

## ECONOMIC INDICATORS

### National

Consumer Prices - The 12-month percent change in the non-seasonally adjusted consumer price index (CPI), as reported by the Bureau of Labor Statistics, was 1.6% in January 2014, slightly above the 2013 annual average of 1.5%. According to *Moody's Analytics*, the CPI is expected to average 1.7% during 2014. Projections indicate the rate will increase to an average of 2.4% for 2015 and stay below 2.5% through the long-term forecast horizon of 2018.

Money Markets – The average yield on a three-month Treasury bill is currently .05%. Rates have remained below 20 basis points since June of 2009 and averaged only .1% for 2013. *Moody's* expects three month T-bill rates to remain low in the near term, averaging .1% for all of 2014, but increasing to above 2.0% by 2016 and more than 3.0% in 2017 and 2018. *Moody's* predicts that the prime rate, which has not gone above 3.3% since 2009, will average 3.3% for 2014 and 3.4% for 2015. Their forecast provides for a sharp increase in the ensuing years, to 6.6% in 2017, and 7.1% in 2018.

Personal Income – Personal income, as reported by *Moody's* in inflation-adjusted 2005 dollars, grew by 1.7% during 2013. *Moody's* predicts personal income growth will average 3.5% during 2014 and 5.2% in 2015. They predict annual growth rates of 4.3% in 2016 gradually decreasing to 2.3% in 2018.

Commodity Prices – Agricultural prices rose by an average of 1.8% during 2013, the result of a 1.2% reduction in crop prices and a 6.2% increase in livestock prices. After a projected decrease of 4.4% in 2014, the outlook provides for moderate levels of growth around 1.5% per year through 2018. The outlook for West Texas Intermediate crude, the benchmark oil forecast for *Moody's Analytics*, is for the average price per barrel to rise gradually from the \$97.90 in 2013 to between \$103 per barrel in 2014 and \$120 per barrel in 2018.

### Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in December 2013 remains the lowest in the nation at only 2.7%. The national average unemployment rate has fallen, but remained at 6.5% in December.

Employment Growth – Nationally, according to State Policy Reports (S/P/R), the employment growth rate from November 2012 to November 2013 was 1.5%. North Dakota's employment growth rate was 4.0%, more than twice the national average.

Personal Income – S/P/R reported that between the third quarters of 2012 and 2013, North Dakota's personal income increased by 6.49%. The national average during the same period was 3.63%.

Energy – The May 2013 legislative forecast is based on oil production increasing from 830,000 barrels per day at the start of the 2013-15 biennium to 850,000 barrels per day by the end of the biennium. North Dakota crude oil prices are estimated to average \$75 per barrel during fiscal year 2014 and \$80 per barrel during fiscal year 2015. The current rig count is 192 rigs, 6 rigs more than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	January 2014	December 2013	November 2013
Actual average price per barrel	\$80.85	\$82.65	\$79.27
Production (barrels/day)	935,000	923,200	976,500
Drilling permits	253	227	232
Producing wells	9,995	10,015	10,042
Rig count	188	190	184

Mortgage Rates – Mortgage rates remain low. Thirty-year fixed rate mortgages are available locally for 4.25%. Fifteen-year fixed rates are around 3.125%.