

NOVEMBER 2024



MAYBERRY
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USA

ECONOMIC REVIEW

Prepared by: Research Department

GROSS DOMESTIC PRODUCT

According to the "second" 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 and non-residential fixed investment. 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 \$337.6 billion, in the third quarter to a level of \$29.35 trillion, an upward revision of \$4.4 billion from the previous estimate.

The price index for gross domestic purchases increased 1.9 percent in the third quarter, an upward revision of 0.1 percentage point from the previous estimate.

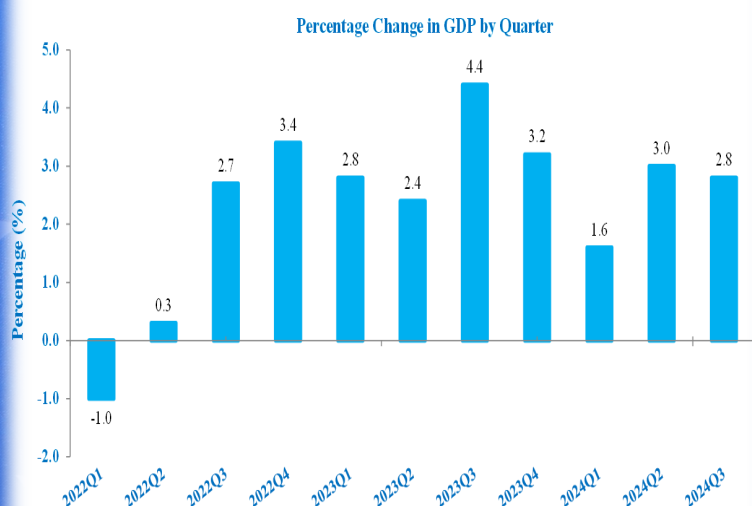
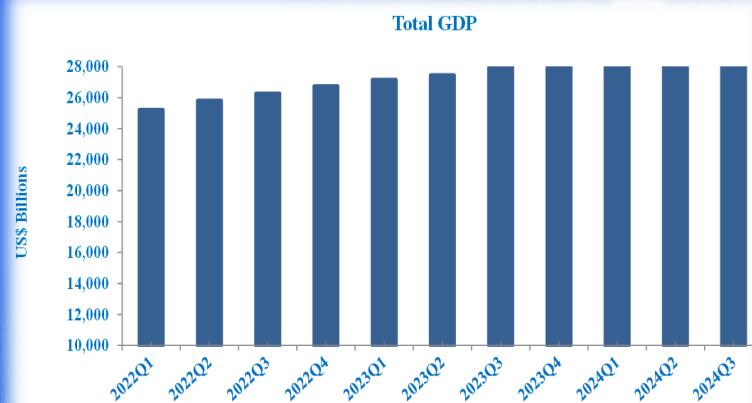
The personal consumption expenditures (PCE) price index increased 1.5 percent, the same as previously estimated. Excluding food and energy prices, the PCE price index increased 2.1 percent, a downward revision of 0.1 percentage point.

Personal Income

Current-dollar personal income increased \$175.9 billion in the third quarter, a downward revision of \$45.3 billion from the previous estimate. The increase primarily reflected increases in compensation.

Disposable personal income increased \$122.9 billion, or 2.3 percent, in the third quarter, a downward revision of \$43.1 billion from the previous estimate. Real disposable personal income increased 0.8 percent, a downward revision of 0.8 percentage point.

Personal saving was \$934.4 billion in the third quarter, a downward revision in change of \$34.0 billion from the previous estimate. The personal saving rate — personal saving as a percentage of disposable personal income — was 4.3 percent in the third quarter, a downward revision of 0.5 percentage point.



NATIONAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment rose by 227,000 in November, and the unemployment rate changed little at 4.2 percent. Notably, employment trended up in health care, leisure and hospitality, government, and social assistance, while retail trade lost jobs. 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 November, the U.S. labour market showed minimal change in key indicators compared to the previous month. The unemployment rate remained at 4.2%, with 7.1 million people unemployed, up from 6.3 million a year earlier. Among demographic groups, the unemployment rate for Blacks edged up to 6.4%, while rates for adult men (3.9%), adult women (3.9%), teenagers (13.2%), Whites (3.8%), Asians (3.8%), and Hispanics (5.3%) showed little or no change.

The number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 1.7 million in November, up from 1.2 million a year earlier, comprising 23.2% of all unemployed people. The labour force participation rate remained stable at 62.5%, and the employment-population ratio held at 59.8%. The number of people employed part-time for economic reasons was 4.5 million, and 5.5 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 396,000.

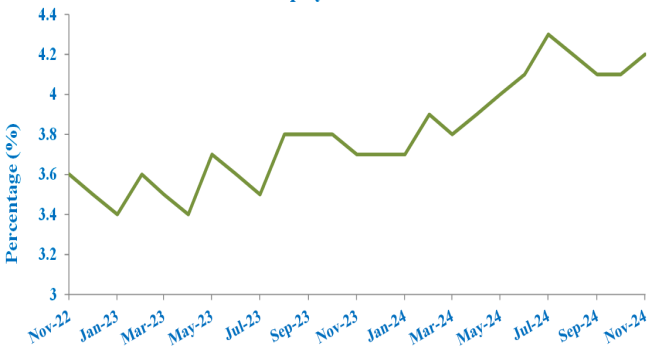
Establishment Survey Data

In November, total nonfarm payroll employment rose by 227,000, following little change in the prior month (+36,000). Payroll employment had increased by an average of 186,000 per month over the 12 months prior to November. Employment trended up in health care, leisure and hospitality, government, and social assistance. Transportation equipment manufacturing saw an increase in employment due to the return of workers who were on strike, while retail trade lost jobs.

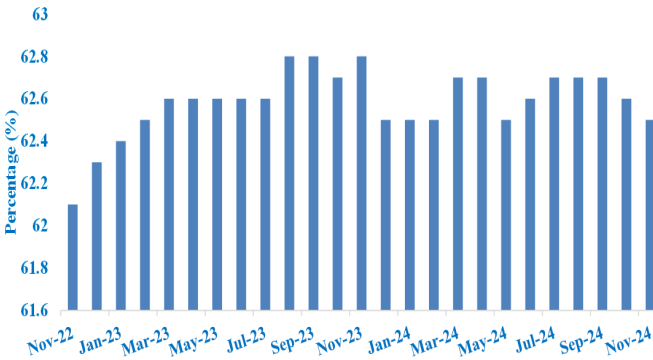
Health care added 54,000 jobs in November, with gains in ambulatory health care services (+22,000), hospitals (+19,000), and nursing and residential care facilities (+12,000). Leisure and hospitality employment increased by 53,000, driven by food services and drinking places (+29,000). Government employment continued to trend up (+33,000), particularly in state government (+20,000). Transportation equipment manufacturing employment rose by 32,000, and social assistance edged up by 19,000. Retail trade lost 28,000 jobs, with declines in general merchandise retailers (-15,000) and gains in electronics and appliance retailers (+4,000).

Employment in other major industries, including mining, quarrying, and oil and gas extraction; construction; wholesale trade; transportation and warehousing; information; financial activities; professional and business services; and other services, showed little or no change. Average hourly earnings for all employees on private nonfarm payrolls rose by 13 cents, or 0.4 percent, to \$35.61, with a 4.0 percent increase over the past 12 months. The average workweek for all employees edged up by 0.1 hour to 34.3 hours. Revisions to September and October data added 56,000 more jobs than previously reported.

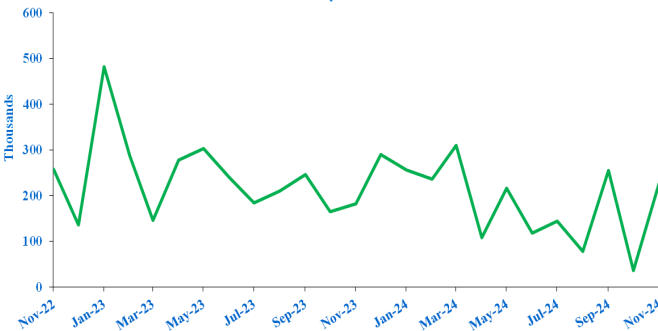
Unemployment Rate



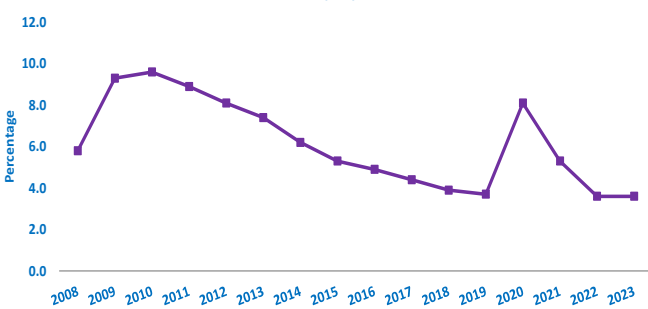
Labour Participation Rate



Payroll Data

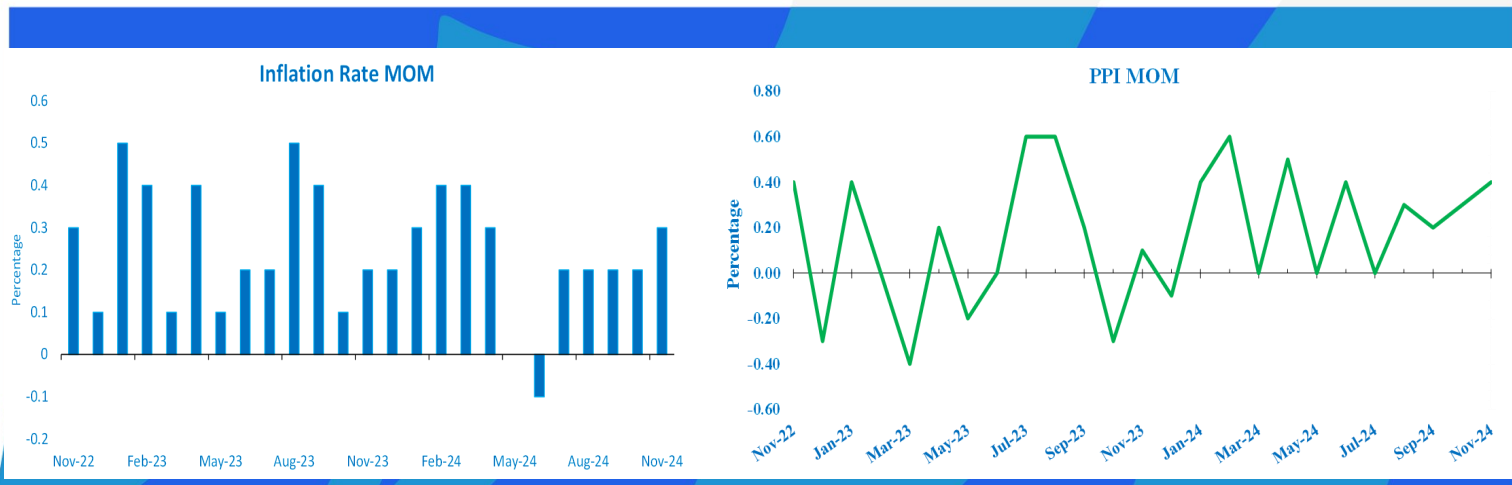


Annual Unemployment Rate



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	476,487	318,349





CONSUMER PRICE INDEX

The U.S. Bureau of Labor Statistics announced that the Consumer Price Index for All Urban Consumers (CPI-U) rose by 0.3% on a seasonally adjusted basis in November, following a 0.2% increase in each of the previous four months. Over the past 12 months, the all items index surged by 2.7% before seasonal adjustment.

In November, the shelter index rose by 0.3%, contributing to nearly forty percent of the rise in the all-items index. The food index increased by 0.4%, with the food at home index rising by 0.5% and the food away from home index increasing by 0.3%. The energy index rose by 0.2% after being unchanged in October.

Excluding food and energy, the CPI-U for all other items climbed by 0.3% in November, consistent with the increases in the previous three months. Notable contributors included shelter, used cars and trucks, household furnishings and operations, medical care, new vehicles, and recreation, while the index for communication decreased.

Over the 12 months ending in November, the all-items index rose by 2.7%, up from a 2.6% increase over the 12 months ending in October. The index for all items less food and energy increased by 3.3%, while the energy index dropped by 3.2%, and the food index rose by 2.4%.

PRODUCER PRICE INDEX

The Producer Price Index (PPI) for final demand in the U.S. increased by 0.4 percent in November on a seasonally adjusted basis, according to the U.S. Bureau of Labor Statistics. Prior to this, final demand prices had increased by 0.3 percent in October and 0.2 percent in September. Over the 12 months ended in November, the index for final demand rose by 3.0 percent on an unadjusted basis.

In November, a 0.7-percent increase in the index for final demand goods contributed significantly to the rise, while prices for final demand services moved up by 0.2 percent.

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

Product Details:

In November, prices for final demand goods rose by 0.7 percent, driven largely by an 80 percent increase in final demand foods, with notable rises in chicken eggs, fresh vegetables, and residential electric power. Conversely, prices for oilseeds, diesel fuel, and primary basic organic chemicals declined. Final demand services increased by 0.2 percent, led by a 0.8 percent rise in trade service margins, with significant contributions from machinery and vehicle wholesaling, securities brokerage, and retailing of automotive fuels and lubricants. However, prices for airline passenger services and guestroom rentals fell.

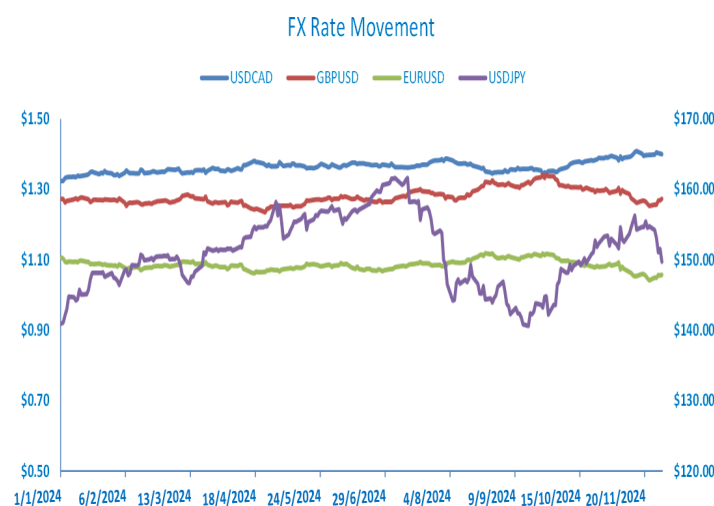


U.S. DOLLAR

On a month over month basis, November 29, 2024 relative to October 31, 2024, the US dollar has Strengthened against the Canadian dollar (+0.52%), the Great British Pound (+1.27%) and the Euro (+2.82%), whilst weakening against the Japanese Yen (-1.49%). The US dollar last traded on November 29, 2024, at USDCAD 1.4006, GBPUSD 1.2735, EURUSD 1.0577, USDJPY 149.77, respectively.

In November 2024, the US dollar experienced notable fluctuations, influenced by various economic and political factors. The USD strengthened significantly against the Japanese yen (JPY), reaching levels around 151.92 JPY/USD, driven by rising US Treasury yields and market speculation about future US economic policies following the presidential election. Against the Canadian dollar (CAD), the USD showed moderate strength, trading at approximately 1.4165 CAD/USD, supported by stable US economic data and the anticipation of higher inflation. The USD also appreciated against the British pound (GBP), trading at around 0.78 GBP/USD, as the UK faced economic uncertainties and weaker growth prospects.

Several factors contributed to the USD movements in November 2024. The US presidential election played a significant role, with market expectations of new economic policies, including potential tariff hikes, boosting the dollar. Additionally, the Federal Reserve's cautious approach to interest rate cuts, contrasting with earlier rate reductions by the European Central Bank and the Bank of Canada, supported the USD's strength. Global economic conditions, such as declining inflation and robust US economic performance, further bolstered the dollar's position against major currencies.



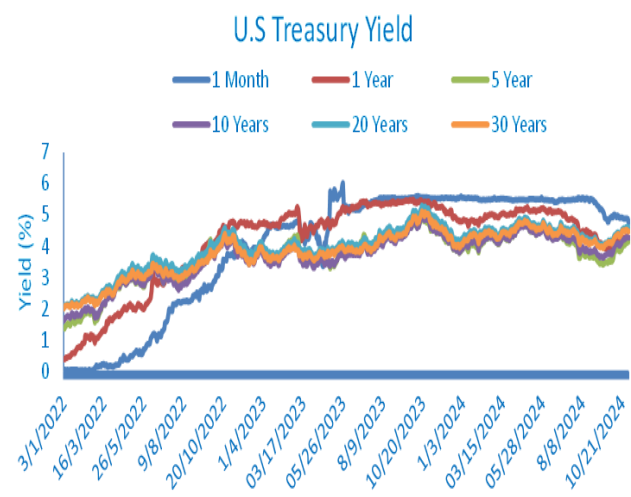
U.S. TREASURY YIELD CURVE

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

- 1 month: 4.76%
- 1 year: 4.30%
- 5 years: 4.05%
- 10 years: 4.18%
- 20 years: 4.45%
- 30 years: 4.36%

In November 2024, U.S. Treasury PAR yield rates exhibited notable movements across both short-term and long-term maturities. Short-term yields, such as the 2-year Treasury, closed the month at approximately 4.13%, reflecting market responses to mixed economic data and expectations of future Federal Reserve actions. These short-term rates experienced slight fluctuations throughout the month, influenced by ongoing economic indicators and policy outlooks.

Long-term yields, including the 10-year Treasury, ended November at around 4.18%. These yields were shaped by persistent concerns about inflation and shifts in economic growth projections. The 30-year Treasury yield also saw movement, closing at 4.36%. Overall, the yield curve showed minor adjustments, indicating the market's evolving expectations about future economic conditions and monetary policy changes. The interplay between short-term and long-term yields highlighted the market's balancing act between immediate economic data and longer-term growth and inflation expectations.



The Congressional Budget Office estimates that the federal budget deficit for the first two months of fiscal year 2025 was \$622 billion, which is \$242 billion more than the deficit recorded during the same period last fiscal year. Outlays increased by \$191 billion (or 18%), while revenues decreased by \$50 billion (or 7%). The timing of certain federal payments and tax receipts influenced these changes. For example, outlays in October 2023 were reduced due to shifts in payment timing, while outlays in November 2024 were boosted by similar shifts.

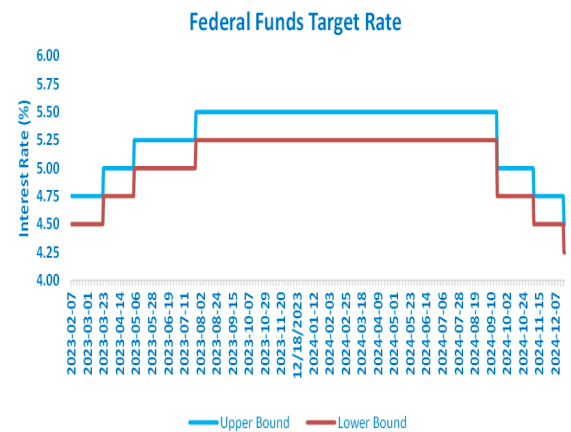
Without these timing shifts, the deficit for the first two months of fiscal year 2025 would have been \$541 billion, or \$88 billion more than the shortfall at this point last year. Outlays would have been \$38 billion more. Additionally, a postponement in some tax payment deadlines from 2023 to 2024 increased receipts by about \$70 billion in 2024.

MONTHLY BUDGET REVIEW: NOVEMBER 2024

Budget Totals, October - November			
Billions of Dollars			
	Actual FY 2024	Preliminary FY 2025	Estimated Change
Receipts	678	628	-50
Outlays	1,059	1,250	191
Deficit (-)	-381	-622	-242

FEDERAL RESERVE PRESS RELEASE

The Federal Reserve has noted that economic activity continues to grow solidly, with labor market conditions easing and a slight rise in the unemployment rate, though it remains low. Inflation is progressing towards the 2% target but is still somewhat high. To support its goals of maximum employment and stable inflation, the Fed has lowered the federal funds rate target range by 0.25 percentage points to 4.25-4.5%. The Fed will continue to reduce its holdings of Treasury and agency securities and is committed to adjusting monetary policy as needed based on incoming data and economic risks. The Committee will monitor various economic indicators to inform its policy decisions.



On December 18, 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 December 19, 2024:

- Undertake open market operations as necessary to maintain the federal funds rate in a target range of 4-1/4 to 4-1/2 percent.
- Conduct standing overnight repurchase agreement operations with a minimum bid rate of 4.5 percent and with an aggregate operation limit of \$500 billion.
- Conduct standing overnight reverse repurchase agreement operations at an offering rate of 4.25 percent and with a per-counterparty limit of \$160 billion per day. Setting this rate at the bottom of the target range for the federal funds rate is intended to support effective monetary policy implementation and the smooth functioning of short-term funding markets.
- 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.



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.