December 2024

MAYBERRY INVESTMENTS LIMITED
Established 1985

USA ECONOMIC REVIEW

Prepared by: Research Department

GROSS DOMESTIC PRODUCT

According to the "third" estimate released by the Bureau of Economic Analysis, real gross domestic product (GDP) expanded at an annual rate of 3.1% 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, federal government spending and non-residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

Compared to the second quarter, the acceleration in real GDP in the third quarter primarily reflected accelerations in exports, consumer spending, and federal government spending. These movements were partly offset by a downturn in private inventory investment and a larger decrease in residential fixed investment. Imports accelerated.

Current dollar GDP increased 5.0 percent at an annual rate, or $358.2 billion, in the third quarter to a level of $29.37 trillion, an upward revision of $20.6 billion from the previous estimate.

The price index for gross domestic purchases increased 1.9 percent in the third quarter, the same as 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 2.2 percent, an upward revision of 0.1 percentage point.

Personal Income

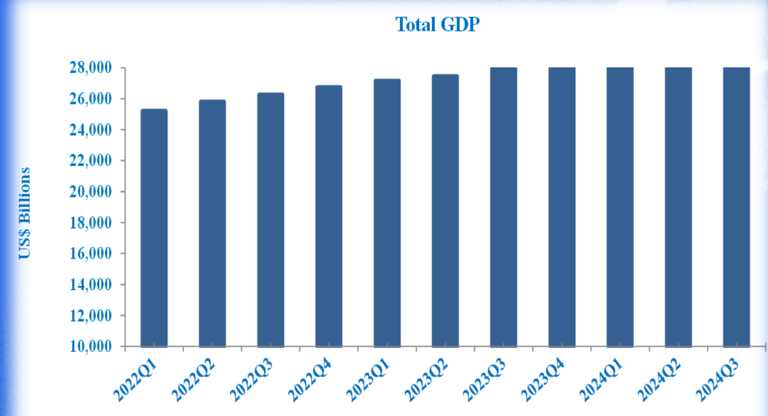
Current-dollar personal income increased $191.7 billion in the third quarter, an upward revision of $15.8 billion from the previous estimate. The increase primarily reflected increases in compensation and personal current transfer receipts.

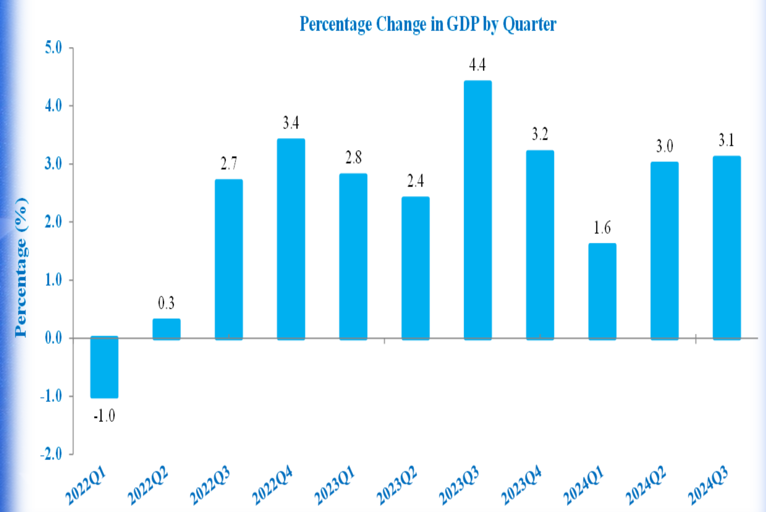
Disposable personal income increased $141.5 billion, or 2.7 percent, in the third quarter, an upward revision of $18.6 billion from the previous estimate.

Real disposable personal income increased 1.1 percent, an upward revision of 0.3 percentage point.

Personal saving was $936.6 billion in the third quarter, an upward revision of $2.1 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, the same as the previous estimate.





NATIONAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment rose by 256,000 in December, and the unemployment rate changed little at 4.1 percent. Notably, employment trended up in health care, government, and social assistance. Also, retail trade added jobs in December, following job loss in November.

Household Survey Data

In December, the U.S. labour market showed minimal change in key indicators compared to the previous month. The unemployment rate remained at 4.1%, with 6.9 million people unemployed. This rate has been stable between 4.1% and 4.2% for the past seven months. Among demographic groups, the unemployment rate for Whites edged down to 3.6%, while rates for adult men (3.7%), adult women (3.8%), teenagers (12.4%), Blacks (6.1%), Asians (3.5%), and Hispanics (5.1%) showed little or no change.

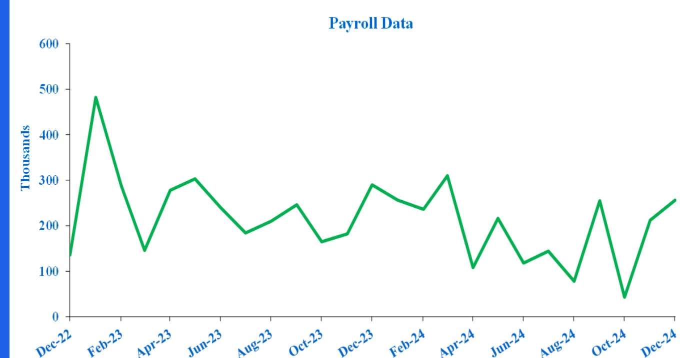
The number of permanent job losers declined by 164,000 to 1.7 million in December, but this figure is similar to a year earlier. The number of people on temporary layoff remained at 862,000, showing little change over the month and year. The number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 1.6 million in December, up by 278,000 from a year earlier, comprising 22.4% of all unemployed people. The labour force participation rate remained stable at 62.5%, and the employment-population ratio held at 60.0%.

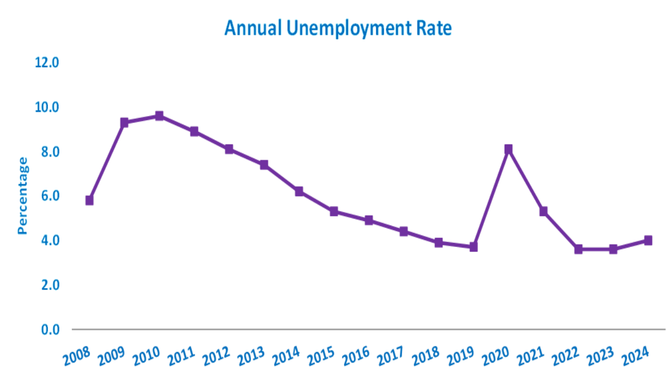
The number of people employed part-time for economic reasons was 4.4 million, showing little change from a year earlier. Additionally, 5.5 million people not in the labour force expressed a desire for employment but were not actively seeking work. Of these, 1.6 million were marginally attached to the labour force, with the number of discouraged workers remaining little changed at 480,000.

Establishment Survey Data

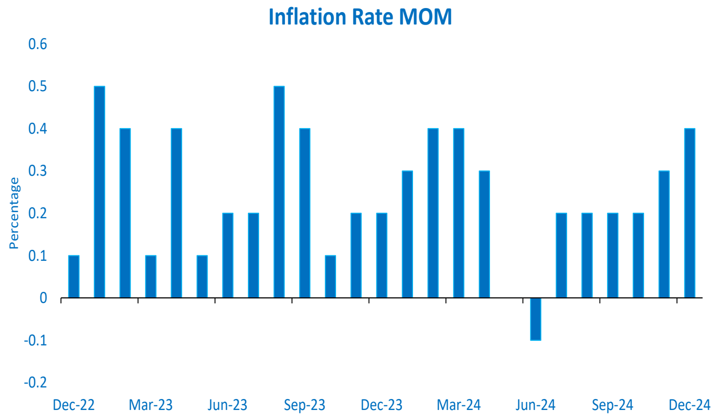
In December, total nonfarm payroll employment rose by 256,000, with notable gains in health care, government, and social assistance. Retail trade also added jobs following a loss in November. Over the year 2024, payroll employment increased by 2.2 million, averaging a monthly gain of 186,000, which is less than the 3.0 million increase in 2023, averaging 251,000 per month. Health care added 46,000 jobs in December, with significant contributions from home health care services, nursing and residential care facilities, and hospitals. Retail trade saw an increase of 43,000 jobs, particularly in clothing and accessories, general merchandise, and health and personal care retailers, despite losses in building material and garden equipment dealers.

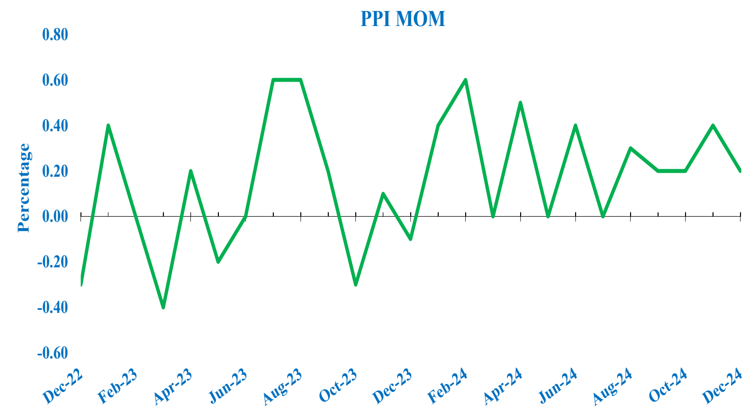
Government employment continued to trend up in December, adding 33,000 jobs, with state government employment also increasing. Social assistance employment rose by 23,000, mainly in individual and family services. Leisure and hospitality employment changed little, adding 43,000 jobs in December, with an average monthly gain of 24,000 jobs in 2024, about half the average monthly gain in 2023. Other major industries, including mining, quarrying, oil and gas extraction, construction, manufacturing, wholesale trade, transportation and warehousing, information, financial activities, professional and business services, and other services, showed little change in employment over the month.





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	477,884





CONSUMER PRICE INDEX

The U.S. Bureau of Labor Statistics announced that the Consumer Price Index for All Urban Consumers (CPI-U) rose by 0.4% on a seasonally adjusted basis in December, following a 0.3% increase in November. Over the past 12 months, the all items index surged by 2.9% before seasonal adjustment.

In December, the energy index rose by 2.6%, contributing to over forty percent of the rise in the all-items index. The gasoline index increased by 4.4%, while the food index rose by 0.3%, with both the food at home and food away from home indexes increasing by 0.3%.

Excluding food and energy, the CPI-U for all other items climbed by 0.2% in December, after increasing by 0.3% in each of the previous four months. Notable contributors included shelter, airline fares, used cars and trucks, new vehicles, motor vehicle insurance, and medical care, while the indexes for personal care, communication, and alcoholic beverages decreased.

Over the 12 months ending in December, the all-items index rose by 2.9%, up from a 2.7% increase over the 12 months ending in November. The index for all items less food and energy increased by 3.2%, while the energy index decreased by 0.5%, and the food index rose by 2.5%.

PRODUCER PRICE INDEX

The Producer Price Index (PPI) for final demand in the U.S. increased by 0.2 percent in December on a seasonally adjusted basis, according to the U.S. Bureau of Labor Statistics. Prior to this, final demand prices had increased by 0.4 percent in November and 0.2 percent in October. Over the 12 months ended in December, the index for final demand rose by 3.3 percent on an unadjusted basis, following a 1.1 percent increase in 2023. In December, a 0.6-percent increase in the index for final demand goods contributed significantly to the rise, while prices for final demand services remained unchanged.

Excluding the volatile categories of foods, energy, and trade services, the index for final demand less foods, energy, and trade services edged up by 0.1 percent in December, the same as in November. Over the 12 months ended in December, prices for final demand less foods, energy, and trade services rose by 3.3 percent, following a 2.7 percent increase in 2023.

Product Details:

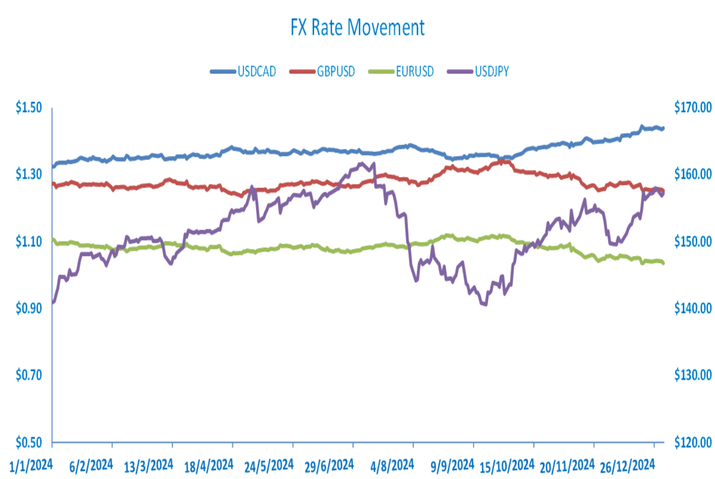
In December, prices for final demand goods rose by 0.6 percent, driven largely by a 9.7 percent increase in gasoline, with notable rises in residential electric power, meats, motor vehicles, gas fuels, and fresh fruits and melons. Conversely, prices for fresh and dry vegetables, carbon steel scrap, and residual fuels declined. Final demand services remained unchanged, with a 7.2 percent jump in transportation of passengers (partial) and increases in deposit services (partial), automotive fuels and lubricants retailing, food retailing, and chemicals and allied products wholesaling. However, prices for traveler accommodation services, machinery and vehicle wholesaling, loan services (partial), food wholesaling, and furniture retailing fell.

U.S. DOLLAR

On a month over month basis, December 31, 2024 relative to November 29, 2024, the US dollar has Strengthened against the Canadian dollar (+2.70%), the Great British Pound (+1.72%) and the Euro (+2.11%), and the Japanese Yen (4.96%). The US dollar last traded on December 31, 2024, at USDCAD 1.4384, GBPUSD 1.2516, EURUSD 1.0354, USDJPY 157.20, respectively.

In December 2024, the US dollar (USD) experienced notable movements against major currencies, driven by various economic and political factors. The USD strengthened significantly against the Japanese yen (JPY), influenced by the Federal Reserve's cautious approach to interest rate cuts and Japan's ongoing economic challenges. This movement was supported by the relative stability of the US economy compared to Japan's slower growth. Against the Canadian dollar (CAD), the USD showed considerable strength. This was largely due to stable US economic data and the anticipation of higher inflation, which contrasted with Canada's economic performance. The robust US economic indicators provided a solid foundation for the USD's appreciation against the CAD. The USD also appreciated against the British pound (GBP), as the UK faced economic uncertainties and weaker growth prospects. The contrast between the US's robust economic performance and the UK's challenges contributed to the USD's strength relative to the GBP.

Several factors contributed to these movements. The Federal Reserve's decision to cut rates by 25 basis points in December to bolster the labor market played a significant role. Additionally, the US economy's robust performance, with a growth rate of 2.7% in 2024, outpacing other developed markets, supported the dollar's strength. Global economic conditions, such as declining inflation and strong US economic performance, further bolstered the dollar's position against major currencies.



U.S. TREASURY YIELD CURVE

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

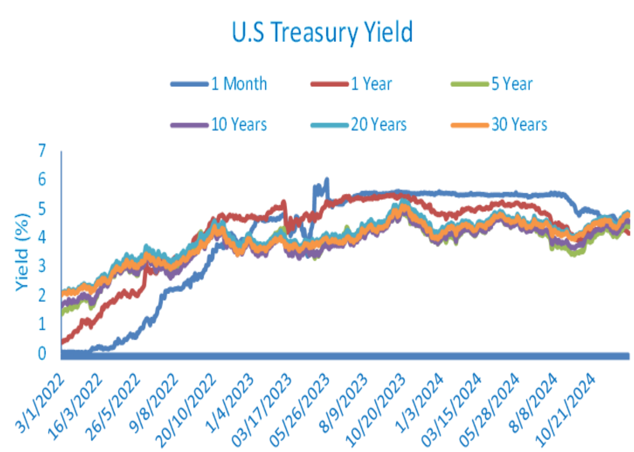
- 1 month: 4.40%
- 1 year: 4.16%
- 5 years: 4.38%
- 10 years: 4.58%
- 20 years: 4.86%
- 30 years: 4.78%

In 2024, U.S. Treasury PAR yield rates experienced various movements across different maturities, reflecting the market's response to economic data and Federal Reserve policies throughout the year.

Short-term yields, such as the 1-year Treasury, saw fluctuations influenced by economic indicators and policy outlooks. By the end of December, the 2-year yield closed at approximately 4.16%, reflecting market responses to mixed economic data and expectations of future Federal Reserve actions.

Long-term yields, including the 10-year Treasury, ended December at around 4.58%. 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 4.78%.

Overall, the yield curve in December 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 in the first quarter of fiscal year 2025 was $710 billion, which is $200 billion more than the deficit recorded during the same period last fiscal year. Outlays increased by $175 billion (or 11%), while revenues decreased by $25 billion (or 2%). 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 quarter of fiscal year 2025 would have been $679 billion, or $125 billion more than the shortfall at this point last year. Outlays would have been $100 billion higher. Additionally, a postponement in some tax payment deadlines from 2023 to 2024 increased receipts in 2024.

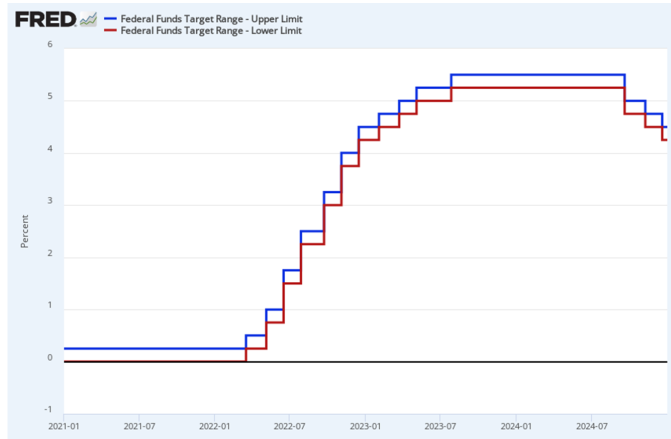
MONTHLY BUDGET REVIEW: DECEMBER 2024

Budget Totals, October - December
Billions of Dollars

	Actual FY 2024	Preliminary FY 2025	Estimated Change
Receipts	1,108	1,083	-25
Outlays	1,618	1,792	175
Deficit (-)	-510	-710	-200

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.



Source: Board of Governors of the Federal Reserve System (US) myf.red/g/1D3pP

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.

World Econ Outlook

The IMF's January 2025 World Economic Outlook (WEO) update paints a picture of steady yet subdued global growth, with the projection for 2025 and 2026 set at 3.3%, below the historical average of 3.7% from 2000–2019. This stability masks divergent performances among economies. Robust growth in the United States contrasts with deceleration in other advanced economies and continued challenges in China, where the real estate market and weak consumer confidence have restrained activity. Inflation is expected to ease globally, reaching 4.2% in 2025 and 3.5% in 2026, but progress remains uneven across regions, with persistent core inflation in services and pockets of high inflation in some emerging markets.

The report highlights the uncertainty and divergence shaping the global outlook. While U.S. growth benefits from strong consumption and investment, geopolitical tensions, elevated policy uncertainty, and trade frictions weigh on confidence and activity elsewhere, particularly in Europe and China. Central banks face contrasting challenges, with some raising rates to combat sticky inflation, while others cautiously ease monetary policy. Financial conditions remain broadly accommodative but tighter in regions under fiscal strain or facing currency depreciation due to a strong U.S. dollar.

Policy priorities emphasize balancing inflation control with growth, restoring fiscal buffers, and fostering medium-term dynamism. Structural reforms, trade policy clarity, and multilateral cooperation are critical to countering risks like protectionism, geopolitical tensions, and financial vulnerabilities. The report urges decisive global and domestic actions to sustain stability and growth amid these diverging and uncertain economic conditions.

Growth forecasts; advanced, emerging & developing economies

The growth forecast for ***advanced economies*** shows modest improvement, with projections of 1.9% in 2025 and 1.8% in 2026, reflecting a mixed performance. The United States leads with robust growth of 2.7% in 2025, supported by strong domestic demand and favourable financial conditions, while the euro area lags at 1.0%, constrained by geopolitical tensions and subdued manufacturing. Japan and the United Kingdom are expected to see mild recoveries, while Canada’s growth is projected at 2.0%, despite fiscal tightening.

For ***emerging market*** and ***developing economies***, growth remains stable at 4.2% in both 2025 and 2026. China is projected to grow at 4.6% in 2025, driven by fiscal support and a gradual recovery in investment, while India continues to lead with a solid 6.5% growth rate. However, geopolitical risks, trade uncertainties, and structural challenges weigh on several regions, including Latin America, which sees modest acceleration to 2.5% growth, and emerging Europe, where growth slows to 2.2%.

In sub-Saharan Africa, growth is forecast to improve to 4.2% in 2025, supported by recovering demand and structural reforms, while the Middle East and Central Asia are expected to see a modest recovery to 3.6%, constrained by OPEC+ production cuts and regional conflicts. These projections highlight disparities across regions, influenced by external shocks, policy adjustments, and structural conditions.