

ECONOMIC INDICATORS

September 2014 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 2.0% in July 2014, slightly above the 2013 annual average of 1.5%. According to *Moody's Analytics*, the CPI is expected to average 1.9% during 2014. Projections indicate the rate will increase to an average of 2.2% for 2015, gradually increasing to 2.8% through the long-term forecast horizon of 2018.

Money Markets – The average yield on a three-month Treasury bill is currently .02%. 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 average between 0.0% and 0.2% in 2014 and 2015, but increase to above 3.0% for 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 .8% during 2013. *Moody's* predicts personal income growth will average 3.0% during 2014 and 3.7% in 2015. They predict annual growth rates of 3.9% in 2016 gradually decreasing to 2.5% in 2018.

Commodity Prices – Agricultural prices rose by an average of .9% during 2013, the result of a 2.2% reduction in crop prices and a 5.2% increase in livestock prices. After projected increases of 5.9% in 2014 and 3.5% in 2015, the *Moody's* 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 \$102.20 per barrel in 2014 and \$119.8 per barrel in 2018.

Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in July 2014 remains the lowest in the nation at only 2.7%. The national average unemployment rate increased to 6.5% in July.

Employment Growth – Nationally, according to State Policy Reports (S/P/R), the employment growth rate from May 2013 to May 2014 was 1.68%. North Dakota's employment growth rate was 4.57%, nearly three times the national average.

Personal Income – S/P/R reported that between the first quarters of 2013 and 2014, North Dakota's personal income decreased by 1.32%, as a result of weakness in the farm sector. The national average during the same period was 3.55%.

Energy – The May 2013 legislative forecast was 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 were estimated to average \$75 per barrel during fiscal year 2014 and \$80 per barrel during fiscal year 2015. The August 2014 preliminary revenue forecast is based on oil production reaching 1.2 million barrels per day by the end of the 2013-15 biennium with oil prices averaging \$90 per barrel. The current rig count is 198 rigs, 18 rigs more than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	July 2014	June 2014	May 2014
Actual average price per barrel	\$90.02	\$92.94	\$90.83
Production (barrels/day)	1,110,642	1,092,519	1,040,469
Drilling permits	265	247	234
Producing wells	11,287	11,090	10,902
Rig count	192	190	189

Mortgage Rates – Mortgage rates remain low. Thirty-year fixed rate mortgages are available locally for 4.125%. Fifteen-year fixed rates are around 3.25%.