

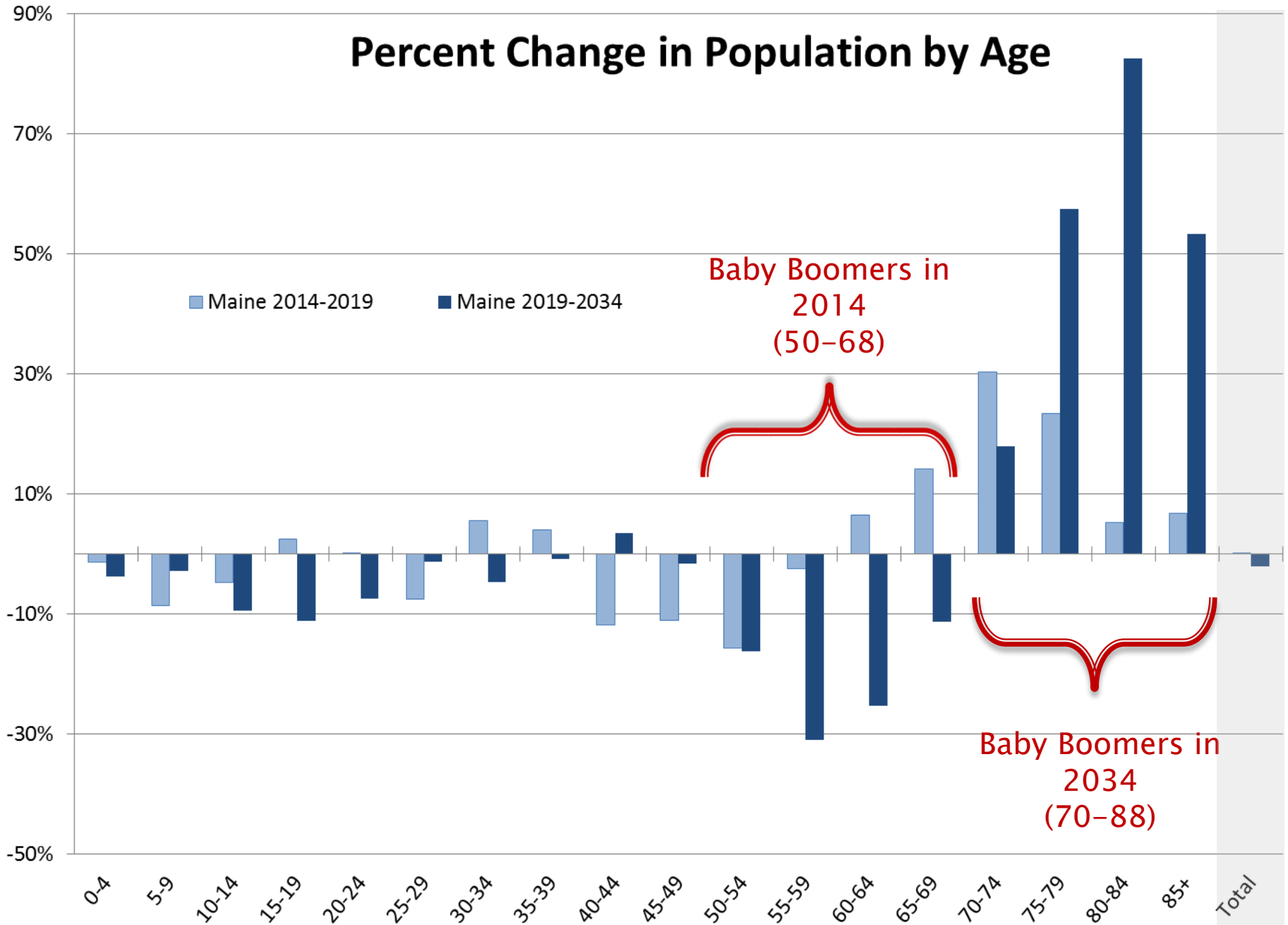
# Economic Overview

AGC Maine Annual Meeting  
January 31, 2018

Amanda Rector  
Maine State Economist  
Dept. of Administrative and Financial Services

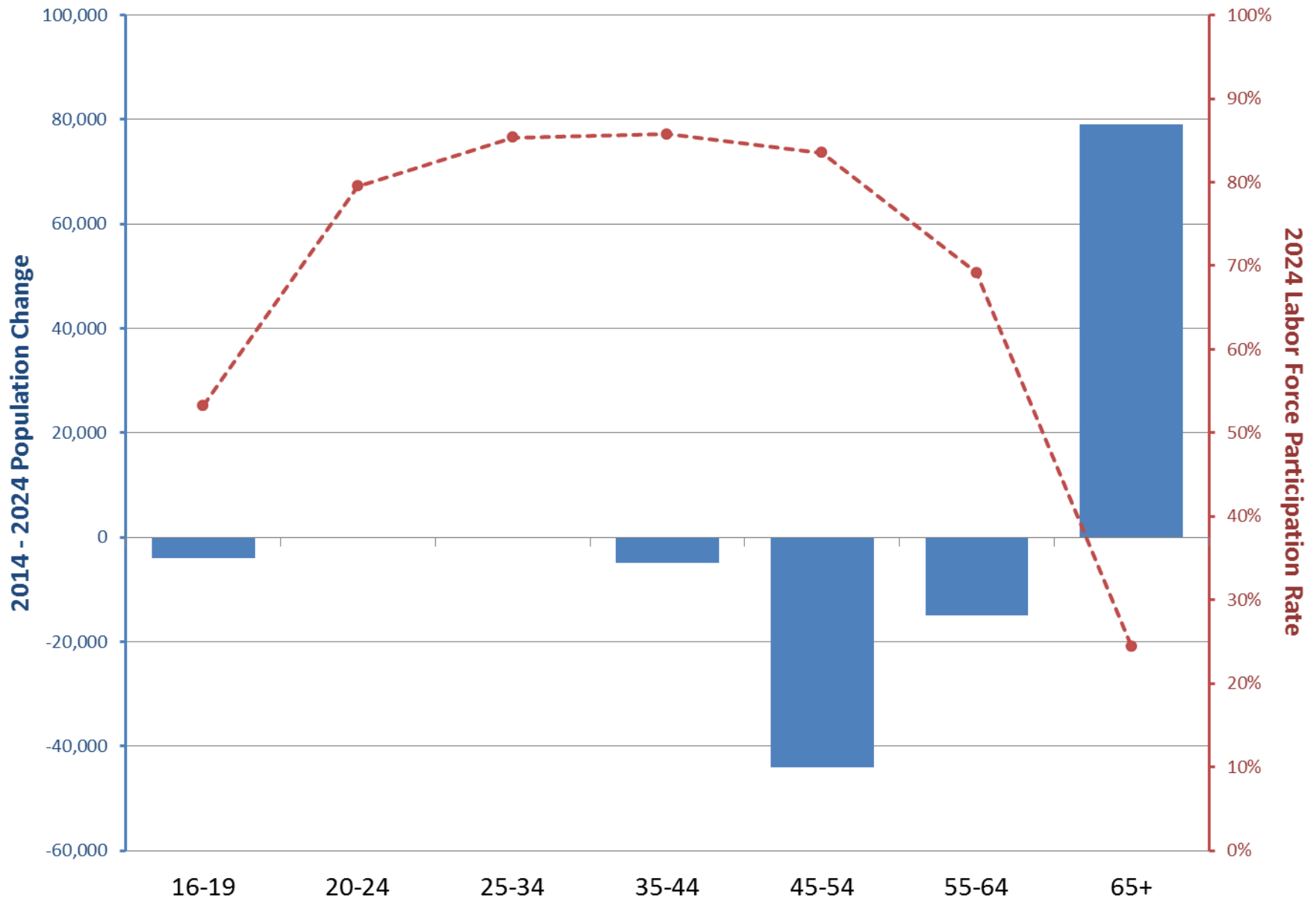


# Percent Change in Population by Age



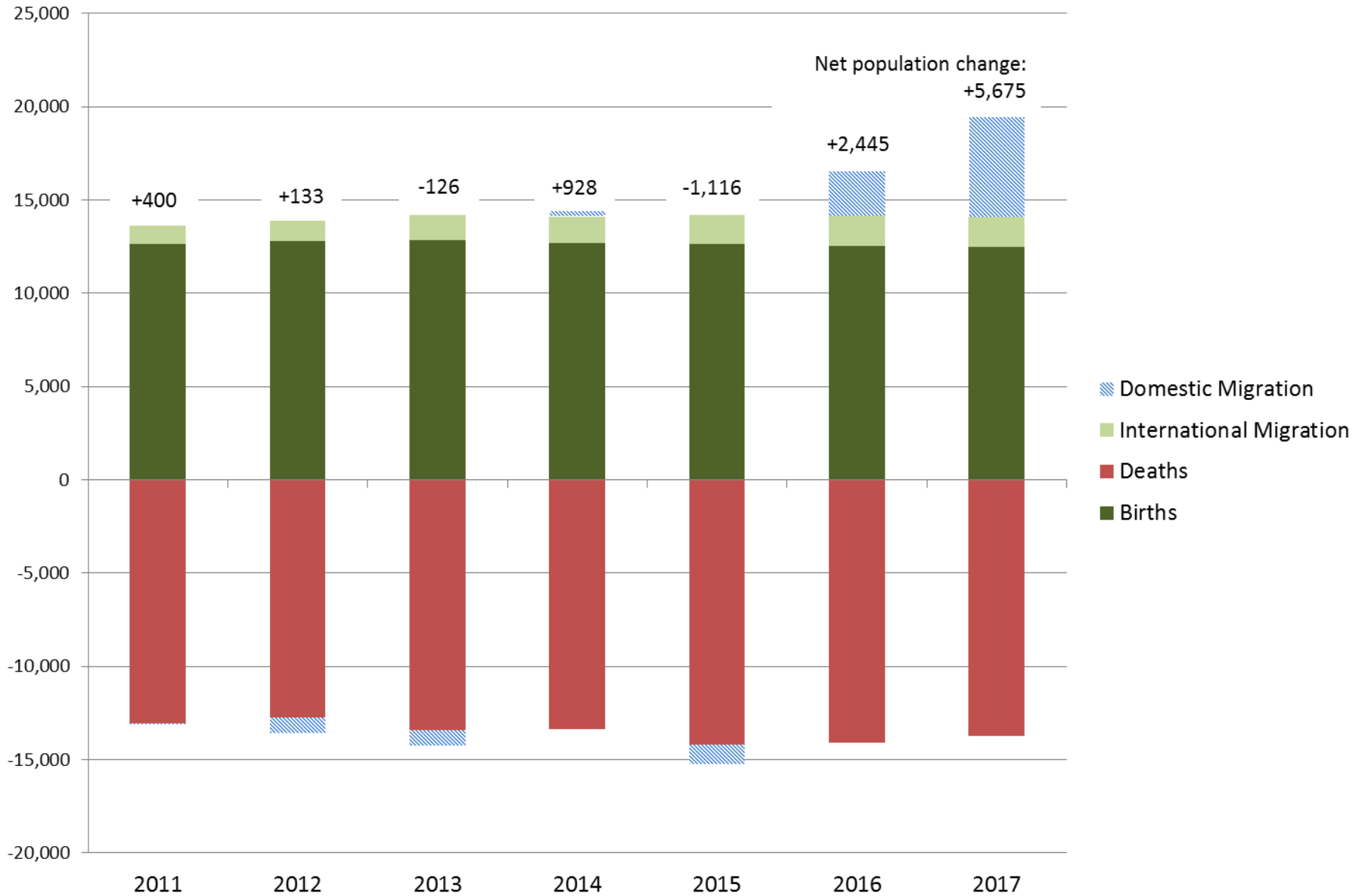
Source: Governor's Office of Policy and Management, *Maine State and County Population Projections to 2034*

# Population and Labor Force Participation Outlook by Age



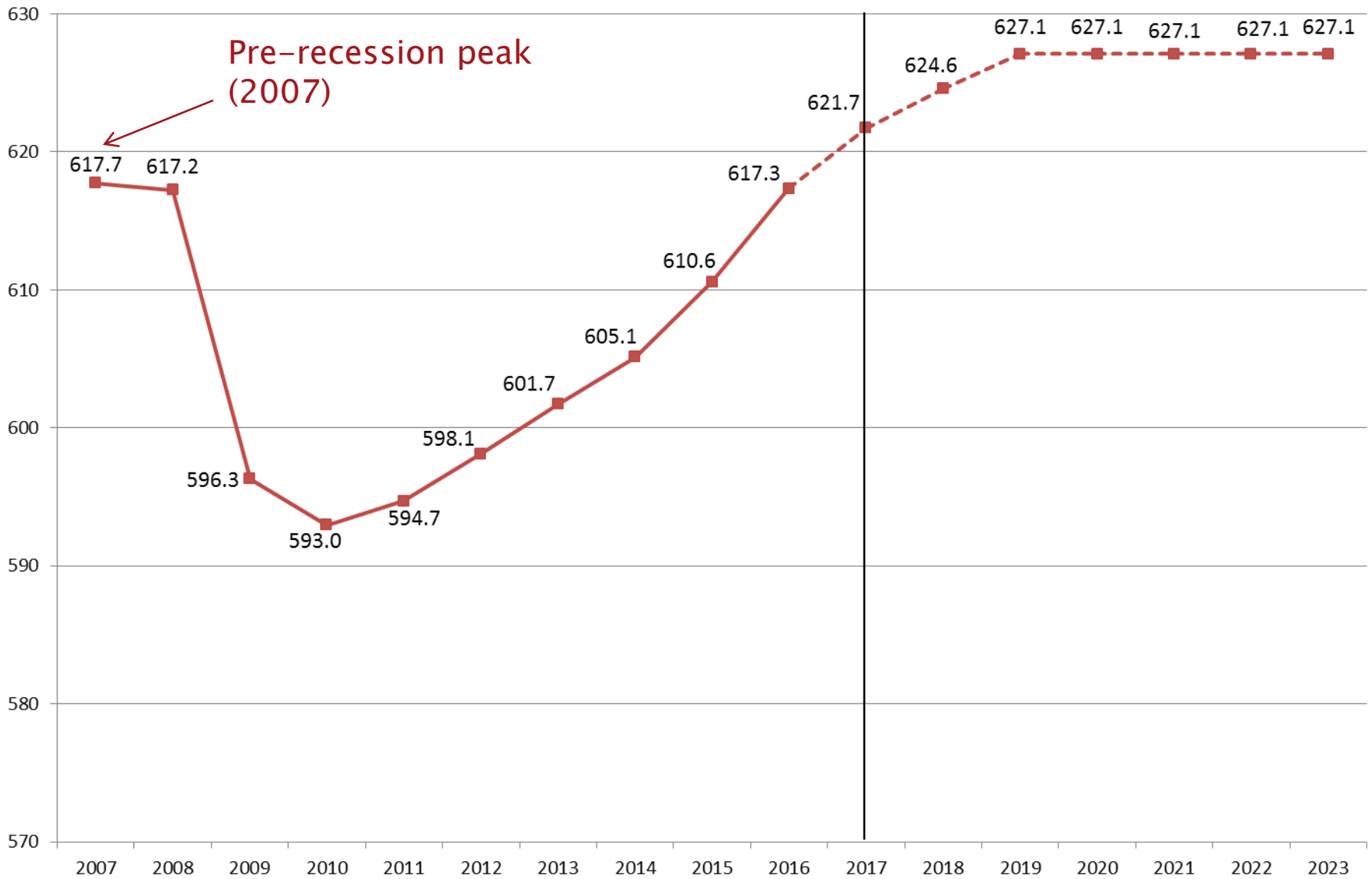
Source: Maine Department of Labor, *Maine Workforce Outlook 2014 to 2024*

# Components of Population Change, Maine



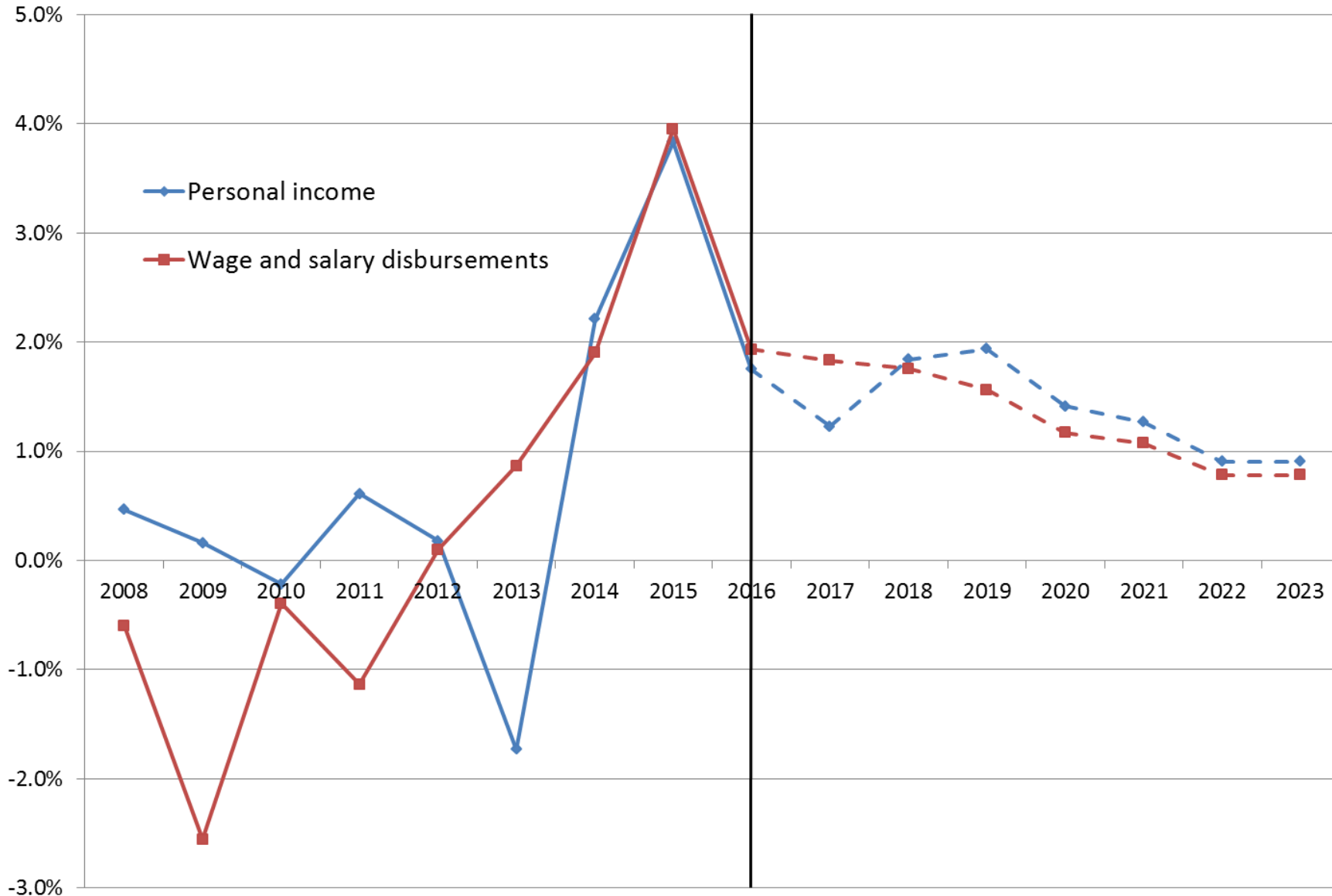
Source: U.S. Census Bureau, Population Estimates Program

# Total Nonfarm Employment (in thousands) History and CEFC forecast



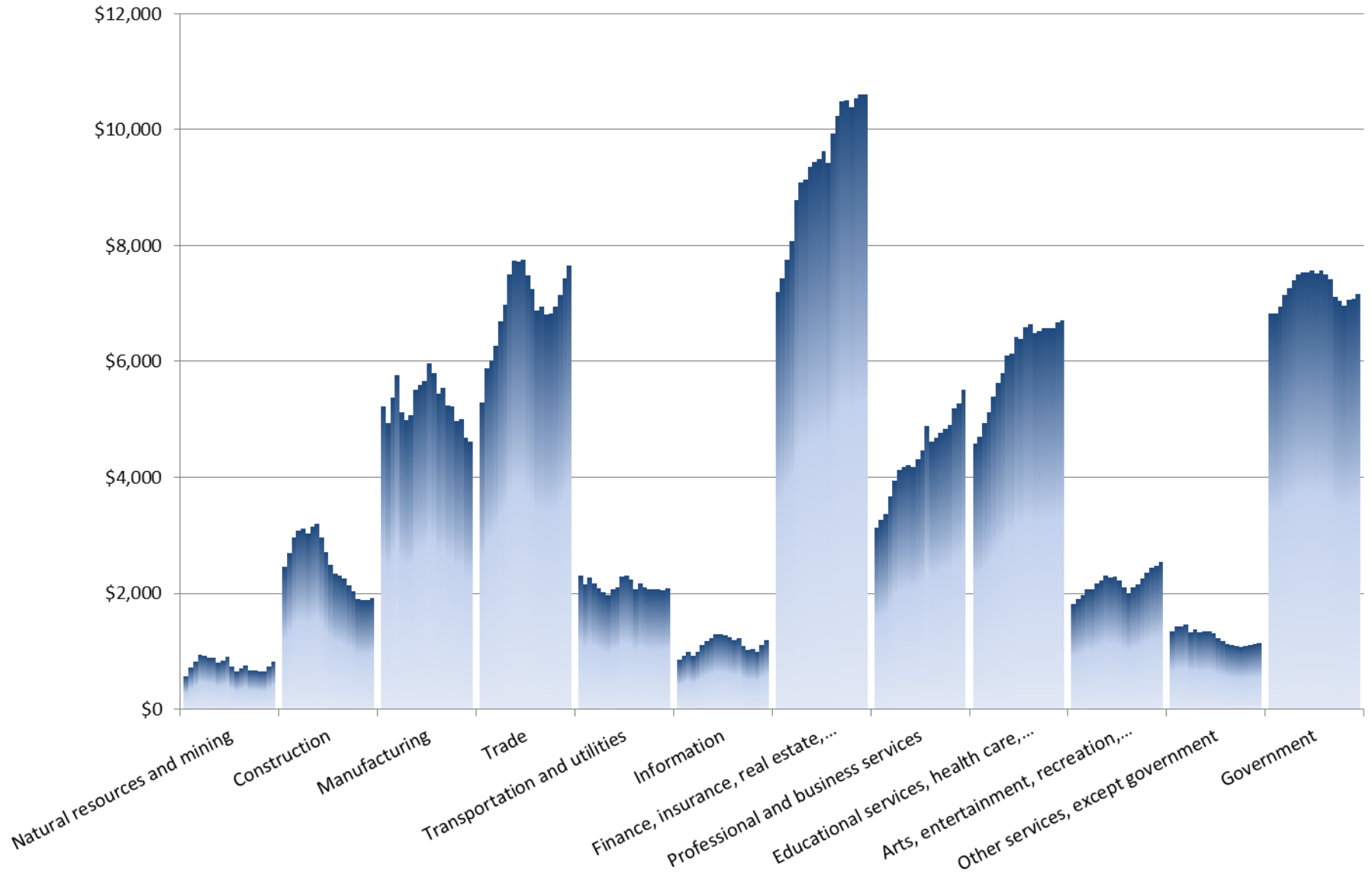
Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, February 1, 2018

# Percent Change in Real Personal Income, Maine

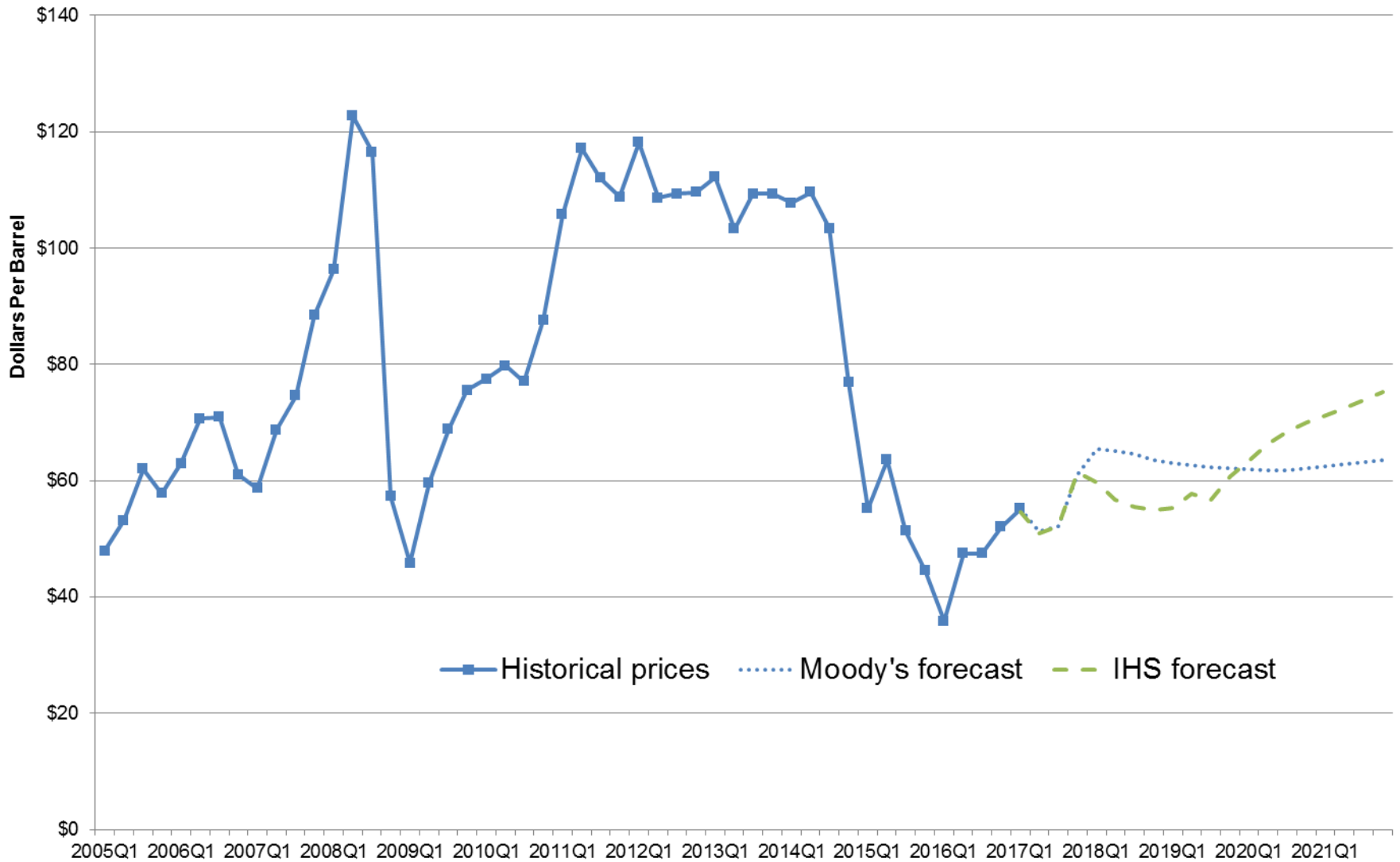


Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and Consensus Economic Forecasting Commission report, February 1, 2018

# Maine Real GDP by Industry, 1997-2016 (in millions of chained 2009 dollars)



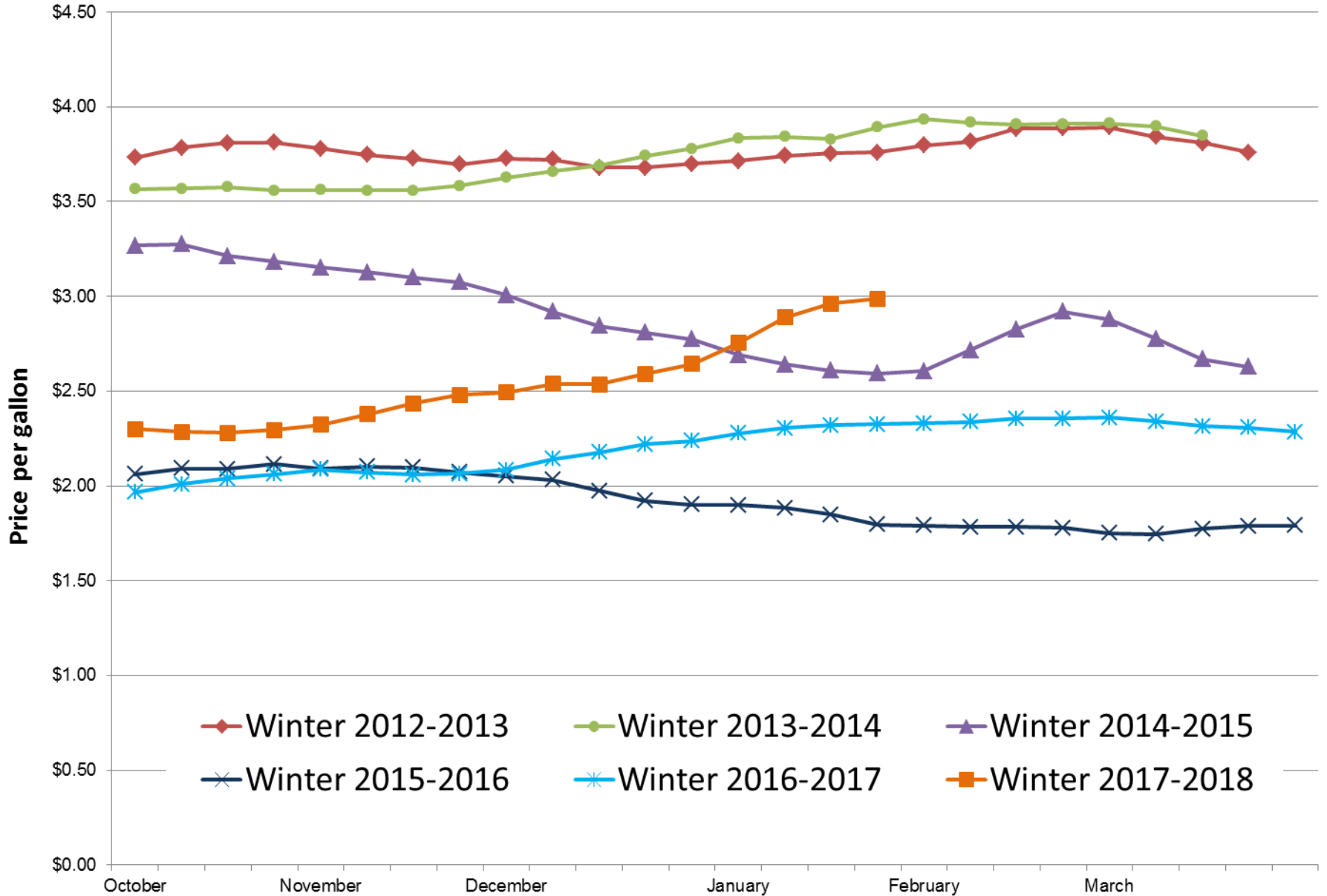
# Petroleum Crude Oil Price: Brent



Sources: Moody's Analytics and IHS, January 2018



# Maine No. 2 Heating Oil Residential Price



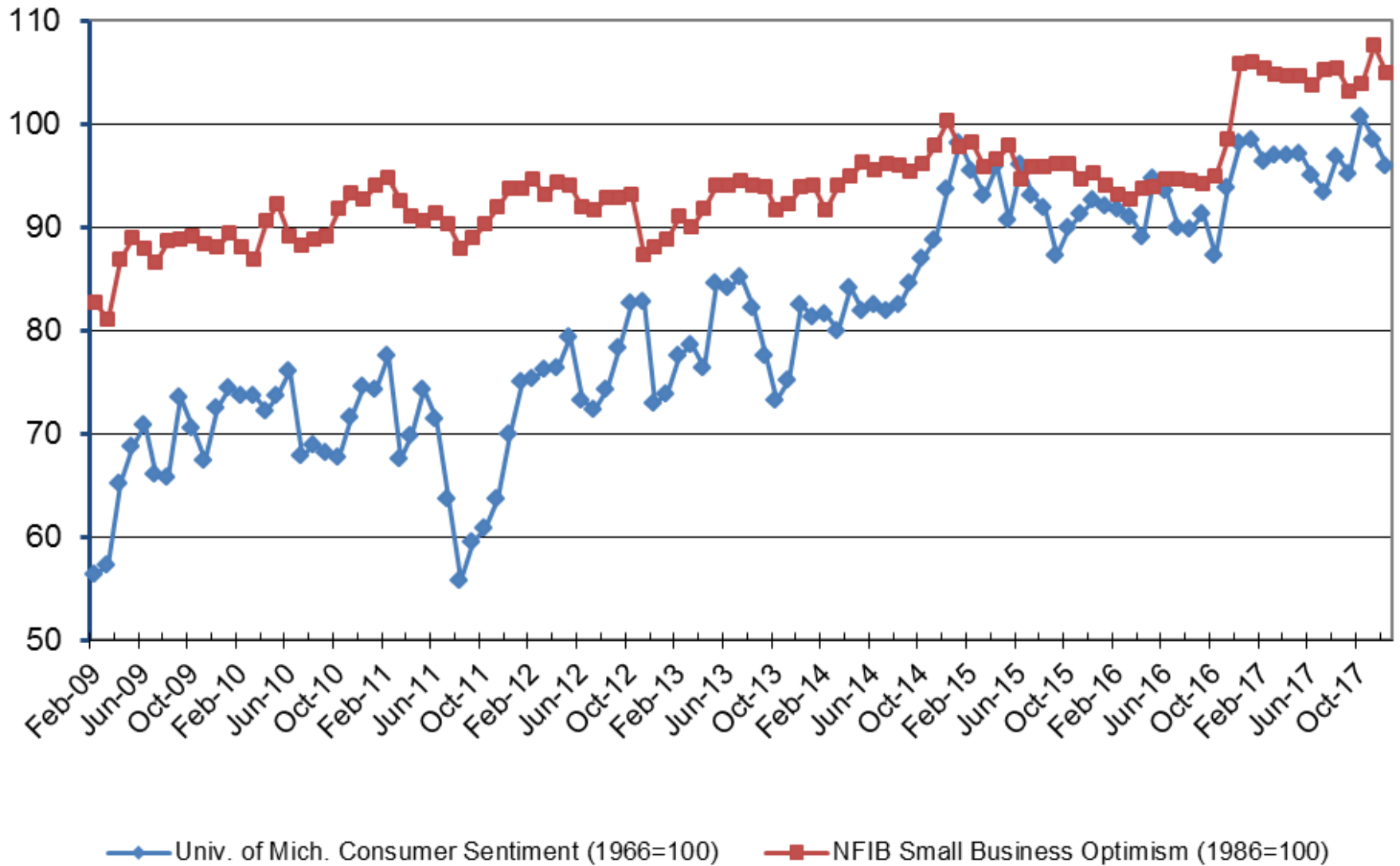
Source: U.S. Energy Information Administration

# Weekly New England Retail Gasoline Prices (Dollars per Gallon)



Source: U.S. Energy Information Administration

# Consumer Sentiment and Small Business Optimism Indexes



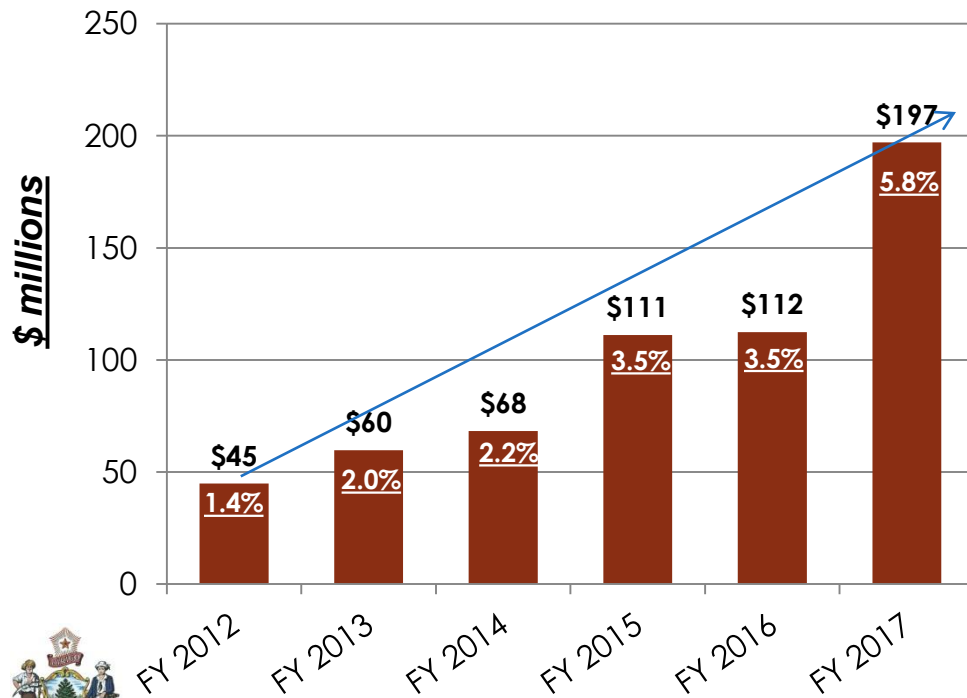
Maine Retail Sales	% Change from November 2016 to November 2017	% Change last three months / same 3 month period one year ago
Building Supply	12.4%	8.7%
Food Store	3.0%	2.7%
General Merchandise	14.4%	8.1%
Other Retail	4.9%	1.8%
Restaurant	7.3%	4.6%
Lodging	23.6%	5.2%
Auto Transportation	7.2%	4.1%
Total	8.8%	4.8%
Business Operating	7.2%	1.9%
Personal Consumption	9.0%	5.2%

Source: Maine Revenue Services

# Budget Stabilization Fund

- When Governor LePage took office, Maine's Budget Stabilization Fund (BSF) was nearly empty → **today, due to sound financial management, Maine's BSF to General Fund ratio is greater than the New England average and nearly on par with Triple-A rated states.**

## \$ Budget Stabilization Fund / % of GF



## Maine Credit Strengths

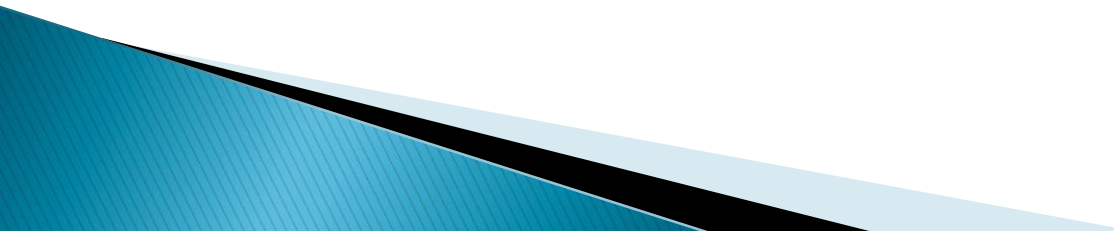
“Conservative budgeting that has enabled state revenue to remain above budget during the current biennium, despite enacted tax cuts, and an increase to the state’s budget reserve in fiscal years 2015, 2016 and 2017...”

**“In our opinion, the state has demonstrated commitment to building its reserves as evidenced by growth in the budget stabilization fund in the past several years.”**

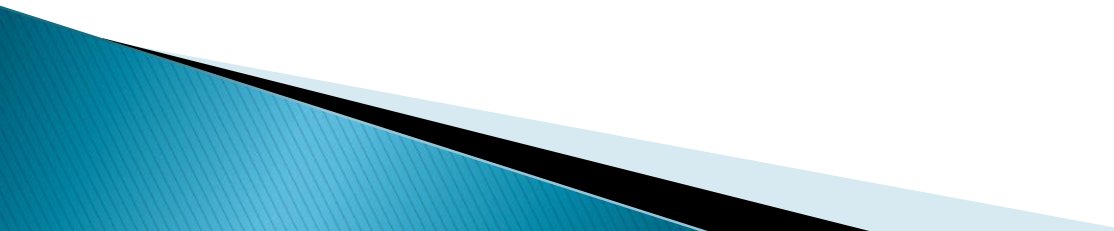
- S&P, May 2017



# Closing thoughts

- ▶ Maine's demographics are a limiting factor for employment and economic growth, but there have been some positive signs lately
  - ▶ Impacts from Tax Cuts and Jobs Act still being sorted out
  - ▶ State's fiscal position is better than it has been in years – helpful for bond ratings (among other things)!
- 

# Keep an eye on...

- ▶ Augusta
    - The second (“short”) legislative session has started
      - lots on the table
    - 2018 is a gubernatorial election year
  - ▶ More to come on impacts of TCJA
  - ▶ What will the next population projections bring?
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# Contact Information

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