ECONOMIC INDICATORS
June 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 1.0% in May 2016, compared to no change in the 12-month period ending May 2015. According to *Moody's Analytics*, the CPI is expected to change by 1.5% during 2016. Projections indicate the rate will increase to an average of 2.7% for 2017, 2.8% in 2018 and 2019 before decreasing to 2.5% in 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, increasing to only .5% by the end of 2016. Rates are expected to increase to 1.4% in 2017, 2.7% in 2018 and more than 3.0% in 2019 and 2020. *Moody's* predicts that the prime rate, which has not gone above 3.3% since 2009, will average 3.7% for 2016 and 5.1% 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 4.1% during 2015. Moody's predicts personal income growth will average 2.9% during 2016 and 3.2% in 2017. They predict annual growth rates of 3.1% in 2018 gradually decreasing to 1.5% in 2020.

Commodity Prices – Agricultural prices decreased by an average of 8.3 % during 2015, the result of a 6.4% reduction in crop prices and a 12.1% decrease in livestock prices. After a projected decrease of 6.1% in 2016, the Moody's outlook provides for a 1.7% 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 $48.80 in 2015 to $44.90 in 2016. Moody's predicts the 2017 price to average $56.50 and then continue to increase from $61.90 per barrel in 2018 to $70.70 per barrel in 2020.

Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in May 2016 dropped back down to 2.8% after hitting 4.0% in March. The national average unemployment rate dropped from 5.3% in January to 4.5% in May.

Employment Growth – Nationally, according to State Policy Reports (S/P/R), the employment growth rate from February 2015 to February 2016 was 1.8%. North Dakota's employment growth rate decreased by 4.9% during that same time period.

Personal Income – S/P/R reported that between the fourth quarters of 2014 and 2015, North Dakota's personal income had a negative growth by 2.6%. The national average during the same period grew by 4.0%.

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 28 rigs, 50 rigs less than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	April 2016	March 2016	February 2016
Actual average price per barrel	$33.61	$29.85	$22.07
Production (barrels/day)	1,041,007	1,111,421	1,119,092
Drilling permits	66	56	70
Producing wells	13,050	13,052	13,017
Rig count	29	32	40

Mortgage Rates – Mortgage rates remain low. Thirty-year fixed rate mortgages are available locally for 3.5%. Fifteen-year fixed rates are around 2.75%.