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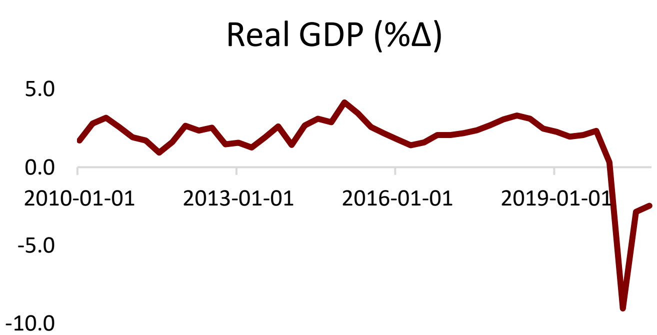
RAMBLER INVESTMENT FUND

United States Macroeconomic Report

Economic Profile	
Country	**United States**
Currency	**Dollar**
Population	**328.2 million**
Economy	**Developed**
GDP	**$21.43 trillion**
GDP per capita	**$65,297.52**
Largest Trading Partner	**China**

Market Outlook	
Point in Economic Cycle	Right-of-Trough
Outlook	Bullish



Real Gross Domestic Product, Percent Change From Year Ago, Prev. 10 years (Source: Federal Reserve

<u>Macroeconomic Thesis:</u>

After analyzing a variety of leading and coincidental indicators, I believe that the United States is currently right of trough of the business cycle. Further, I am bullish on the economic outlook for the long term, but I believe that economic growth will be slow as a result of the effects of the current recession.

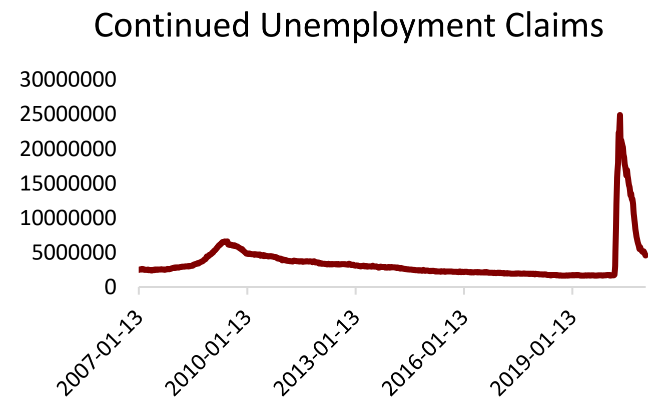
By researching various economic indicators, such as unemployment statistics, total construction spending, the Consumer Confidence Index, the Consumer Price Index, consumer spending, and the U.S. Dollar Index, I maintain a cautiously optimistic outlook on the long-term health of the US economy. In 2020, the U.S. has seen a record-breaking unemployment rate, continued unemployment claims, and consumer spending rates that have rapidly improved to various degrees throughout the pandemic. As the economy could improve once lockdowns open, the lasting effects of these blows will be felt for months, continuing the restriction on substantial economic growth. In total, the United States economy has survived a decline unrivaled by any other recession and it will continue to slowly improve throughout 2021.

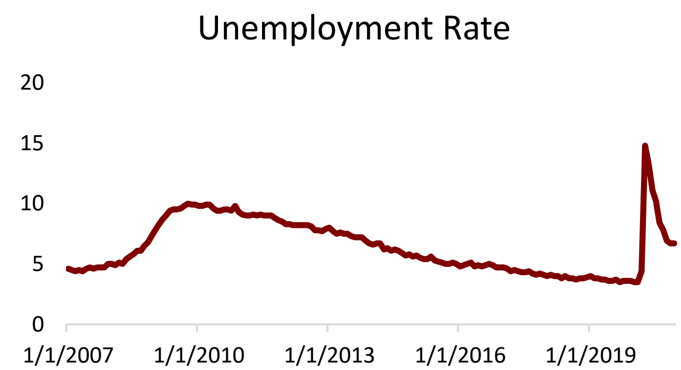
In terms of geopolitics, a focus must be made on the newly-elected President Biden and the continuing results of the present COVID-19 pandemic. The substantial $1.9 trillion stimulus plan presented by the Biden Administration will help propel the wounded U.S. economy along its path of recovery and possible federal student loan forgiveness will help increase the spending habits of young Americans. Further, as cases of COVID-19 continue to level out as the vaccine circulates throughout the U.S., the country can slowly begin to reopen. Severe damage has been dealt to this economy, and, despite the optimism, to path toward a full recovery will be lengthy. However, the worst of this recession has already been felt.

Economic Indicators

__Unemployment (Continued Claims)__

A given country's unemployment rate is a key leading indicator of its economic health. As a result of the COVID-19 crisis, the United States is slowly recovering from experiencing its worst bout of unemployment since its continuous recording. In terms of continued unemployment claims, individuals who have filed for unemployment insurance and stayed on it since, there were 24.9 million people on unemployment insurance at its peak. Currently, there are about 4.5 million individuals participating in the program, quite a departure from peak figures. Despite the seemingly rapid recovery, however, it is worth noting that the number of individuals discontinuing their claims has stagnated slightly. This suggests unemployment has ended its stage of rapid improvement and will follow a more traditional pattern of repair over the coming years. Therefore, it is not indicative of a fast and smooth recovery of the US economy. There exists a plethora of American's that will continue to not find work and the period of rapid improvement of unemployment is behind us.





Civilian Unemployment Rate & Continued Claims (Insured Unemployment), since 2007 (Source: Federal Reserve)

Total Construction Spending, Percent Change from a Year Ago, Prev. 10 years (Source: Federal Reserve)

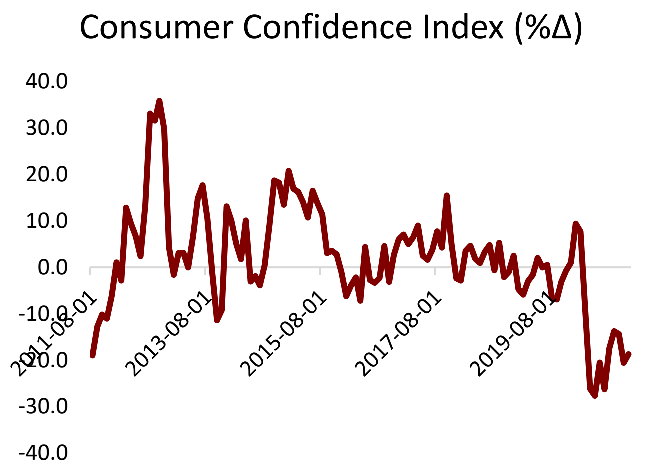
__Total Construction Spending__

One of the general leading economic growth indicators is housing starts; as individuals become richer, a typical major purchase is a home in which to start a family. However, an increasing amount of people are avoiding building a home in favor of living in urban environments or rental properties. Therefore, a more accurate measure to judge the same concept of housing starts is total construction spending, a measure of the total amount of money spent on housing and its construction. Contrary to the unemployment rate, total construction spending has not seen as large of a catastrophic decline. Overall, construction spending has been gradually since the summer of 2020, suggesting that an increasing number of Americans are more comfortable with spending more of their income on durable goods. As this spending spreads throughout the economy, it will help bring our economic engines back to life.

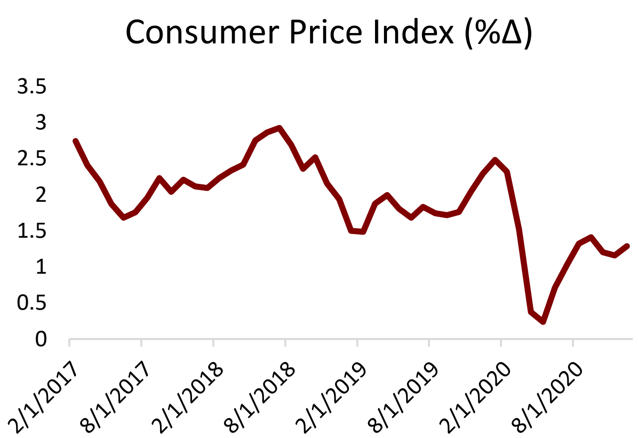
Economic Indicators (contd.)

__Consumer Confidence Index (CCI)__

The Consumer Confidence Index indicates just that: overall consumer confidence in the economy's health. If consumer confidence is exceedingly low, they are more likely to hold off on larger purchases, preventing that spending from circulating in the economy. Throughout 2020, consumer confidence seemed to match the severity of the COVID-19 pandemic. As vaccine rollout continues to accelerate and Americans begin to regain a sense of normalcy, consumer confidence should increase in turn. Once consumers regain confidence in their own ability to maintain income levels, they will spend more, gradually increasing economic output over time.



Consumer Confidence, Percent Change from a Year Ago, Prev. 12 (Source: Federal Reserve)



Consumer Price Index for All Urban Consumers, Percent Change from a Year Ago, Prev. 12 Years (Source: Federal Reserve)

__Consumer Price Index (CPI)__

The Consumer Price Index measures the prices from a basket of goods and compares them year after year to gauge inflationary growth. Steady and controlled growth in the CPI, around 1-3%, is usually ruled as a good measure of economic growth. Currently, the CPI has been volatile throughout the first half of 2020, but has stabilized once the economic stimulus of April and May had run through the economy. However, considering the newly-announced stimulus under the Biden Administration, inflation will more than likely continue to rise through 2021.

__Consumer Spending__

Consumer spending, constituting about 70% of overall GDP, is a vital measure to analyze when examining the overall health of the US economy. When consumers are spending their income, an increasing amount of money is providing income to businesses, circulating currency throughout the economy. Currently, consumer spending has recovered quite well from the lows seen last spring, suggesting an improving economy. Similarly to the unemployment rate, consumption spending has leveled off from its rapid improvement, indicating that a slower rate of improvement may be on the horizon.

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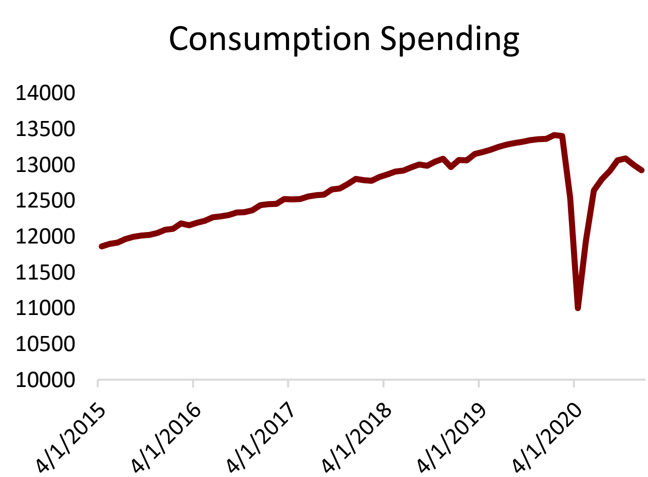


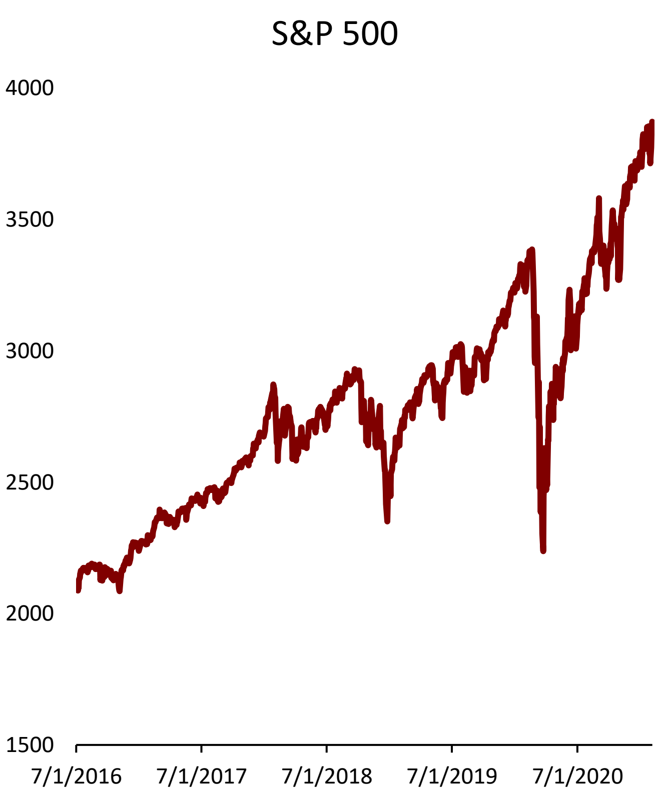
Real Personal Consumption, Prev. 5 years (Source: Federal Reserve)

Economic Indicators (contd.)

U.S. Dollar Index

The U.S. Dollar Index measures the relative value of the U.S. Dollar compared to foreign currencies. As the dollar weakens, as it has throughout 2020, domestic goods sold abroad become cheaper compared to their foreign counterparts, increasing net exports. However, a weak dollar is not a solely positive factor; as a net importer, foreign goods sold in the United States will become increasingly more expensive, hurting domestic consumers. Historically speaking though, the U.S. Dollar is still strong when compared to data from about a decade ago, lessening that concern. According to Uncovered Interest Parody, exchange rates will only fluctuate with changes in domestic and domestic monetary policy and foreign output. Since the Federal Reserve has claimed it will not change domestic interest rates until at least 2023, the value of the U.S. Dollar will depend mostly on foreign central banks and their corresponding outputs in the near term.

Trade Weighted U.S. Dollar Index: Broad, Goods and Services, Prev. 15 years (Source: Federal Reserve)



S&P 500 Index, Prev. 5 years (Source: Federal Reserve)

S&P 500 Performance

The performance of the U.S. stock market has been a national topic of conversation since the beginning of the pandemic. Fueled by massive amounts of government stimulus, an influx of retail investors, and tech sector performance, the stock market has quickly recovered from its tumble in March and continues to reach record highs on a weekly basis. Despite its increase, the S&P 500's performance does not provide considerable meaning for the average working American. Only about 20% of the US population is invested in the stock market, suggesting that these recent gains are increasing the livelihoods of a small portion of Americans. Additionally, the stock market is vastly more expensive in terms of price multipliers than in years past, suggesting an overinflated stock market. If prices correct themselves in the near future, the American economic outlook for may not be as positive.

Geopolitical Factors

Biden Presidential Administration

As President Biden progresses through his first 100 days, there will undoubtedly be an increase in government intervention in the economy to promote growth. Biden's primary weapon of choice in this regard is his current $1.9 trillion fiscal stimulus package. The bill is, in its current state, comprised of four spending buckets aimed to assist various aspects of the American macroeconomy, albeit focused on the working class. The first section of the stimulus bill is the most general in scope; $750 billion of COVID-19 containment and vaccination, aid to state and local governments, expansion of the childcare block grant system, reopening schools, and public transit reform. The second bucket of $600 billion focuses on directly helping families by expanding the childcare tax credit, $1400 stimulus checks, and tuition aid. The third section of the bill doubles down on helping needy families by providing $400 billion in health insurance subsidies, housing assistance, and increased funding for SNAP. The final aspect of Biden's stimulus plan supplies $150 billion in aid to businesses in the form of grants, loans, and various employee protection programs. The overall impact of this stimulus on the macroeconomy will depend on how quickly the funding is dispersed and how much of the received cash is spent. In a pandemic-induced recession where businesses are closed and many are stuck at home, it is much more difficult to spend the additional income. Furthermore, the pandemic makes it even more difficult to buy the goods and services of businesses that are the most effected since those businesses are not allowed to operate. However, considering idea that rollout of the vaccine has been accelerated due to a cohesive federal plan, restrictions will be gradually lifted in the coming months, allowing individuals the ability to better spend stimulus funds and give the aforementioned businesses an opportunity to earn income once again. However, a noteworthy concern regarding the tremendous amount of government spending is its effect on inflation; if this level of spending continues through the end of the recession, inflation could be much more of a concern than it has been during the recent past.

An additional consideration regarding Biden's domestic policy is his plan to forgive federal student loan debt. Compounding on the memorandum on student loan interest payments, the policy will provide increased financial freedom to America's young adults, a population weighed down by burdensome interest payments. The nominal amount of the policy remains to be seen, but the current range falls between $10,000 and $50,000 of loan forgiveness per person. The overall implication of this policy will largely depend on the amount forgiven, but this policy will undoubtedly promote vast increases in spending among the effected populations.

COVID-19

Our current recession is one of unique and unprecedented origin: the COVID-19 pandemic. Similarly, once the lockdown began and businesses were forced to close their doors, GDP plummeted, and unemployment skyrocketed in an unprecedented fashion. As some lockdown measures eased and certain people could spend and work again, these measures rapidly improved. Indeed, it seems as if these metrics have hit a point of critical mass; the rapid improvement experienced seems to have slowed. As a result, the US economy, and the world economy by extension, is at the mercy of COVID-19. If the pandemic continues to improve as the impact of the holiday season fades and vaccines rates continue to accelerate, the American economy will be free to return to its typical post-recession pattern of recovery. Despite a light at the end of this dark tunnel, the economy will not move forward unscathed. The US economy has been dealt a massive blow from which it will not heal quickly; the ripples of declining wages and heavily-restricted spending will not dissipate nearly as soon as they were created. Once the United States moves to reopen once conditions permit, it will only be the beginning of a long path of economic recovery.