

ECONOMIC INDICATORS March 2016

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 1.4% in January 2016, well above the January 2015 12-month change of -.10%. According to *Moody's Analytics*, the CPI is expected to change by 1.3% during 2016. Projections indicate the rate will increase to an average of 3.1% for 2017, gradually decreasing to 2.5% through the long-term forecast horizon of 2020.

Money Markets – The average yield on a three-month Treasury bill is currently .30%. Rates had remained below 20 basis points since June of 2009. *Moody's* expects three month T-bill rates to remain low in the near term, averaging .4% for all of 2016, but increasing to 1.5% in 2017 and more than 3.0% in 2018 and 2019. *Moody's* predicts that the prime rate, which has not gone above 3.3% since 2009, will average 3.9% for 2016 and 5.6% for 2017. Their forecast provides for a steady increase in the ensuing years, to over 6.5% in 2018, 2019, and 2020.

Personal Income – Personal income, as reported by *Moody's* in inflation-adjusted 2005 dollars, grew by 4.2% during 2015. *Moody's* predicts personal income growth will average 3.2% during 2016 and 3.4% in 2017. They predict annual growth rates of 3.5% in 2018 gradually decreasing to 1.6% in 2020.

Commodity Prices – Agricultural prices decreased by an average of 8.3 % during 2015, the result of a 6.2% reduction in crop prices and a 12.2% decrease in livestock prices. After a projected decrease of 7.4% in 2016, the *Moody's* outlook provides for a 1.5% increase in 2017 and moderate levels of growth over 1.0% per year through 2020. The outlook for West Texas Intermediate crude, the benchmark oil forecast for *Moody's Analytics*, is for the average price per barrel to drop from \$48.70 in 2015 to \$42.40 in 2016. *Moody's* predicts the 2017 price to average \$59.70 and then continue to increase to between \$67.70 per barrel in 2018 to \$75.90 per barrel in 2020.

Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in December 2015 remains among the lowest in the nation at only 2.8%. The national average unemployment rate remained the same at 4.8% in December.

Employment Growth – Nationally, according to State Policy Reports (S/P/R), the employment growth rate from November 2014 to November 2015 was 1.7%. North Dakota's employment growth rate decreased by 2.90% during that same time period.

Personal Income – S/P/R reported that between the third quarters of 2014 and 2015, North Dakota's personal income had a negative growth by 2.40%. The national average during the same period grew by 4.6%.

Energy – The January 2016 revised forecast was based on oil production averaging 1 million barrels per day for the remainder of the first year of the 2015-17 biennium decreasing to 900,000 barrels per day by the end of the second year. North Dakota crude oil prices were estimated to average \$26 per barrel for the remainder of the first year of the biennium and \$32 per barrel in the second year. The current rig count is 35 rigs, 85 rigs less than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	December 2015	November 2015	October 2015
Actual average price per barrel	\$29.95	\$36.20	\$39.09
Production (barrels/day)	1,152,280	1,181,787	1,171,119
Drilling permits	95	125	152
Producing wells	13,119	13,100	13,190
Rig count	64	64	65

Mortgage Rates – Mortgage rates remain low. Thirty-year fixed rate mortgages are available locally for 3.50%. Fifteen-year fixed rates are around 2.75%.