APRICUS

07.21

THE PRIMARY PRICE

The word primary can mean *"the most basic"* or *"first"* or *"most important"* and when it comes to the economy and capital markets, we view the price of labor or wages as all three. An economy is a set of production, trade and consumption decisions within a demographic group. For example, a skilled carpenter will exchange his production for the harvest of a talented farmer and the "trade" improves the standard of living of both persons. In the U.S., we use dollars to make the exchange of goods and services more efficient, to allow people to store their production as savings and ultimately as a means to value the carpenter's and farmer's work as wages. Since wages are how a person's contributions to the economy are valued and ultimately are what a person can consume, we call wages the **Primary Price**.

Currently, average hourly earnings in the United States are increasing faster than their long-term average. In part, this is a result of the COVID recovery but unlike some other prices, wages rarely decline. In the past, when wage growth has picked up it has coincided with economic growth since growth (demand) means more work and more income means more spending. So, it should be no surprise that we view average hourly earnings as a key indicator of how our economy is performing and at the moment this singular metric is positive. In our view, above average economic growth may persist into 2023. As the recovery from the pandemic matures, we expect economic growth excluding inflation to average a sustainable annualized rate of between 2% and 3%, which will, in turn, support higher wage growth.

Economic growth or increases in Gross Domestic Product is often stated in "real" terms which excludes inflation and "nominal" terms which includes inflation. Nominal economic growth is important to us because it coincides with increases in corporate sales and profits, which fund larger dividend payments. We view annual increases in dividends to shareholders as evidence that a company is generating profits in excess of its need for reinvestment.

Over the last month, several of our companies have announced significant increases in their distributions to shareholders, a signal of their improving confidence in the future.

It's the sunny season and our economy is heating up.

The economic rebound has brought with it an increase in the price of many items including homes and travel. In this note, we wish to highlight the importance of wage growth as both an indicator of economic vitality but also a harbinger for potentially higher inflation. –JC

APRICUS UPDATE

As a result of our growth we will be moving to a larger office and our physical address will change to:

Apricus Wealth LLC
Suite 309
2015 Boundary Street
Beaufort, South Carolina 29902

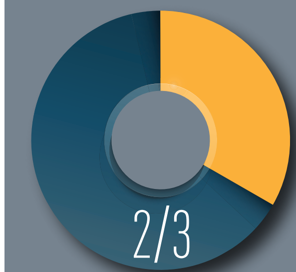
FUN FACT

The first part of the word

ECONOMY

comes from the Greek word for household

and household spending accounts for about



of final consumption of our gross domestic product

The rest of the United States GDP is attributed to government spending and business spending