

## ECONOMIC INDICATORS September 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 .8% in July 2016, compared to .2% in the 12-month period ending July 2015. According to *Moody's Analytics*, the CPI is expected to change by 1.1% during 2016. Projections indicate the rate will increase by an average of 2.3% 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 decrease to .1% by the end of 2016. Rates are expected to remain low increasing to only .4% in 2017, before increasing to 1.5% in 2018 and more than 2.5% in 2019 and 2020. *Moody's* predicts that the prime rate, which has not gone above 3.3% since 2009, will average 3.5% for 2016 and 4.0% for 2017. Their forecast provides for steady increases in the ensuing years, to 5.3% in 2018, 6.24% in 2019, and 6.41% in 2020.

Personal Income – Personal income, as reported by *Moody's* in inflation-adjusted 2005 dollars, grew by 4.0% during 2015. *Moody's* predicts personal income growth will average 2.2% during 2016 and 2.0% in 2017. They predict annual growth rates of 2.6% in 2018 gradually decreasing to 2.2% in 2019 and 1.7% in 2020.

Commodity Prices – Agricultural prices decreased by an average of 8.2 % 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 6.7% in 2016, the *Moody's* outlook provides for a .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 \$48.80 in 2015 to \$43.40 in 2016. *Moody's* predicts the 2017 price to average \$54.70 and then continue to increase from \$60.80 per barrel in 2018 to \$69.70 per barrel in 2020.

### Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in July 2016 remained the same at 2.8%. The national average unemployment rate increased from 4.5% in May to 5.1% in July.

Employment Growth – Nationally, according to State Policy Reports (S/P/R), the employment growth rate from May 2015 to May 2016 was 1.7%. North Dakota's employment growth rate decreased by 3.4% during that same time period.

Personal Income – S/P/R reported that between the first quarters of 2015 and 2016, North Dakota's personal income had a negative growth by 2.8%. The national average during the same period grew by 4.4%.

Energy – The July 2016 revised forecast was based on oil production decreasing to 900,000 barrels per day by the end of the second year of the 2015-17 biennium. North Dakota crude oil prices were estimated to average \$42 per barrel in the second year. The current rig count is 33 rigs, 38 rigs less than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	July 2016	June 2016	May 2016
Actual average price per barrel	\$38.24	\$41.64	\$38.50
Production (barrels/day)	1,029,507	1,027,131	1,047,003
Drilling permits	86	65	42
Producing wells	13,255	13,248	13,171
Rig count	31	28	27

Mortgage Rates – Mortgage rates remain low. Thirty-year fixed rate mortgages are available locally for 3.4%. Fifteen-year fixed rates are around 2.5%.