VOLUME 1
MAY 2018

MAYBERRY INVESTMENTS LIMITED

ECONOMIC SUMMARY

UNITED STATES

GROSS DOMESTIC PRODUCT

Real gross domestic product (GDP) rose over the year at a rate of 2.2% in the first quarter of 2018, according to the second estimate released by the Bureau of Economic Analysis. Real GDP went up 2.9% within the fourth quarter.

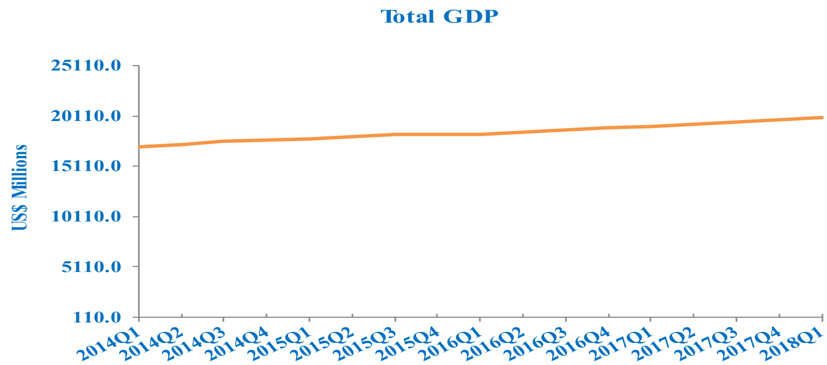
This GDP estimate is based on more complete source data than which were used for the advanced estimate for April, which was a 2.3% . The general idea is that economic growth has been unchanged; declined revisions in private inventory investment, residential fixed investment, and exports were tempered with a upward revision to non-residential fixed investment.

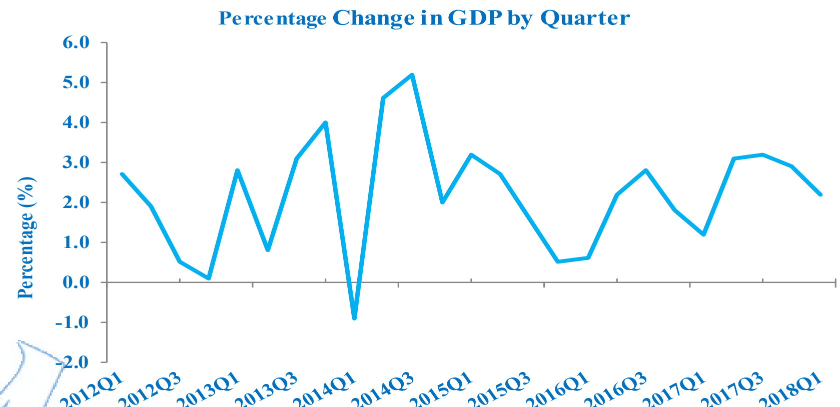
The increase in real GDP for the first quarter was mainly positive contributions from personal consumption expenditures (PCE), exports, non-residential fixed investment private inventory investment, federal government spending, and state and local government spending. This was partially impacted by the negative contribution from residential fixed investment. Imports, a deduction of the calculation of GDP, rose over the period.

The deceleration of real GDP within the quarter reflected movements in PCE, exports, federal government spending and state and local government spending. These were tempered by an upturn in private inventory investment and a huge advance in non-residential fixed investment. Imports also went down.

“Current-dollar GDP increased 4.2%, or $202.7 billion, in the first quarter to a level of $19.96 trillion. In the fourth quarter, current-dollar GDP increased 5.3%, or $253.50 billion”, according to the Bureau Economic Analysis.

“The price index for GDP purchases moved up 2.7% in the first quarter, compared to a rise of 2.5% in the fourth quarter. The PCE price index went up 2.6%, relative to a advance in the fourth quarter. With the exception of food and energy prices, the PCE price index increased 2.3%, as compared to a 1.9% increase.”





UNEMPLOYMENT

Total nonfarm payroll employment climbed by 223,000 in May, with the rate of unemployment inching down at 3.8%. Employment rose in the various areas of health care, retail trade and construction. The unemployment rate inched down to 3.8% with the number of unemployed persons declining to 6.1 million. Unemployment rate declined by 0.5 percentage point and the number of unemployed fell by 772,000.

Long-term unemployed (those jobless for 27 weeks or more) figure slightly changed and was at 1.2 million in May and accounted for 19.4% of the unemployed. Throughout the year, the number of went down by 476,000.

Labour force participation rate had a marginal change at 62.7% and the employment-population ratio at 60.4% for May.

Involuntary part-time workers or the number of persons employed part time for economic reasons experienced a remained the same at 4.9 million in May. These persons who would have wanted full time employment, worked part time due to a reduction of hours or the inability to find a full-time job.

There were 1.5 million individuals marginally attached to the labour force, a small change compared to last year. These persons were not in the labour force, wanted and were available for work, and had looked for a job in the last year. They would not have been counted as unemployed because they had not searched for work in the 4 weeks before the survey was conducted.

Of the marginally attached, 378,000 persons were classified as discouraged workers in May. These persons are not currently seeking for work as they believe no jobs are available for them. The remaining 1.1 million persons marginally attached to the labor force in March had not searched for work for reasons such as school attendance or family responsibilities.

Labour Force in Thousands	Jan-Mar	Apr-Jun	Jul-Sep	Oct - Dec
Year	Q1	Q2	Q3	Q4
2013	406,551	408,302	409,930	411,770
2014	413,266	415,744	417,944	420,294
2015	422,380	424,470	426,402	428,505
2016	430,332	431,861	433,972	435,501
2017	437,561	438,981	440,640	442,309
2018	444,206			

CONSUMER PRICE INDEX

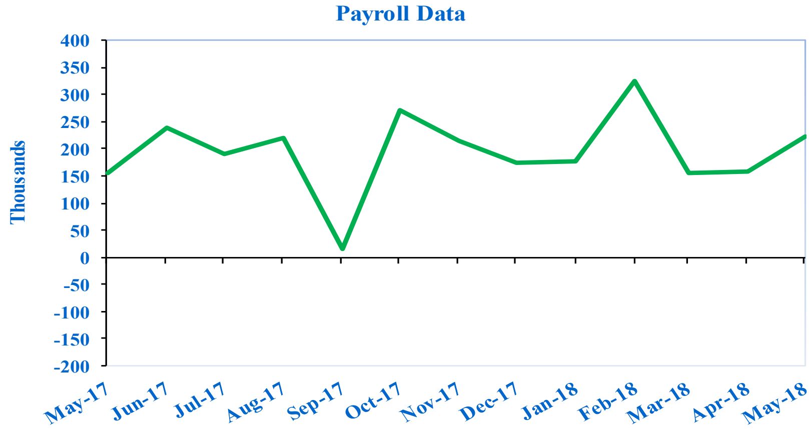
"The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% in May on a seasonally adjusted basis following a climb of 0.2% in April," the U.S. Bureau of Labor Statistics indicated. The all items index increased 2.8% before seasonal adjustment over the last year.

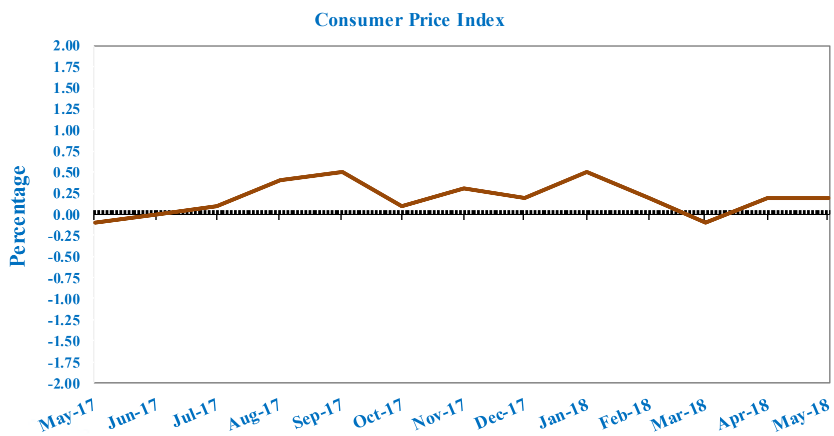
The all items less food and energy index increased 0.2% in May. The indexes for shelter rose 0.3% for the month of May. The indexes for education, communication, new vehicles and tobacco rose whilst that of household furnishing and operations, used cars and trucks fell. On the other hand, those for personal care, apparel and recreation remained the same.

The all items index rose 2.8% for the 12 months for May, experiencing an upward trend since the year has commenced. The index for all items less food and energy rose 2.2% for year ending May. The energy index increased 11.7% and the food index advanced 1.2%.

There was a rise in the energy index of 0.9% in May (April: 1.4%). The gasoline index grew 1.7% after rising 3% the prior month. (Before seasonal adjustment, gasoline prices increased 5.9% in May). The electricity index rose 0.1% in May, and the index for natural gas fell 0.6%. The energy index increased 11.7% over the past 12 months, with three of the four major component indexes rising. Gasoline index advanced 21.8% and the fuel oil index up 25.3%."

The food index remained the same in May as compared to a 0.3% increase in April. The index for food at home decreased 0.2% in May while the index for food away from home increased 0.3%. During the last year, the index for food away from home and food at home index both increased 2.7% and 0.1% respectively.





PRODUCER PRICE INDEX

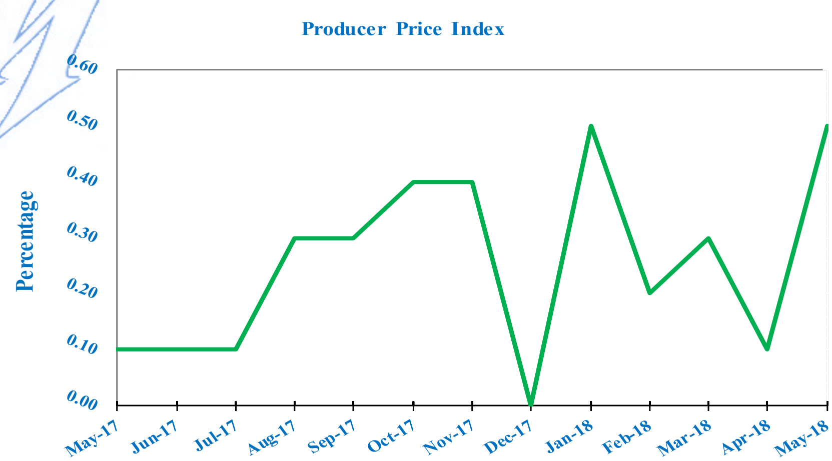
"The Producer Price Index for final demand prices went up 0.5% in May, seasonally adjusted. Final demand prices rose 0.1% in April and 0.3% in March. On an unadjusted basis, the final demand index increased 3.1% for the 12 months ended in May, the largest 12-month rise since the increase of 3.1% in January 2012."

The index for final demand services went up 0.3%, and prices for final demand goods in May was 1%.

"The prices for final demand less foods, energy, and trade services inched up 0.1% in May, unchanged like that of last month. For the 12 months ended in May, index for final demand less foods, energy, and trade services increased 2.6%."

The index for final demand goods advanced 1% in May, the largest since a 1.1% rise in May 2015. In May 2018, more than 80% of the broad-based jump in prices for final demand goods can be traced to the index for final demand energy, which moved up 4.6%.

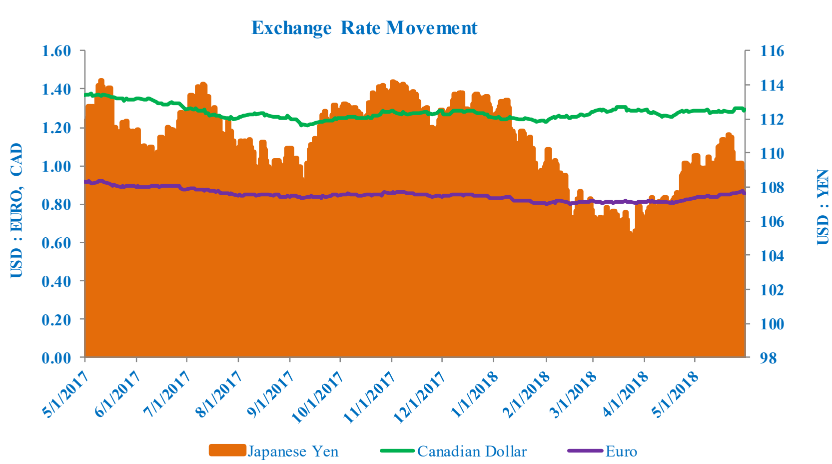
The prices for final demand services moved up 0.3% in May, the fifth successive rise. The climb in May was influenced by the final demand trade services index which rose by 0.9% which attributed to 80% upward movement. (Trade indexes measure movements in margins received by wholesalers and retailers.) Prices for final demand transportation and warehousing services went up 0.7% whereas the index for final demand services less trade, transportation, and warehousing services was the same.



U.S. Dollar

According to FX Empire, "The EURUSD pair has been on a steep bearish decline across the month of May 2018. This downtrend was inspired by multiple geo-political triggers as well as strong economic performance in US markets. The EURUSD pair hit 2018 high at the month of February reaching 1.25554 post which it traded range bound from 1.22 to 1.24 price range till mid-April."

"However the pair started decline in later half of April as US treasury bonds yields crossed multi-year highs reaching above 3% and US GDP for Q1 turned out better than expected the pair started to lose momentum to US Greenback. As the pair moved into month of May 2018, the common currency has lost all of the gains made in first four months of year moving well below multiple support levels and was trading around mid December price range well beginning its decline into new 2018 lows."



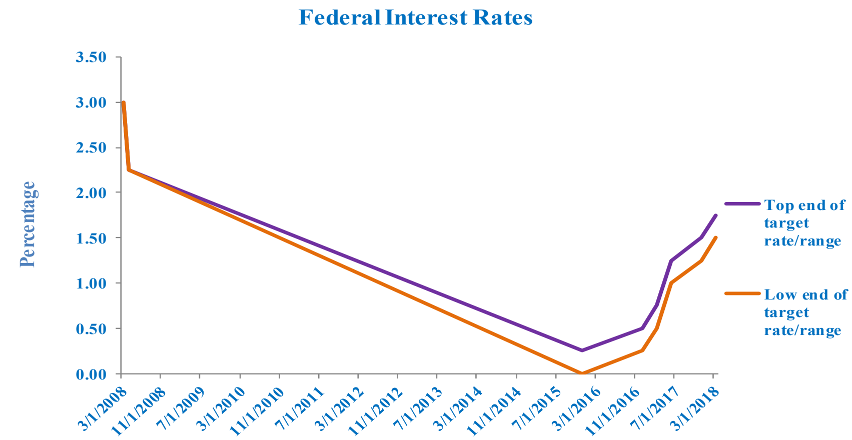
FEDERAL RESERVE MINUTES

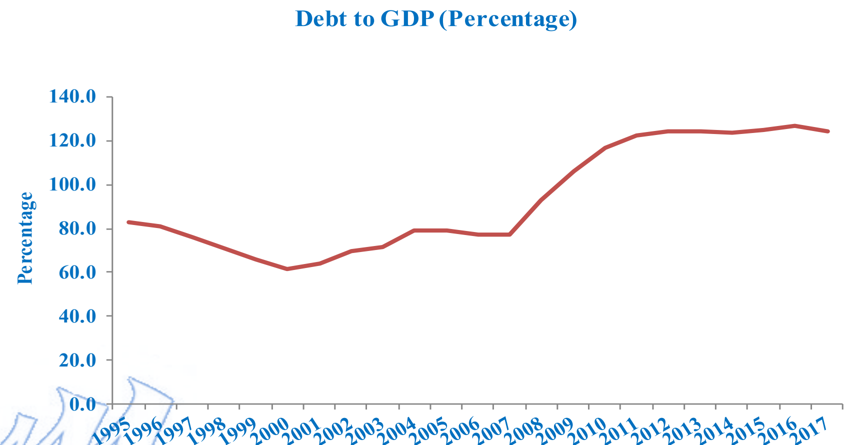
Highlights of the last Federal Open Market Committee met in May suggests that the labour market has showed continuous strengthening and economic activities have been increasing at a conservative rate. Unemployment has been declining and job gains in recent months have been high, on average since recently. Household spending growth has been trending with business fixed investment showing strong growth. Overall inflation and inflation for items other than food and energy have moved close to 2% over the last year. Survey-based measures of longer-term inflation expectations are little changed, on balance.

"The committee aims to provide maximum employment and price stability, consistent to its statutory mandate. An expectation of the Committee is that with further gradual rises in the target range, for federal funds rate to be inline with continued expansion of economic activity, strong labour market factors and inflation over the medium term close to the Committee's symmetric 2% objective. Risks to the economic outlook appear roughly balanced."

"In view of realized and expected labor market conditions and inflation, the Committee decided to increase the target range for the federal funds rate at 1-3/4% to 2%. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2% inflation."

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee decided to assess realized and expected economic conditions compared to its objectives of maximum employment and 2% inflation aim. This assessment will consider measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

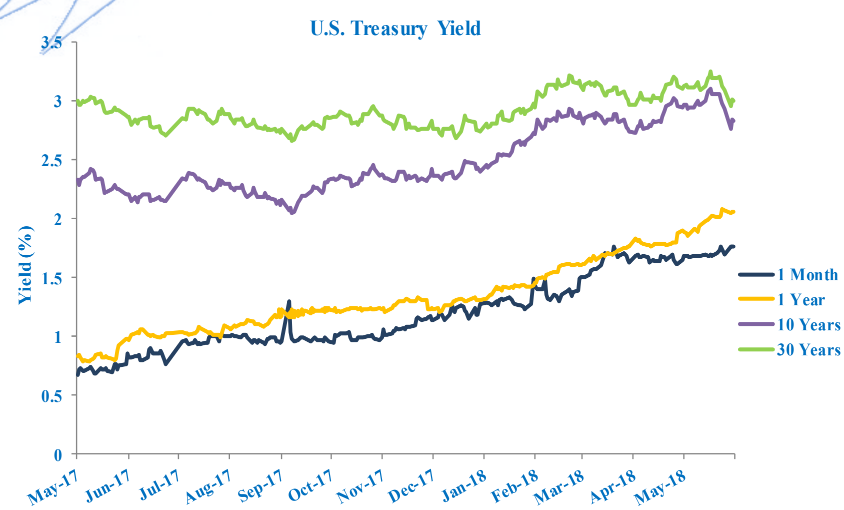




U.S. TREASURY YIELD CURVE

According to Federal Reserve Bank of Cleveland, "In May, short rates and long rates continued to rise, almost parallel to each other. The three-month (constant maturity) Treasury bill rate went up to 1.92% (for the week ending May 25) up 11 basis points from April's 1.81%, which was itself up 5 basis points from February's 1.76%. The 10-year rate (also constant maturity) climbed by 13 basis points to 3.01%, up from April's 2.88 and slightly above the March 2.86%. These changes moved the slope upwards to 109 basis points, up 2 basis points from April's 107 basis points which were both below that of March of 110 basis points.

"Overall, the incoming data had only a minimal impact on expectations of growth. Using past values of the spread and GDP growth suggests that real GDP will grow at about a 1.5% rate over the next year, equal to the April and March estimates. Although the time horizons do not match exactly, the forecast, like other forecasts, does show moderate growth."



GOVERNMENT DEBT/DEFICIT

According to the Congressional Budget Office, "The federal budget deficit was $530 billion for the first eight months of fiscal year 2018, the Congressional Budget Office estimates, $97 billion more than the shortfall recorded during the same period last year. Revenues and outlays were higher, by 3% and 6%, respectively, than during the first eight months of fiscal year 2017."

Outlays were recorded at 2,754 billion, $152 billion greater than that of last year while receipts increased by $55 billion closing at $2,224 billion (2017: $2,169 billion). Similar to the previous year, this year's outlays were impacted by movements in the timing of particular payments that otherwise would have been transacted on the weekend. If it weren't for those shifts, outlays and the deficit through May would have been larger, by roughly $40 billion, both this year and last year—but the year-to-year changes would not have been very different.

Budget Totals, October–May Billions of Dollars			
	Actual, FY 2017	Preliminary, FY 2018	Estimated Change
Receipts	2,169	2,224	55
Outlays	2,602	2,754	152
Deficit (-)	-433	-530	-97