MAYBERRY INVESTMENTS LIMITED

USA ECONOMIC REVIEW

April 2025

Prepared by:
Research Department

GROSS DOMESTIC PRODUCT

According to the "advance" estimate released by the Bureau of Economic Analysis (BEA), real gross domestic product (GDP) decreased at an annual rate of 0.3% in the first quarter of 2025. This marks a reversal from the 2.4% increase recorded in the fourth quarter of 2024. The decline in GDP reflects a shift in several key economic components, signalling a slowdown in overall economic activity.

The downturn in real GDP primarily resulted from a significant increase in imports, which are subtracted in the calculation of GDP, and a decrease in government spending. These negative contributions were only partially offset by gains in consumer spending, private investment, and exports. The data suggests that while domestic demand remained relatively stable, external trade dynamics and reduced public sector expenditures weighed heavily on growth.

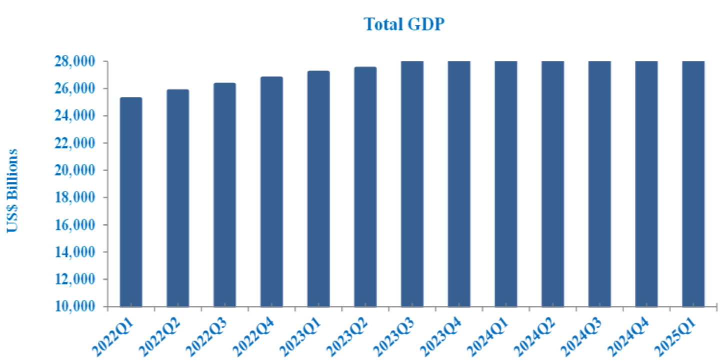
Compared to the previous quarter, the deceleration in GDP growth was driven by an upturn in imports, a slowdown in consumer spending, and a downturn in government expenditures. However, these were somewhat mitigated by improvements in both private investment and exports, which showed signs of resilience despite broader economic headwinds.

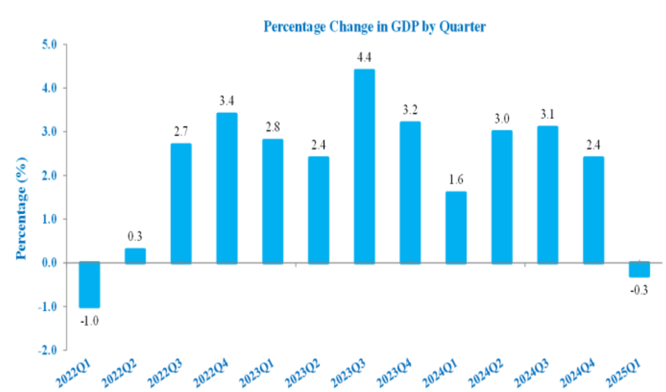
Inflationary pressures also persisted during the quarter. The price index for gross domestic purchases rose by 3.4%, up from 2.2% in the fourth quarter. The personal consumption expenditures (PCE) price index increased by 3.6%, and by 3.5% when excluding food and energy, indicating that core inflation remained elevated. These figures suggest that inflation continues to be a concern for policymakers and consumers alike, even as economic growth slows.

Impact of California Wildfires on first-quarter 2025 estimates

In January 2025, a series of wildfires swept through Southern California, with Los Angeles County being the most affected. These wildfires disrupted both consumer and business activities and triggered emergency response and recovery efforts. While the economic responses to the disaster are included in the data used by the Bureau of Economic Analysis (BEA) to estimate GDP, they are not separately identified. As a result, it is not possible to determine the specific impact of the California wildfires on first-quarter GDP.

Importantly, the destruction of fixed assets—such as homes and commercial buildings—does not directly affect GDP or personal income. However, BEA does account for such losses in its National Income and Product Accounts (NIPA), specifically in Table 5.1, "Saving and Investment." Preliminary estimates from the BEA indicate that the wildfires caused approximately $34.0 billion in losses to privately owned fixed assets, which translates to $136.0 billion on an annualized basis. Additionally, state and local government-owned fixed assets suffered losses estimated at $11.0 billion, or $44.0 billion at an annual rate.





NATIONAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment rose by 177,000 in April, while the unemployment rate remained relatively stable at 4.2%. Employment saw notable increases in health care, financial activities, transportation and warehousing, and social assistance, whereas federal government employment experienced a decline.

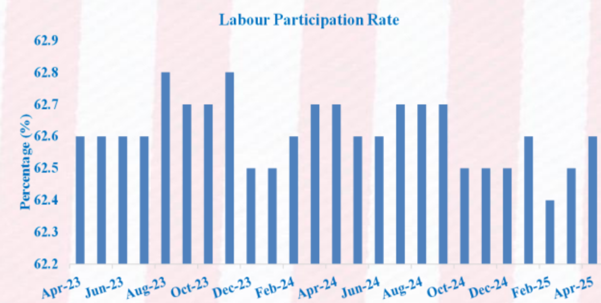
Household Survey Data

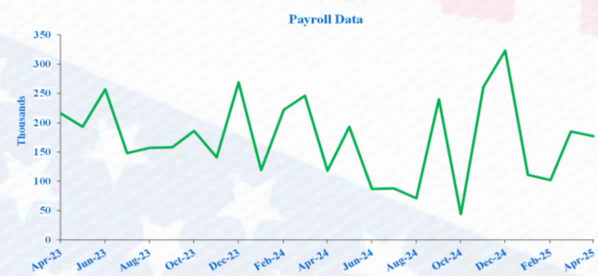
In April, the unemployment rate remained steady at 4.2%, with 7.2 million people unemployed. The rates for major worker groups, including adult men (4.0%), adult women (3.7%), teenagers (12.9%), Whites (3.8%), Blacks (6.3%), Asians (3.0%), and Hispanics (5.2%), showed little change.

The number of long-term unemployed increased by 179,000 to 1.7 million, making up 23.5% of all unemployed individuals.

The labour force participation rate (62.6%) and the employment-population ratio (60.0%) showed little change. The number of people employed part-time for economic reasons remained at 4.7 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 remained at 5.7 million. Among them, 1.6 million were marginally attached to the labour force, and 414,000 were discouraged workers who believed no jobs were available for them.





Establishment Survey Data

In April, total nonfarm payroll employment increased by 177,000, similar to the average monthly gain of 152,000 over the prior 12 months. Notable job gains occurred in health care, financial activities, transportation and warehousing, and social assistance. Health care added 51,000 jobs, with growth in ambulatory health care services and hospitals.

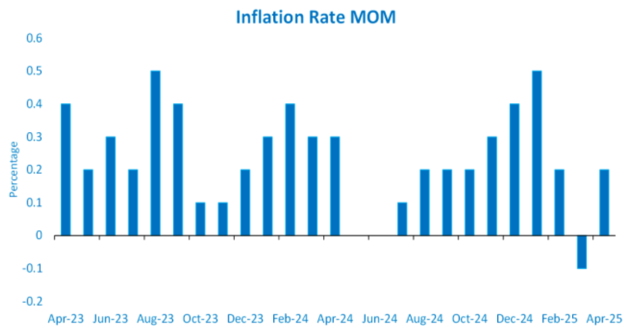
Employment in financial activities rose by 14,000, with gains in various sectors. Transportation and warehousing employment increased by 29,000, with job growth in warehousing and storage, couriers and messengers, and air transportation. Social assistance employment rose by 8,000.

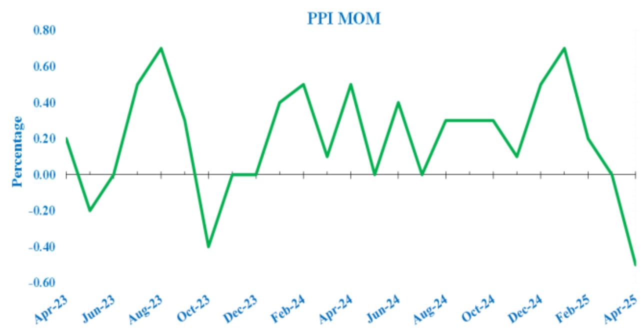
Federal government employment declined by 9,000. Employment in other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; retail trade; information; professional and business services; leisure and hospitality; and other services, showed little change over the month.

Average hourly earnings for all employees on private nonfarm payrolls increased by 6 cents to $36.06, marking a 3.8% rise over the past year. The average workweek for all employees remained unchanged at 34.3 hours, with production and nonsupervisory employees also seeing no change at 33.8 hours.

Revisions for February and March showed a net decrease of 58,000 jobs, with February's employment revised down by 15,000 to 102,000 and March's revised down by 43,000 to 185,000. 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	477,548	159,517		





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 April 2025, following a 0.1% decrease in March. Over the past 12 months, the all items index increased by 2.3% before seasonal adjustment.

The shelter index rose by 0.3% in April, contributing to more than half of the overall monthly increase. This was accompanied by a 0.7% rise in the energy index, driven by increases in the indexes for natural gas and electricity, which more than offset a decline in the gasoline index. In contrast, the food index fell by 0.1%, with the food at home index decreasing by 0.4% and the food away from home index rising by 0.4%.

Excluding food and energy, the all items index increased by 0.2% in April, following a 0.1% increase in March. Notable increases were observed in household furnishings and operations, medical care, motor vehicle insurance, education, and personal care. The indexes for airline fares, used cars and trucks, communication, and apparel were among the major indexes that decreased in April.

Over the last 12 months, the all items index rose by 2.3%, slightly lower than the 2.4% increase recorded for the 12 months ending in March. The index for all items less food and energy increased by 2.8% over the past year. The energy index decreased by 3.7%, while the food index increased by 2.8% over the same period.

PRODUCER PRICE INDEX

The Producer Price Index (PPI) for final demand in the U.S. fell 0.5 percent in April on a seasonally adjusted basis, according to the U.S. Bureau of Labor Statistics. Final demand prices were unchanged in March and increased 0.2 percent in February. Over the 12 months ended April 2025, the index for final demand increased by 2.4 percent on an unadjusted basis.

In April, the decline in the index for final demand was driven entirely by a 0.7 percent drop in prices for final demand services, while prices for final demand goods remained unchanged.

Excluding foods, energy, and trade services, the index for final demand edged down by 0.1 percent in April, marking the first decline since April 2020. Over the past 12 months, this index has advanced by 2.9 percent.

Product Details:

In April, the Producer Price Index (PPI) for final demand goods remained unchanged, following a 0.9% decline in March. While prices for goods excluding food and energy rose by 0.4%, declines of 1.0% in food and 0.4% in energy prices offset these gains. A 1.1% increase in prices for general purpose machinery and equipment, along with rises in residential electric power and vegetables, was counterbalanced by a steep 39.4% drop in chicken egg prices and declines in fuel and chemical prices. Meanwhile, the index for final demand services fell by 0.7%—the largest monthly drop since the series began in 2009—driven by a 1.6% decline in trade service margins, particularly a 6.1% drop in machinery and vehicle wholesaling. Additional decreases were seen in portfolio management and travel-related services, though outpatient and inpatient care, as well as furniture retailing, saw modest price increases.

U.S. DOLLAR

In April 2025, the U.S. dollar experienced a broad-based weakening trend against several major currencies, driven by shifting interest rate expectations, seasonal patterns, and geopolitical developments. The U.S. Dollar Index (DXY) declined by approximately 6% year-to-date by the end of April, reflecting growing market sentiment that the Federal Reserve may implement multiple rate cuts amid rising concerns of a potential U.S. recession.

Against the Canadian dollar (USD/CAD), the greenback saw a modest decline. This movement was influenced by seasonal patterns that typically favour the Canadian dollar in the second quarter, as well as stable oil prices that supported the commodity-linked CAD. Although political uncertainty surrounding Canada's upcoming elections added some volatility, it did not significantly weaken the Canadian dollar. The stronger CAD helped ease import-related inflation pressures in Canada, though it posed challenges for exporters.

The British pound (GBP/USD) appreciated against the U.S. dollar, continuing its historical trend of strength in April. This gain was supported by resilient UK economic data and a relatively stable fiscal outlook presented in the UK's Spring Statement. Despite speculation about potential rate cuts by the Bank of England, the pound remained firm, benefiting from broader dollar weakness and investor confidence in the UK's economic trajectory. The stronger pound helped reduce inflationary pressures from imports but could weigh on export competitiveness.

The euro (EUR/USD) also gained ground against the dollar, buoyed by ongoing fiscal support measures within the eurozone and a relatively steady policy stance from the European Central Bank. In contrast, the U.S. faced increasing concerns over trade-related slowdowns and dovish signals from the Federal Reserve. These dynamics contributed to a more favourable outlook for the euro, although a stronger euro could potentially hinder eurozone exports.

Meanwhile, the Japanese yen (USD/JPY) strengthened slightly against the dollar, driven by safe-haven demand amid global uncertainties and expectations that the interest rate differential between the U.S. and Japan might narrow. This shift reduced the appeal of the dollar over the yen. A stronger yen, while beneficial for reducing import costs, particularly for energy, could challenge Japan's export-driven economy.

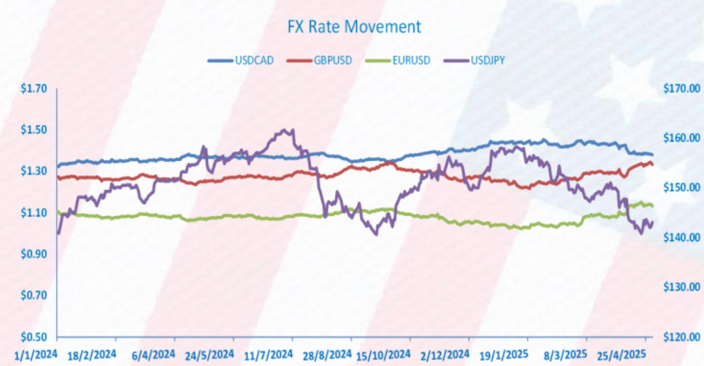
The U.S Dollar last traded on April 30, 2025, at the following rates:

USD/CAD: 1.38

GBP/USD: 1.33

EURO/USD: 1.13

USD/YEN: 143.07



U.S. TREASURY YIELD CURVE

In April 2025, the U.S. Treasury yield curve exhibited a nuanced pattern that reflected both stability and uncertainty across different maturities. Short-term yields, particularly those for the 1-month and 1-year tenors, remained relatively stable throughout the month. The 1-month yield hovered consistently around 4.35% to 4.38%, while the 1-year yield showed mild fluctuations, ranging from 3.85% to 4.04%. This stability in the short end of the curve suggests that market participants anticipated little change in the Federal Reserve's near-term monetary policy. It also indicates a general consensus that inflation and economic conditions in the immediate future would remain manageable.

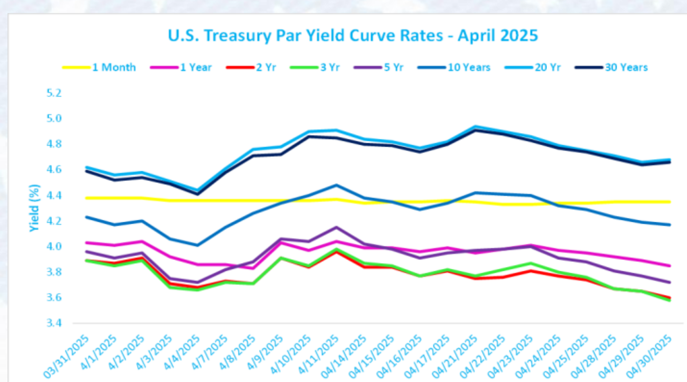
In contrast, long-term yields—those for 10, 20, and 30 years—displayed more pronounced volatility. The 10-year yield fluctuated between 4.01% and 4.42%, while the 20-year and 30-year yields ranged from 4.44% to 4.94% and 4.41% to 4.91%, respectively. These movements suggest a more complex outlook for the long-term economic environment. Investors appeared to be grappling with uncertainties surrounding future inflation, fiscal policy, and economic growth. The higher average yields in the long-term segment, which stood at approximately 4.58% compared to 4.15% for the short-term, reflect a risk premium demanded by investors for holding longer-duration securities amid these uncertainties.

The shape and behaviour of the yield curve in April 2025 carry important implications for the broader economy. The relatively flat but slightly upward-sloping curve indicates cautious optimism. While short-term expectations remain anchored, the variability in long-term rates points to concerns about potential inflationary pressures or fiscal imbalances down the road. Higher long-term yields can translate into increased borrowing costs for consumers and businesses, potentially dampening investment and spending. At the same time, they may also signal a shift in investor sentiment, with a preference for shorter-term instruments amid long-term economic ambiguity.

Overall, the yield curve dynamics in April 2025 reflect a market in wait-and-see mode—confident in the short term but wary of what lies ahead.

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

· 1 year: 3.85%	· 10 years: 4.17%
· 2 years: 3.60%	· 20 years: 4.68%
· 3 years: 3.58%	·30 years: 4.66%



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The Congressional Budget Office estimates that the federal budget deficit in the first seven months of fiscal year 2025 was $1.1 trillion, which is $196 billion more than the deficit recorded during the same period last fiscal year. Outlays increased by $342 billion (or 9%), and revenues increased by $146 billion (or 5%).

The timing of outlays significantly influenced the year-over-year change. In fiscal year 2024, payments due on October 1, 2023 (a Sunday), were made in September, reducing outlays for the first seven months of that year. Without this timing shift, the deficit so far in fiscal year 2025 would have been $123 billion more than the shortfall at the same point last year.

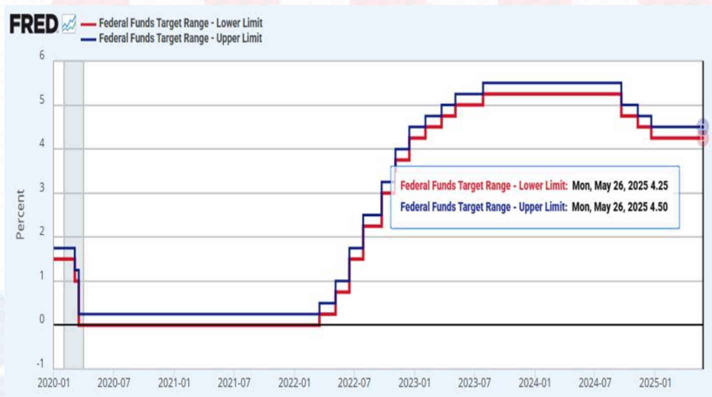
Additionally, the postponement of some tax deadlines from 2023 to 2024 boosted receipts in 2024, contributing to the increase in the 2025 deficit. In January 2025, CBO projected a total deficit of $1.9 trillion for fiscal year 2025, matching the actual deficit for fiscal year 2024.

MONTHLY BUDGET REVIEW: APRIL 2025

Budget Totals, October - April Billions of Dollars			
	Actual FY 2024	Preliminary FY 2025	Estimated Change
Receipts	2,964	3,111	146
Outlays	3,819	4,161	342
Deficit (-)	-855	-1,051	-196

FEDERAL RESERVE PRESS RELEASE

At its May 7, 2025, meeting, the Federal Reserve held the federal funds rate steady at 4.25% to 4.5%, reflecting a cautious stance amid ongoing economic uncertainty. The Fed acknowledged a resilient labour market with low unemployment and consistent job gains but noted that inflation remains slightly above its 2% target, with core PCE inflation at 2.6%. Economic growth slowed in the first quarter, largely due to trade-related factors, though domestic demand stayed firm. Chair Jerome Powell emphasized the Fed's commitment to its dual mandate of maximum employment and price stability and reiterated that the central bank remains ready to adjust policy as needed in response to evolving risks, including inflation dynamics and global economic developments.



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 May 7, 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 May 8, 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 May 8, 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 4-1/4 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.

- 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 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."

- 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

Global Economic Outlook at a Critical Juncture

The April 2025 edition of the International Monetary Fund's World Economic Outlook (WEO), titled "A Critical Juncture amid Policy Shifts," presents a sobering yet insightful analysis of the global economy. It captures a world economy grappling with heightened uncertainty, driven by escalating trade tensions, demographic transitions, and the disruptive potential of emerging technologies like artificial intelligence (AI). The report underscores the need for coordinated policy responses, structural reforms, and international cooperation to navigate these turbulent times.

Global economic growth is projected to slow significantly, with world output expected to expand by just 2.8% in 2025 and 3.0% in 2026—down from 3.3% in 2024 and well below the pre-pandemic average of 3.7%. Advanced economies are forecast to grow at a modest 1.4% in 2025, with the United States slowing to 1.8% amid policy uncertainty and trade disruptions. Emerging market and developing economies are expected to fare slightly better, growing at 3.7%, though this too marks a downward revision. Inflation is projected to decline gradually, reaching 4.3% globally in 2025 and 3.6% in 2026, with advanced economies seeing more moderate inflation than their developing counterparts.

A central theme of the report is the sharp escalation in trade tensions, particularly between the United States and China. The imposition of sweeping tariffs—raising the effective U.S. tariff rate on Chinese goods to 115% and prompting retaliatory measures from China—has introduced significant downside risks to global growth. These trade measures, coupled with broader geopolitical frictions, have disrupted global supply chains, dampened investment, and heightened financial market volatility. The IMF warns that if trade wars intensify, global GDP could contract by as much as 1.9% in 2026 compared to the baseline.

The report also delves into the structural forces shaping the medium- and long-term outlook. Chief among these is the demographic transformation unfolding across the globe. The world's population is aging rapidly, with the average age projected to rise by 11 years by the end of the century. While this trend poses challenges—such as slower growth, rising fiscal pressures, and labour shortages—it also presents opportunities. The concept of "healthy aging" emerges as a silver lining: people are not only living longer but also remaining healthier and more productive into old age. The report finds that cognitive and physical health among older cohorts has improved significantly, enabling longer working lives and higher labour force participation.

To harness the potential of the "silver economy," the IMF advocates for a multifaceted policy approach. This includes promoting lifelong health and education, raising effective retirement ages in line with life expectancy, and closing gender gaps in labour force participation. If implemented effectively, these measures could boost global output growth by up to 0.6 percentage points annually over the next 25 years—offsetting nearly three-quarters of the demographic drag. Moreover, such policies could ease fiscal pressures by expanding the tax base and reducing dependency ratios, thereby creating space for critical public investments.

The report also explores the implications of AI on energy demand and macroeconomic dynamics. As AI adoption accelerates, particularly in data-intensive sectors, electricity consumption is expected to surge. By 2030, AI-driven electricity demand could rival that of entire nations, such as India. This raises concerns about energy prices, carbon emissions, and the need for sustainable infrastructure. While AI promises productivity gains and economic growth, the IMF stresses the importance of aligning technological progress with environmental goals through targeted energy policies and investments in renewables.

In terms of policy recommendations, the IMF calls for clarity and coordination in trade policy to reduce uncertainty and restore investor confidence. Central banks are urged to remain vigilant, balancing inflation control with support for growth. Fiscal authorities must rebuild buffers and ensure debt sustainability, especially in light of rising interest rates and elevated debt levels. Structural reforms—ranging from labour market flexibility to digital infrastructure—are deemed essential for boosting productivity and resilience.

In conclusion, the 2025 World Economic Outlook paints a picture of a global economy at a crossroads. While the challenges are formidable—ranging from trade fragmentation and demographic shifts to technological disruption—the report offers a roadmap for navigating them. Through prudent macroeconomic management, inclusive labour policies, and international cooperation, the global community can chart a path toward sustainable and equitable growth. The IMF's message is clear: the choices made today will shape the economic landscape for decades to come.

Growth forecasts; advanced, emerging & developing economies

Advanced-economy growth is set to slow noticeably as elevated policy uncertainty and fresh trade barriers sap both consumer and business spending. After an estimated 1.8 percent expansion in 2024, GDP in these economies is now projected to decelerate to 1.4 percent in 2025—0.5 percentage point below the January forecast—before inching up to 1.5 percent in 2026. The United States is expected to moderate to 1.8 percent growth next year (a downgrade of 0.9 point), while the euro area slows to just 0.8 percent (0.2 point below earlier projections). Other key players, including Canada, Japan, and the United Kingdom, also face similar or larger downward revisions, with only Spain bucking the trend via a slight upward tweak.

Emerging and developing economies are likewise pacing more slowly, though with significant regional variation. Aggregate growth for the group is forecast to ease from an estimated 4.3 percent in 2024 to 3.7 percent in 2025 (0.5 point lower than in January) before rebounding to 3.9 percent in 2026. In emerging and developing Asia, headwinds from new tariffs and China's property sector weakness pull down growth to 4.5 percent, with China revised down to 4.0 percent even as India stays robust at 6.2 percent. Latin America and the Caribbean are expected to slow to 2.0 percent in 2025—marked particularly by a sizable downgrade for Mexico—before picking up to 2.4 percent in 2026. Growth in emerging Europe, the Middle East and Central Asia, and sub-Saharan Africa also softens, reflecting how global policy shocks and tighter financial conditions transmit through trade and capital flows.