

- ▶ THE PUERTO RICO ECONOMY 1-2
- ▶ PUERTO RICO ECONOMIC INDICATORS ... 3-4
- ▶ UNITED STATES ECONOMY ... 5-6
- ▶ U.S. ECONOMIC INDICATORS ... 7

Econews

○ ISSUE 4 | ○ VOLUME 41 | ○ DECEMBER 2016

Puerto Rico The Economy

- The fourth quarter of 2016 brought electoral changes in both, the US and Puerto Rico with profound impacts on the economic outlook of both jurisdictions. For Puerto Rico, the incoming US Administration is expected to repeal and replace the Affordable Care Act (ACA or “Obamacare”), as well as implement changes in other welfare programs (See the section on the U.S.). This makes it more difficult for Puerto Rico to successfully lobby U.S. Congress to increase Medicare and Medicaid funding. The Commonwealth will also have to negotiate with the new Administration the extension of the federal credit of Act 154 taxes paid by U.S. multinationals, an important source of revenue for the Island. It is slated to expire at the end of 2017, although it seems the Fiscal Oversight Board could lobby in its favor.
- The new Roselló Administration has begun to implement several spending cuts in an effort to balance the budget and generate savings. Additional spending cuts should be expected for fiscal 2018's budget. The new Governor has also asked the Fiscal Oversight Board to extend the stay placed on lawsuits filed against the Commonwealth. Extending the stay would allow the Commonwealth more time to develop and implement a new fiscal plan.

• Governor-elect Roselló introduced a labor reform bill aimed at attracting new businesses to the Island. The reform will implement marginal changes, such as decreasing the rate at which vacations and sick days are accumulated for new workers, eliminating the regulations for closing hours and days, and extending the number of hours that a part-time worker can work. It will also apply prospectively in many of the changes proposed, that is, existing jobs would not be affected. As such, its impact upon the labor market is expected to be limited at best in the short and medium terms. The Administration also signed into Law a Bill making the Public Private Partnership process a much more flexible one.

• Economic indicators for Q4-2016 were mixed. On the one hand, further declines in non-farm salaried employment and manufacturing employment were observed; on the other hand, net revenues to the general fund increased by over 10% in October and November, and auto sales registered a significant increase in sales in both November and December.

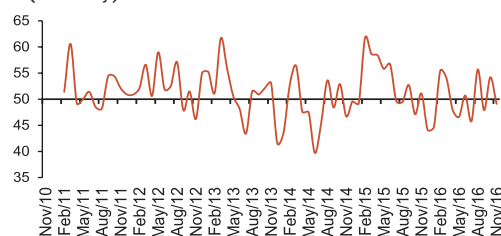
MANUFACTURING

Manufacturing activity (as measured by the Puerto Rico Statistics Institute's Manufacturing (PMI) registered an increase in October (54.2) but fell back in November (49.1). An index reading above 50 suggests an expected expansion in manufacturing activity, while levels below 50 imply the opposite. All the components of the PMI registered an improvement in October, whereas in November only the production and own inventories registered an expansion in activity.

The new U.S. Administration and Congress are unlikely to approve the Private

Sector Coalition's proposal for a Section 245a of the Internal Revenue Code, aimed at providing a stimulus to the Puerto Rican economy. The Section would provide significant incentives to U.S. firms holding funds abroad to invest in Puerto Rico. The Republican majority is considering a similar measure that would apply to the U.S. as a whole, thus eliminating any advantage to Puerto Rico.

Purchasing Managers Manufacturing Index (Monthly)



Source: Institute of Statistics of Puerto Rico.

EMPLOYMENT

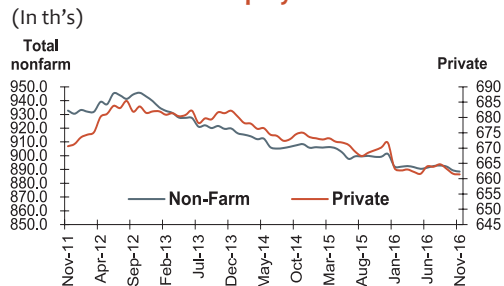
Non-farm salaried employment continued to contract during the fourth quarter, with declines of 1.1% and 1.2% in October and November. Employment is expected to further decrease in 2017, as budget cuts and increased migration further deteriorate the Island's already weak economy. Private employment declined by an average of 1.2% in the fourth quarter, while public employment contracted on average by 1.1%, due to weak public sector fiscal realities and aggregate demand weakness for private sectors.

On an accumulated basis, 153,811 nonfarm salaried jobs have been lost since the start of the economic contraction in 2007. Of these, 72,272 were public sector jobs and 81,247 were from the private sector.

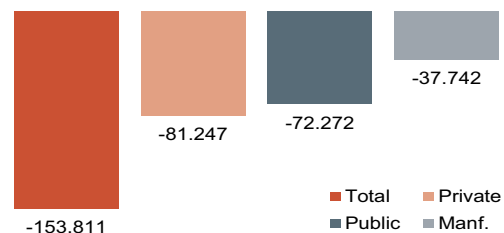


Manufacturing accounted for nearly half of the decline in private employment, with 37,742 jobs lost since 2007.

Nonfarm Salaried Employment

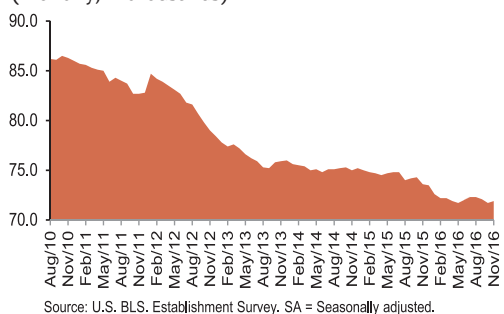


Net Losses in Nonfarm Salaried Employment 2007 - November, 2016 (thousand)



Manufacturing employment decreased by 3.6% and 2.3% in October and November, respectively, highlighting the weak state of the manufacturing sector, which has been hit especially hard by the 11 year long economic recession the loss of Section 936 and high energy costs.

Employment in Manufacturing Industries

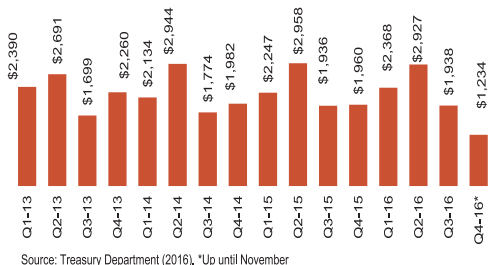


The unemployment rate averaged 12.0% in the first two months of the fourth quarter, pointing to an upward trend that began in September. Unemployment is expected to increase in 2017, as the Commonwealth's budget cuts will impact public and private sector employment.

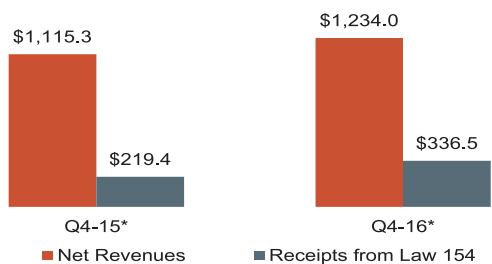
FISCAL REVENUES

In fiscal 2017 (until November) the Commonwealth's revenues are 4.0% above their total for the same period in 2016. This increase is mainly due to revenue from the Sales and Use Tax, which has collected 34.7% more in fiscal 2017 YTD (year to date). This is a very positive indicator for the Commonwealth, particularly given its current budget constraints. However, the increase in revenue will not suffice to significantly alter the budget cuts expected in fiscal 2018. The Commonwealth is expected to end the fiscal year with a minimum \$4 billion deficit; some analysts believe this deficit could be upwards of \$7 billion when debt payments are included.

Net Revenues to the General Fund

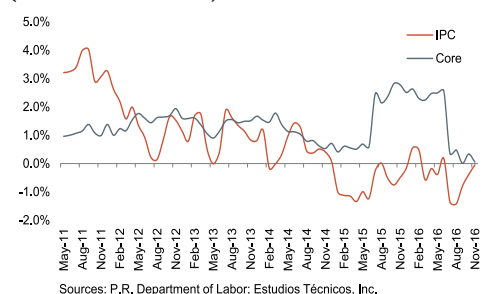


Net Revenues to the General Fund



INFLATION

Inflation in Puerto Rico



Inflation has continued to decline. The index has registered a reduction in prices since January 2015, with only a few periods of minor growth. The reduction in prices is still mostly driven by a decline in the cost of energy. In November a 7% increase was reported for the gasoline component of the index, pushing inflation to close to 0.

Underlying or core inflation has been stagnant since July, meaning that even after eliminating the volatile components of the Consumer Price Index, price levels have not increased significantly. This is a further sign of weak economic activity, since a regular planning goal in the economy – for example, the FED's – is for the CPI to be near 2%.

OUTLOOK

The Fiscal Oversight Board (FOB) did not approve the Fiscal Plan in Q4-2016. This will likely change in 2017, as a new fiscal plan is presented by the new Governor, and work begins on the fiscal 2018 budget. The FOB should begin to designate key members of its staff in early 2018, most importantly the Executive Director. The FOB wrote outgoing Governor García Padilla and incoming Governor Rosselló a carefully drafted letter late in December in which it established clear guidelines for expected policy changes.

Governor-elect Roselló, along with the new Legislature, will most likely focus during the next several months on implementing new short-term measures to reduce the Island's deficit, as well as on the Government's labor reform. More information should be available when a Fiscal Plan is presented and approved by the FOB. The Administration has asked for an extension in the due date. As of the date on which this note is being written no decision has been made by the FOB on the request.

Debt negotiations are not expected to take place until a Fiscal Plan is approved and in place, and could be expected to last anywhere from 1 to 3 years, as a conservative estimate. Any deal reached with creditors must then be approved by the FOB.

Forecasts of real GNP growth by Estudios Técnicos, Inc. remain as previously reported. A contraction of 2.8% is expected in fiscal 2017, while in fiscal 2018, a contraction of 3.3% is estimated. The forecast will be revised when a new Fiscal Plan is presented.

Notes:

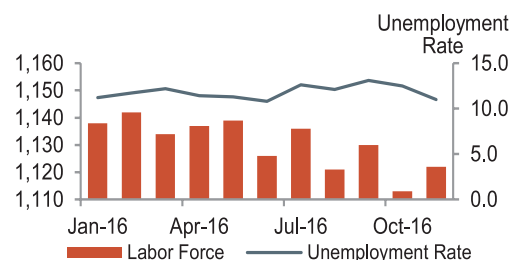
1. Core inflation excludes the volatile components of the Consumer Price Index, food, gas, and energy.

Puerto Rico Economic Indicators

Employment

	Sep-16	Oct-16	Nov-16	Percent Change Fiscal Year 2015-2016	Percent Change Accumulated year to date
Labor Force (Household Survey, thousands)	1,130	1,113	1,122	0.4%	0.1%
Employment (Establishment Survey)	886	889	897	-1.2%	-0.9%
Private	657	660	668	-1.1%	-0.8%
Construction	22	21	22	-13.4%	-10.5%
Manufacturing	72	72	72	-2.5%	-2.9%
Public Administration	229	229	229	-1.5%	-1.2%
Unemployment Rate (Household survey, %)	13.1	12.5	11.0	-9.6%	-3.1%

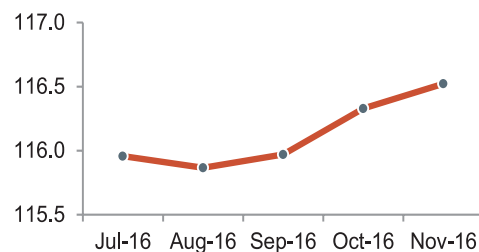
Total Employment and Unemployment Rate
(December 2006 = 100)



Consumer Price Index

	Sep-16	Oct-16	Nov-16	Percent Change Fiscal Year 2015-2016	Percent Change Accumulated 2015-2016
All Items	116.0	116.3	116.5	-0.2%	-0.4%
Food & Beverages	129.0	129.3	129.4	3.0%	1.0%
Housing	111.1	111.8	111.5	-1.6%	-1.1%
Apparel & Upkeep	90.693	91.509	90.84	1.4%	-0.4%
Transportation	107.4	107.6	108.8	-5.6%	-3.6%
Medical Care	148.5	148.5	148.6	3.5%	2.9%
Education	114.6	115.1	114.9	3.2%	2.1%
Entertainment	113.8	114.3	113.9	4.1%	2.3%
Other Services	115.0	114.9	115.0	2.5%	1.4%

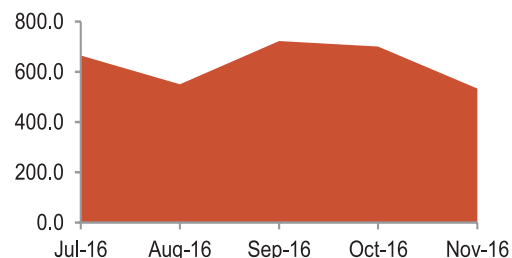
Consumer Price Index



Fiscal Revenues

	Sep-16	Oct-16	Nov-16	Percent Change Fiscal Year 2015-2016	Percent Change Accumulated year to date
Total Revenues (Mill.\$)	722.5	700.1	533.9	4.8%	3.4%
Taxes	675.2	660.2	516.9	3.4%	4.5%
Income Taxes	392.0	323.2	214.3	-9.4%	-7.9%

Net Revenues to the General Fund

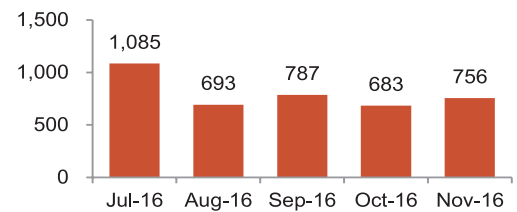


Puerto Rico Economic Indicators

Construction

	Sep-16	Oct-16	Nov-16	Fiscal Year 2015-2016	Percent Change Accumulated year to date
Cement Production (Thousand 94-lb Bags)	787	683	756	-3.8%	-10.4%
Cement Sales (Thousand 94-lb Bags)	1,004	930	807	-11.5%	-13.0%

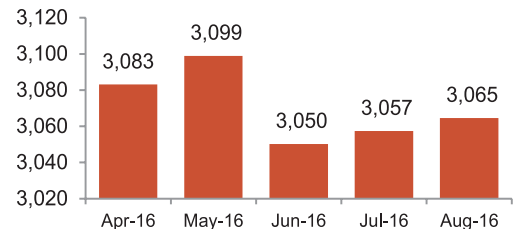
Cement Production



Retail

	Jun-16	Jul-16	Aug-16	Fiscal Year 2015-2016	Percent Change Accumulated year to date
Total (Bill. \$)	3,050	3,057	3,065	-3.0%	-1.90%
Department Stores (Mill. \$)	514	512	479	-2.7%	-0.18%
Supermarkets (Mill. \$)	443	454	444	2.3%	1.85%
Used and New Autos (Mill. \$)	260	270	297	0.2%	2.91%
Gasoline Stations (Mill. \$)	424	411	431	-13.5%	-13.18%
Restaurants (Mill. \$)	363	362	369	2.0%	3.35%

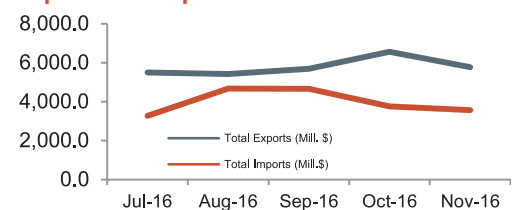
Retail Sales



Exports and Imports

	Sep-16	Oct-16	Nov-16	Fiscal Year 2015-2016	Percent Change Accumulated year to date
Total Exports (Mill. \$)	5,699.5	6,563.5	5,770.0	3.6%	-0.1%
Foreign Countries	1,149.9	1,195.0		-4.3%	-15.2%
Total Imports (Mill. \$)	4,657.8	3,761.9	3,565.6	0.2%	7.4%
Foreign Countries	2,323.2	1,620.0		-7.9%	-4.0%

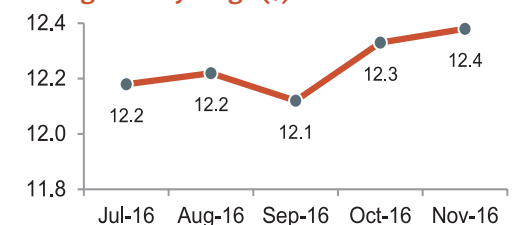
Exports and Imports



Manufacturing

	Sep-16	Oct-16	Nov-16	Fiscal Year 2015-2016	Percent Change Accumulated year to date
Weekly Hours (#)	41.2	40.5	40.4	-1.7%	0.2%
Average Hourly Wage (\$)	12.1	12.3	12.4	-7.1%	-5.9%

Average Hourly Wage (\$)



United States The Economy

- The most important development in the fourth quarter has been the election of Donald Trump as president. This has generated a great deal of political and economic uncertainty, given some of the policy proposals he enunciated during the campaign and afterwards, many being extremely controversial. Three in particular have acquired greater relevance: the speedy elimination of “Obamacare”, renegotiation of free trade agreements, in particular that of NAFTA, and pulling out of the Trans Pacific Partnership Agreement. Changes in income taxes of individuals and a revamping of the corporate tax code are also part of the proposals made by the incoming President.
- Not only has Donald Trump spoken of repealing the Affordable Care Act (ACA) and replacing “Obamacare”, but it is also a priority of majority Republican Congress members in 2017. However, the details of how this will be done are, as yet, unknown. The health care sector will face increased volatility. There is, though, no consensus on a replacement to ACA as part of an effort to deliver swiftly on one of President-elect Donald Trump’s top campaign promises, with potential serious negative consequences for those covered in it.
- In matters of international trade, Trump has argued that “the U.S. government has betrayed American workers with “open borders” immigration policies and trade deals”. These claims have shifted U.S. industrial jobs overseas. He is likely to make good on his pledge to declare China a [currency manipulator](#) because of its past efforts to push down the value of the yuan, and has threatened tariffs of 45.0% on Chinese imports and 35.0% on Mexican products. The strategy would also increase the risk of retaliation by affected countries, potentially harming U.S. exports.
- The changes proposed for the corporate tax code, originally introduced in June of last year by House Republicans, would convert the current corporate income tax code into what is known as a [D.B.C.F.T.](#) (Destination-based

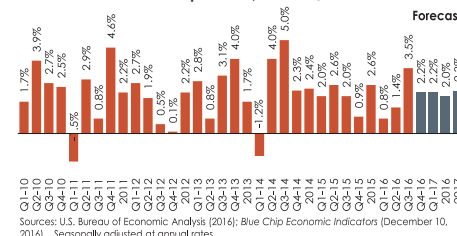
cash flow tax). A key provision of the new business tax is that it would be “border adjusted.”

- According to a recent study by [Brian Garst](#), “The DBCFT would be a new type of corporate income tax that disallows any deductions for imports while also exempting export-related revenue from taxation. This mercantilist system is based on the same “destination” principle as European value-added taxes, which means that it is explicitly designed to preclude tax competition.” In other words, taxes are imposed on what comes into a nation and taxes are removed from what leaves a nation. Some of the details of the [proposed broader tax changes](#) are:
 - The statutory tax rate would be lowered to 20.0% from 35.0%, but the effective tax rate for the most profitable corporations is [14.0%](#). Between 2008 and 2012 at least [two-thirds of all active corporations](#) had no federal income tax liability.
 - Businesses would no longer need to depreciate capital investments. Instead, they will be able to fully write off, or expense them.
 - Businesses would no longer need to pay tax to the IRS on profits they earn overseas.
 - Businesses would no longer be able to deduct interest as a business expense, which would present a serious problem since the U.S. nonfinancial corporate sector has [more than \\$8 trillion in debt outstanding](#).
 - A one-time lower tax on profits accumulated abroad, something that has been enacted before.
 - The corporate tax would be “border adjusted”, which would impose the corporate tax on imports but not exports.
- All of these proposals will surely generate a lot of controversy and strong opposition in the coming months.
- As to the economy in the quarter, real GDP growth is estimated to be 2.2%, down from the high of 3.5% in the previous quarter, according to the Blue Chip Consensus. It reflects a slowdown in personal consumption expenditures to 2.5% from 2.8% in the third quarter. For all 2016 the consensus predicts real GDP growth will increase 1.6% on a year-over-year basis.
- Consumer confidence improved considerably during the quarter, as reflected in [The Conference Board’s](#) confidence index. It rose 5.0% from the previous quarter, averaging 107.2, led by a post-election surge in optimism for the

economy, jobs, and income prospects, although their assessment of current conditions in December declined.

Quarterly U.S. GDP

Real Growth and Expected, 2010-17



PRODUCTION

In the fourth quarter (October – November), [industrial production](#) was down 0.7%, following another decline of 1.0% in the previous quarter. In November it decreased 0.6% year-to-year, the 15th straight month of contraction. Output fell for mining (-4.6%) and utilities (-1.9%), while manufacturing rose 0.1%, the first gain since June. On a monthly basis, industrial production fell 0.4%.

Capacity Utilization decreased 1.1% in the quarter (October – November), to 75.2, from 76.0% in the same quarter last year. During October and November it remained practically the same, but its level was the lowest rate since March.

The [ISM Manufacturing survey](#) improved and remained marginally in expansion. The ISM Manufacturing survey index (PMI) marginally improved in December from 53.2 to 54.7 (50 separates manufacturing contraction and expansion), increasing 0.4% year-to-year in the fourth quarter, reflecting rises in new orders and production volumes, with 2016 ending on a strong note.

EMPLOYMENT

Growth in [employment](#) (Non-farm Seasonally Adjusted) during the fourth quarter slowed down significantly, declining 42.4% year-over-year, with a total of 495,000 new jobs created, down from 636,000 in the previous quarter. In all, in 2016 the economy added almost 2.2 million new jobs, below the level of 2.7 million in 2015. Some 15.5 million have been added since the Recession ended. Most of the jobs created in the quarter were in health care and social assistance, manufacturing, transportation and warehousing, retail trade, and financial activities, accounting for 65.0% of new jobs. In 2016, manufacturing employment declined by 45,000, which is quite a change from the increase of 208,000 jobs in 2014, the highest since the end of the Recession.

A strong dollar will be an additional drag on manufacturing employment in 2017.

The unemployment rate averaged 4.7% during the quarter, slightly down from 4.9% in the previous quarter. The employment rate (The proportion of the working-age population (16 – 64 years) employed) has remained in essence at the same level since December 2015, 59.7%, and the participation rate the same, at 62.7%.

Still, the U.S. has created more than 2 million jobs each year since 2011, though hiring has slowed over the last two years. Yet despite strong job growth, the number of Americans who would like a full-time job but can't find one remains elevated. The so-called real rate of unemployment tallied 9.2% in December, down a tick from the prior month.

INFLATION

[Inflation](#) has been edging up since the first quarter of 2016, when it averaged 1.1%, to 1.7% during the two months of the fourth quarter, as the shelter and gasoline indexes continued to advance, increasing 0.3% and 2.7% respectively in November. The energy index (Gasoline and electricity) rose 1.1% over the past year. So far (Up to November), general inflation averaged 1.2% from 0.1% in 2015.

Core inflation (Excluding food and energy) during the two months of the quarter, rose 2.2%, unchanged from the previous quarter. The shelter index accounted for most of the increase in the quarter, but there were also increases in the indexes for education and motor vehicles insurance.

[The producer price index](#) (PPI) for final demand goods, which reflects inflation pressure (or lack of), increased 0.4% year-over-year in the fourth quarter. Prices for final demand goods jumped 0.7% in December, the largest increase since a 0.7% rise in June. This suggests that inflation is becoming a bigger risk, although still very much under control.

INTEREST RATES

The Federal Reserve raised the target federal funds rate by 25 basis points to 0.75 percent during its December 2016 meeting, as widely expected. From late 2008 to the end of 2015 the rate ceiling had stood at 0.25%. The members of the Federal Open Market Committee (FOMC) also increased its projections for 2017 from two rate hikes to three, which could lead to a 1.50% rate or higher, but still below its historical average.

U.S./GLOBAL OUTLOOK

The year 2017 will face significant risks from what has been called policy uncertainty.

For one, the eventual definition and implementation of the new administration's policies is uncertain, as made abundantly clear in the confirmation hearings of a number of appointees. In the opinion of [The World Bank](#), in a January report, the tax cuts proposed by Trump "could jump-start global growth." [U.S. growth](#) could accelerate to as much as 2.5% this year and 2.9% in 2018, if the Trump administration follows through on a pledge to cut the corporate income-tax rate from 35.0% to 20.0%, and slash individual rates, the World Bank estimates, a slightly higher rate than the forecast from the Blue Chip Consensus (2.3%).

The forecasters in the [Livingston Survey](#) of the Philadelphia Federal Reserve Bank, see growth of 2.2% (annual rate) in the first half of 2017 and 2.4% (annual rate) in the second half of 2017. These projections mark upward revisions over those of the June survey but are strikingly similar to those mentioned above.

The new administration's policy proposals are unclear, but it appears there will be tax cuts, possibly more government spending on infrastructure, and possibly less regulation in a number of areas. This explains Wall Street's positive response to the new Administration.

Global real growth is expected to be 3.4% in 2017, again led by China's growth, that would slow to 6.2%.

After a high of \$59.89/Bb in June 2015, oil prices declined reaching to \$52.15/BB in December. For 2017, the U.S. Energy Information Administration raised its price and production forecasts for West Texas Intermediate and Brent crude oil and offered its first projections for 2018. [In its monthly energy outlook report](#), the government agency forecast WTI prices at \$52.50 a barrel for this year, up from \$50.66 in the December forecast. That would translate into a 21.0% year-to-year increase. For 2018, the forecast is \$55.18.

Current Minimum Wage including 2017 raises



Source: U.S. Labor Department. * Increased in 2017

In January 2017, about 4.3 million American workers will be impacted by an increase in the state minimum wage across 19 states. In total, 29 U.S. states (and the District of Columbia) have now set a minimum wage level higher than the \$7.25 an hour federal

standard. D.C. has the highest minimum wage in the U.S. at \$11.50, with Massachusetts and Washington following with \$11.00 each. Many cities have higher local minimum wages. San Francisco and Seattle are well-known examples, and both will see their minimum wage increase to \$15.00 by 2018 and 2021 respectively.

Based on Trump's campaign positions, the federal minimum wage of \$7.25 per hour might rise to \$10.0 an hour. The decision to raise minimum wages could be left to the states. Some workers — those in states that have raised or plan to raise the minimum wage — would see somewhat of a boost, while the rest would see little or no change in their standard of living. Yet, his nomination of Andrew Puzder to the position of Secretary of Labor, a [strong critic of minimum wage increases](#), could change this position, at least at the federal level.

World Economic Growth: Historic and Outlook

2010 - 2017

	2010	2011	2012	2013
World GDP	5.4%	4.1%	3.4%	3.4%
Developed economies	3.1%	1.7%	1.2%	1.4%
Euro Zone	1.9%	1.6%	-0.7%	-0.5%
U.S.	2.5%	1.6%	2.3%	2.2%
Developing economies	7.5%	6.2%	5.1%	5.0%
China	10.4%	9.3%	7.8%	7.8%
Latin America & Caribbean	6.0%	4.5%	2.9%	2.9%
Puerto Rico*	-3.6%	-1.7%	0.5%	-0.1%

	Forecasts			
	2014	2015	2016f	2017f
World GDP	3.4%	3.2%	3.1%	3.4%
Developed economies	1.9%	2.1%	1.8%	1.8%
Euro Zone	1.1%	2.0%	1.7%	1.5%
U.S.	2.4%	2.4%	2.0%	2.3%
Developing economies	4.6%	4.0%	4.2%	4.6%
China	7.3%	6.9%	6.6%	6.2%
Latin America & Caribbean	1.0%	0.0%	-0.6%	1.6%
Puerto Rico*	-1.7%	-0.6%	-2.2%	-2.8%

Sources: International Monetary Fund (2016). World Economic Outlook (October 2016); U.S. BEA (2016); Blue Chip Economic Indicators (December 10, 2016); P.R. Planning Board (May 2016); Estudios Técnicos, Inc. * GNP and fiscal year. f = Forecast

Notes:

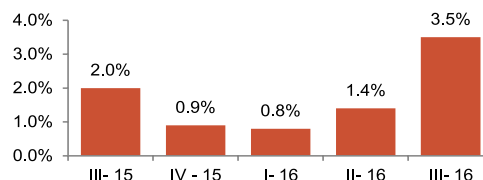
- Corporate effective tax rates (ETR) can differ substantially from statutory tax rates. ETRs attempt to measure taxes paid as a proportion of economic income, while statutory rates indicate the amount of tax liability (before any credits) relative to taxable income, which is defined by tax law and reflects tax benefits built into the law.
- This was prior to the release of the revised data for the third quarter, which places the growth rate for the year at 2.0%.
- This is another alternative measure of unemployment (U-6), which consist of the traditional unemployment rate (U-3) plus those marginally attached and discouraged from searching for employment, and part-time workers who would prefer full-time jobs. For that reason it is almost double the U-3 measure. Analysts considered it a better indicator as it paints a clearer picture of true unemployment. In the case of Puerto Rico there is a similar measure, U-5.
- Wolters Kluwer, Blue Chip Economic Indicators, 41:12 December 10, 2016), pp. 2 – 3.

United States Economic Indicators

GDP

	IV - 15	I - 16	II - 16	III - 16
GDP (% Change From Preceding Period)	0.9	0.8	1.4	3.5
Private Consumption	2.3	1.6	4.3	3
Fixed Investment	-0.2	-0.9	-1.1	0.1
Residential	11.5	7.8	-7.7	-4.1
Non-Residential	-3.3	-3.4	1	1.4
Government Spending	1	1.6	-1.7	0.8
Exports	-2.7	-0.7	1.8	10
Imports	0.7	-0.6	0.2	2.2

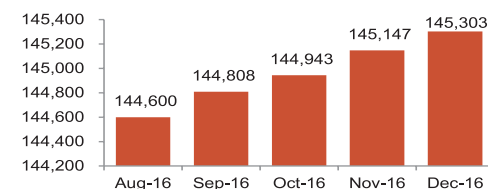
Gross Domestic Product (% Change From Preceding Period)



Employment

	Sep-16	Oct-16	Nov-16	Dec-16
Employees on Non-Farm Payrolls (SA) (Thousands)	144,808	144,943	145,147	145,303
Change (%)	0.1%	0.1%	0.1%	0.1%
Goods Producing	19,622	19,630	19,643	19,655
Change (%)	0.1%	0.0%	0.1%	0.1%
Service Industries	125,186	125,313	125,504	125,648
Change (%)	0.1%	0.1%	0.2%	0.1%

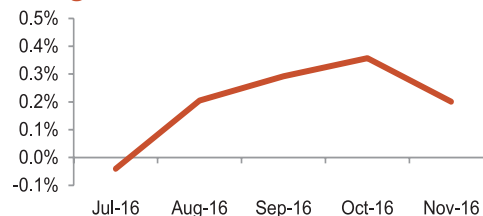
Employees on Non-Farm Payrolls (In thousands)



Consumer Price Index

	Aug-16	Sep-16	Oct-16	Nov-16
CPI - All Urban Consumers (1984=100)				
Change from preceeding month	0.2%	0.3%	0.4%	0.2%
Change from preceeding year	1.1%	1.5%	1.6%	1.7%
CPI - Less Food and Energy				
Change from preceeding month	0.3%	0.1%	0.1%	0.2%
Change from preceeding year	2.3%	2.2%	2.2%	2.1%

Change in CPI



Interest Rates

	Sep-16	Oct-16	Nov-16	Dec-16
Effective Federal Funds	0.4	0.4	0.4	0.5
Three Month Treasury Bill (Constant Maturity Rate)	0.29	0.33	0.45	0.51
Prime Rate	3.50	3.50	3.50	3.64
Ten Year Treasury Bond	1.63	1.76	2.14	2.49
Moody's Seasoned Aaa Rate	3.41			
30-Year Conventional Mortgage Rate	3.46	3.47	3.77	4.20

Selected Interest Rates

