaching potential by 2029, while the UK and euro area are expected to accelerate, closing their output gaps from below. Japan's GDP is anticipated to grow in line with its potential, as its output gap is already closed.

In the U.S., growth for 2024 has been revised up to 2.8% due to strong consumption and investment, but is expected to slow to 2.2% in 2025 as fiscal policy tightens and the labour market cools. The euro area is projected to see modest growth of 0.8% in 2024, rising to 1.2% in 2025, driven by better exports and stronger domestic demand. Japan's growth is expected to slow to 0.3% in 2024 due to supply disruptions, then accelerate to 1.1% in 2025 with stronger private consumption. The UK is projected to see growth accelerate to 1.1% in 2024 and 1.5% in 2025 as inflation and interest rates fall, boosting domestic demand.

The growth outlook for emerging market and developing economies is stable, hovering around 4.2% for the next two years and steadying at 3.9% by 2029. Emerging Asia's growth is expected to slow, with India and China moderating due to exhausted pent-up demand and real estate sector weaknesses, respectively. The Middle East and Central Asia are projected to recover from temporary disruptions, while sub-Saharan Africa's growth will increase as weather shocks abate. Latin America and the Caribbean will see a slight decline before rebounding, with Brazil and Mexico experiencing varied growth dynamics. Emerging and developing Europe will see steady growth, but a significant slowdown in Russia and Türkiye due to policy tightening.