MAYBERRY
INVESTMENTS LIMITED

USA ECONOMIC REVIEW

February 2025

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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 2.3% in the fourth quarter of 2024. The real GDP increased by 3.1% in the third quarter of 2024.

The increase in real GDP primarily reflected increases in consumer spending and government spending that were partly offset by a downturn in investments. Imports, which are a subtraction in the calculation of GDP, decreased.

Real GDP was revised up by less than 0.1 percentage point from the advance estimate released last month, primarily reflecting upward revisions to government spending and exports that were partly offset by downward revisions to consumer spending and investment

Compared to the third quarter, the deceleration in real GDP in the fourth quarter primarily reflected downturns in investment and exports that were partly offset by an acceleration in consumer spending. Imports declined.

The revisions to government spending were mainly due to increased federal defence expenditures, while changes in trade estimates were based on updated data from the BEA and Census Bureau. Consumer spending was revised down for goods but up for services, with notable changes in durable goods like jewellery and watches, and services like streaming and food services. Investment revisions showed a decrease in non-residential fixed investment, particularly in intellectual property products, but an increase in private inventory investment, especially nonfarm inventories.

The price index for gross domestic purchases increased 2.3 percent in the fourth quarter, an upward 0.1 percentage point revision from the previous estimate.

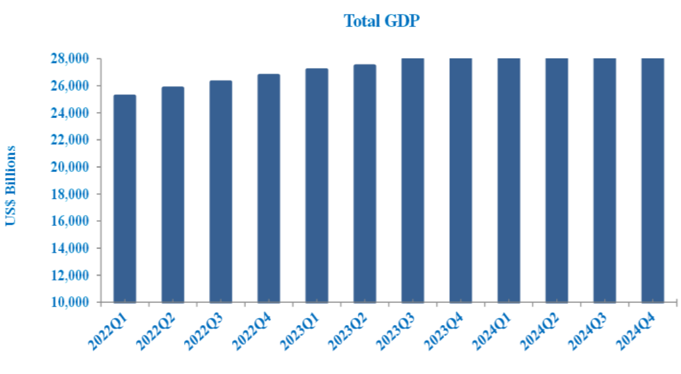
The personal consumption expenditures (PCE) price index increased 2.4 percent, an upward 0.1 percentage point revision from the previous estimate. Excluding food and energy prices, the PCE price index increased 2.7 percent, a 0.2 percentage point revision.

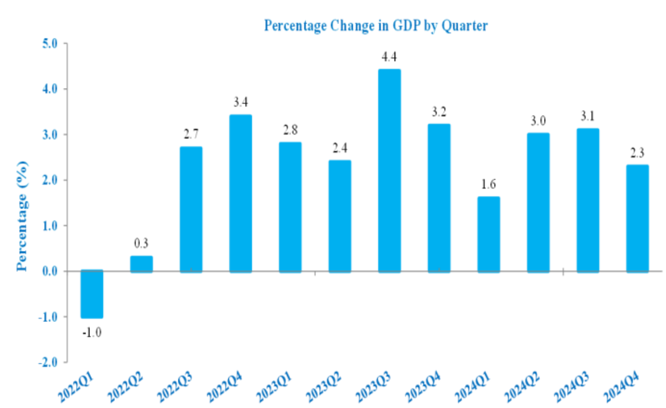
GDP for 2024

Real GDP increased 2.8 percent in 2024 (from the 2023 annual level to the 2024 annual level), same as previously estimated. The increase in real GDP in 2024 reflected increases in consumer spending, investment, government spending, and exports. Imports increased.

The price index for gross domestic purchases increased 2.4 percent in 2024, an upward 0.1 percentage point revision from the previous estimate.

The **PCE price index** increased 2.5 percent, same as previously estimated. Excluding food and energy prices, the PCE price index increased 2.8 percent, also same as previously estimated.





NATIONAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment rose by 151,000 in February, while the unemployment rate remained relatively stable at 4.1%. Employment saw notable increases in health care, financial activities, transportation and warehousing, and social assistance, whereas federal government employment experienced a decline.

Household Survey Data

In February, the unemployment rate remained steady at 4.1%, with 7.1 million people unemployed. The rates for major worker groups, including adult men (3.8%), adult women (3.8%), teenagers (12.9%), Blacks (6.0%), Asians (3.2%), and Hispanics (5.2%), showed little change, except for Whites, whose rate increased to 3.8%.

The number of long-term unemployed remained at 1.5 million, making up 20.9% of all unemployed individuals.

The labour force participation rate (62.4%) and the employment-population ratio (59.9%) showed little change. The number of people employed part-time for economic reasons increased by 460,000 to 4.9 million. These individuals preferred full-time jobs but were working part-time due to reduced hours or inability to find full-time employment.

The number of people not in the labour force who wanted a job increased by 414,000 to 5.9 million. Among them, 1.7 million were marginally attached to the labour force, and 464,000 were discouraged workers who believed no jobs were available for them.

Establishment Survey Data

In February, total nonfarm payroll employment increased by 151,000, similar to the average monthly gain of 168,000 over the prior 12 months. Notable job gains occurred in health care, financial activities, transportation and warehousing, and social assistance. Health care added 52,000 jobs, with growth in ambulatory health care services, hospitals, and nursing and residential care facilities.

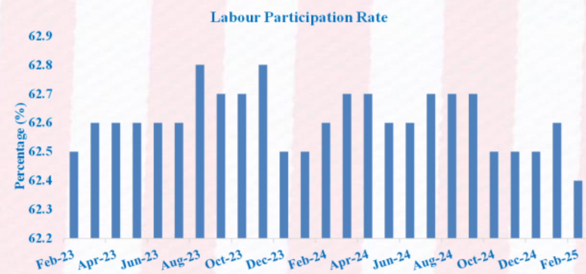
Employment in financial activities rose by 21,000, with gains in real estate and rental and leasing, and insurance carriers and related activities, despite a loss in commercial banking. Transportation and warehousing employment increased by 18,000, with job growth in couriers and messengers and air transportation. Social assistance employment rose by 11,000, driven by individual and family services.

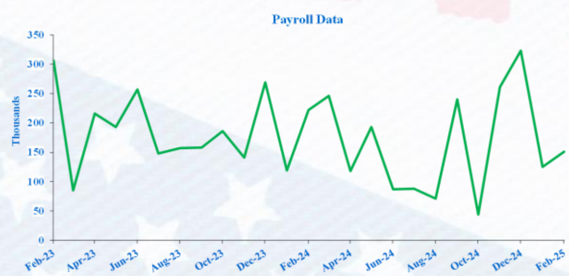
Federal government employment declined by 10,000. Employment in retail trade changed little, with a decline in food and beverage retailers due to strike activity, offset by gains in warehouse clubs, supercenters, and other general merchandise retailers.

Other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; information; professional and business services; leisure and hospitality; and other services, showed little change in employment over the month.

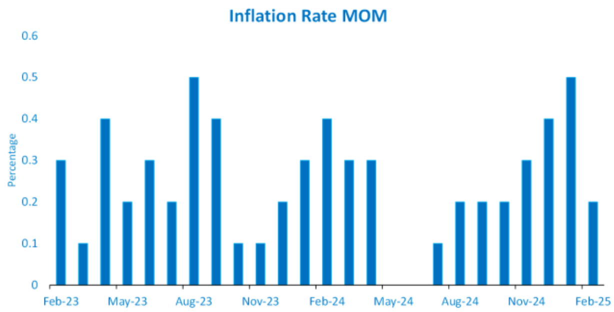
Average hourly earnings for all employees on private nonfarm payrolls increased by 10 cents to $35.93, marking a 4.0 percent rise over the past year. The average workweek for all employees remained unchanged at 34.1 hours, with production and nonsupervisory employees also seeing no change at 33.6 hours.

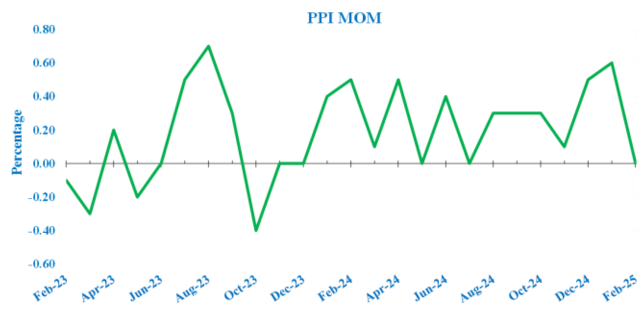
Revisions for December and January showed a net decrease of 2,000 jobs, with December's employment revised up by 16,000 to 323,000 and January's revised down by 18,000 to 125,000. These revisions resulted from additional reports and recalculations of seasonal factors.





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	424,443	426,391	428,464
2016	430,279	431,901	434,149	435,657
2017	437,445	439,137	440,698	442,046
2018	443,994	446,121	447,657	448,952
2019	450,419	452,053	453,472	454,923
2020	455,218	401,135	421,844	427,740
2021	430,581	435,471	441,717	447,556
2022	452,227	455,896	459,848	462,459
2023	465,037	466,872	468,529	470,111
2024	471,837	473,378	474,391	475,919
2025	318,285			





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 February 2025, following a 0.5% increase in January. Over the past 12 months, the all items index increased by 2.8% before seasonal adjustment.

The shelter index rose by 0.3% in February, contributing to nearly half of the overall monthly increase. This was partially offset by a 4.0% decrease in the index for airline fares and a 1.0% decline in the index for gasoline. Despite the decrease in the gasoline index, the energy index rose by 0.2% due to increases in the indexes for electricity and natural gas. The food index also increased by 0.2%, with the food away from home index rising by 0.4%, while the food at home index remained unchanged.

Excluding food and energy, the all items index increased by 0.2% in February, following a 0.4% increase in January. Notable increases were observed in medical care, used cars and trucks, household furnishings and operations, recreation, apparel, and personal care. The indexes for airline fares and new vehicles were among the few major indexes that decreased in February.

Over the last 12 months, the all items index rose by 2.8%, slightly lower than the 3.0% increase recorded for the 12 months ending in January. The index for all items less food and energy increased by 3.1% over the past year. The energy index decreased by 0.2%, while the food index increased by 2.6% over the same period.

PRODUCER PRICE INDEX

The Producer Price Index (PPI) for final demand in the U.S. was unchanged in February on a seasonally adjusted basis, according to the U.S. Bureau of Labor Statistics. Final demand prices had previously risen by 0.6 percent in January and 0.5 percent in December 2024. Over the 12 months ended February 2025, the index for final demand increased by 3.2 percent on an unadjusted basis.

In February, the index for final demand saw a mixed performance, with a 0.3 percent rise in prices for final demand goods offsetting a 0.2 percent decline in the index for final demand services.

Excluding foods, energy, and trade services, the index for final demand rose by 0.2 percent in February, following a 0.3 percent increase in January. Over the past 12 months, this index has advanced by 3.3 percent.

Product Details:

In February, the index for final demand goods rose by 0.3 percent, driven by a 1.7 percent increase in food prices and notable rises in the indexes for chicken eggs, pork, fresh and dry vegetables, electric power, tobacco products, and carbon steel scrap, despite a 4.7 percent drop in gasoline prices. Concurrently, the index for final demand services fell by 0.2 percent, with significant contributions from a 1.0 percent drop in margins for trade services and decreases in food and alcohol retailing, automobile retailing, apparel retailing, chemicals wholesaling, and residential real estate loans, while prices for inpatient care advanced by 0.8 percent.

U.S. DOLLAR

In February 2025, the US dollar exhibited notable movements against major currency pairs, influenced by a mix of economic data and market sentiment. The dollar index remained relatively stable, reflecting mixed signals from the economy and investor reactions.

Against the Japanese Yen (JPY), the dollar showed fluctuations, reaching a high of 154.33 yen. This movement was driven by investor sentiment and economic data releases, including inflation reports that suggested the Federal Reserve might maintain higher interest rates for longer. The yen's performance was also impacted by Japan's economic policies and market expectations.

The dollar traded near a one-month low against the Euro (EUR), with the euro gaining 0.3% to $1.0394. This was partly due to easing concerns over a potential global trade war and inflationary pressures. The euro's strength was supported by positive economic data from the Eurozone, which bolstered investor confidence.

Similarly, the dollar lingered near a one-month low against the British Pound (GBP), reflecting similar market dynamics and investor sentiment. The pound's performance was influenced by the UK's economic outlook and market reactions to domestic policy changes.

Overall, the US dollar's performance in February 2025 was shaped by a combination of economic data, including consumer price index reports, and broader market trends. The dollar's stability amidst these fluctuations indicates a cautious market outlook as investors navigate ongoing economic uncertainties. The interplay between inflation expectations, interest rate policies, and geopolitical factors will continue to influence the dollar's movements in the coming months.

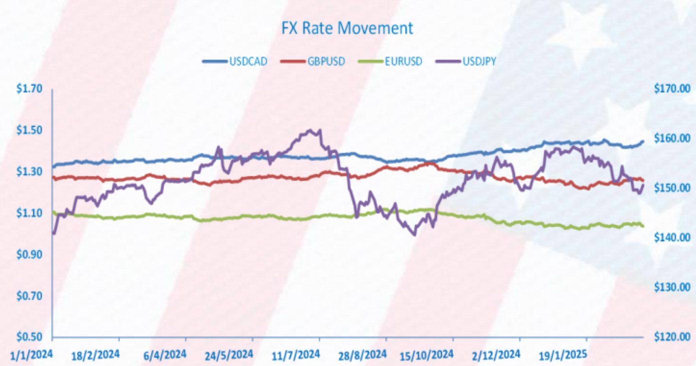
The U.S Dollar last traded on February 28, 2025, at the following rates:

USD/CAD: 1.45

GBP/USD: 1.26

EURO/USD: 1.04

USD/YEN: 150.63



U.S. TREASURY YIELD CURVE

In February 2025, U.S. Treasury yields experienced notable movements influenced by various economic factors. The short-term yields, particularly the two-year Treasury yield, saw a decrease of five basis points, settling at 4.12% by February 25, 2025. This decline was largely driven by market expectations for interest rate cuts by the Federal Reserve, prompted by signs of economic weakness and concerns over tariff plans. The consistent drop in short-term yields throughout the month reflected a cautious sentiment among investors regarding the near-term economic outlook.

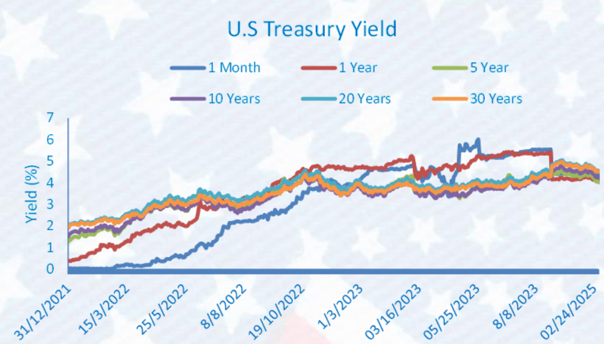
On the other hand, long-term yields also exhibited significant changes. The ten-year Treasury yield fell to 4.33% on February 25, 2025, marking its lowest point in over two months. This drop was influenced by traders' increased bets on interest rate cuts and recent economic data showing a contraction in the U.S. services sector. The movement in long-term yields indicated a broader shift in market sentiment towards potential interest rate reductions by the Federal Reserve in response to economic uncertainties.

Additionally, the yield curve data from the U.S. Department of the Treasury showed fluctuations across various maturities. For instance, the yield on the 30-year Treasury bond decreased from 4.96% at the beginning of February to 4.83% by the end of the month. Similarly, the yield on the five-year Treasury note fell from 4.36% to 4.27% during the same period. These changes across different maturities highlight the overall trend of declining yields as investors anticipated a more accommodative monetary policy stance.

Overall, the movements in both short-term and long-term yields throughout February 2025 reflect a market adjusting to economic signals and preparing for potential policy shifts by the Federal Reserve. The decline in yields across various maturities underscores the cautious optimism among investors as they navigate the evolving economic landscape.

Treasury Par Yield Curve Rates closed February 2025 at the following rates:

· 1 year: 4.08%	· 10 years: 4.24%
· 2 years: 3.99%	· 20 years: 4.55%
· 3 years: 3.99%	· 30 years: 4.51%



The Congressional Budget Office estimates that the federal budget deficit in the first five months of fiscal year 2025 was $1.1 trillion, which is $319 billion more than the deficit recorded during the same period last fiscal year. Outlays increased by $356 billion (or 13%), and revenues increased by $37 billion (or 2%).

The timing of outlays and revenues significantly influenced the deficit changes, decreasing it during the first five months of fiscal year 2024 but increasing it in the same period this fiscal year. Payments due on October 1, 2023, were made in September, reducing outlays for October 2023. Conversely, payments due on March 1, 2025, were made in February, increasing outlays for the first five months of 2025. Without these timing shifts, the deficit this fiscal year would have been $1,064 billion, $163 billion more than the previous year. Additionally, the postponement of some tax deadlines from 2023 to 2024 boosted receipts in 2024, contributing to the deficit increase in 2025.

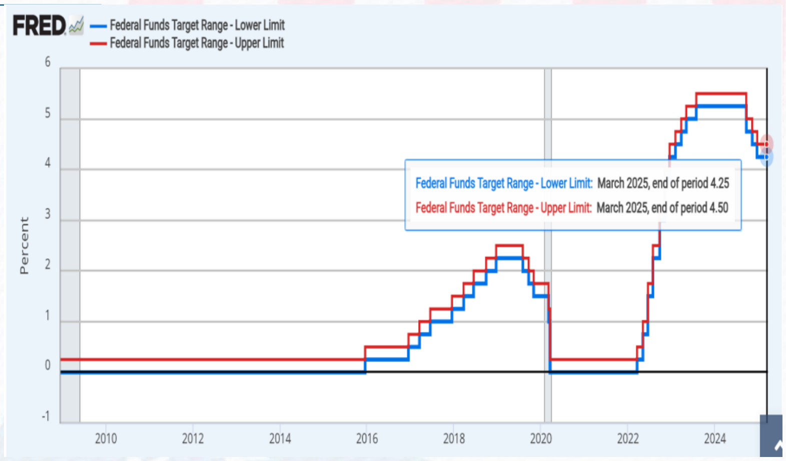
MONTHLY BUDGET REVIEW: FEBRUARY 2025

Budget Totals, October - February Billions of Dollars			
	Actual FY 2024	Preliminary FY 2025	Estimated Change
Receipts	1,856	1,893	37
Outlays	2,684	3,040	356
Deficit (-)	-828	-1,147	-319

FEDERAL RESERVE PRESS RELEASE

Recent data shows steady economic growth, a low unemployment rate, and a strong labour market, though inflation remains somewhat high. The Federal Reserve aims for maximum employment and a 2% inflation rate over the long term, while being mindful of the increased uncertainty about the economic outlook and the risks to its dual mandate. To support its goals, the Fed has decided to keep the federal funds rate target range at 4.25% to 4.5% and will continue reducing its holdings of Treasury securities, agency debt, and mortgage-backed securities, albeit at a slower pace starting in April.

The Fed is committed to achieving its goals by carefully evaluating incoming data, the evolving economic outlook, and the balance of risks. It will adjust its monetary policy stance as needed, considering a wide range of information, including labour market conditions, inflation pressures and expectations, and financial and international developments. This approach aims to address any risks that could hinder the Fed's objectives of maximum employment and stable inflation.



The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its statement on March 19, 2025:

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 4.4 percent, effective March 20, 2025.

- As part of its policy decision, the Federal Open Market Committee voted to direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

"Effective March 20, 2025, the Federal Open Market Committee directs the Desk to:

- Undertake open market operations as necessary to maintain the federal funds rate in a target range of 4.25 to 4.5 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.
- Roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in March that exceeds a cap of $25 billion per month. Beginning on April 1, 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 $5 billion per month. Redeem Treasury coupon securities up to these monthly caps and Treasury bills to the extent that coupon principal payments are less than the monthly caps.
- 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."

- In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 4.5 percent.

GLOBAL ECONOMIC REVIEW

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.