

# Economic Update

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FOR THE CEFC NOVEMBER 1, 2021 REPORT

OCTOBER 29, 2021

# Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020

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## Nationally, people moved out of poverty due to federal programs:

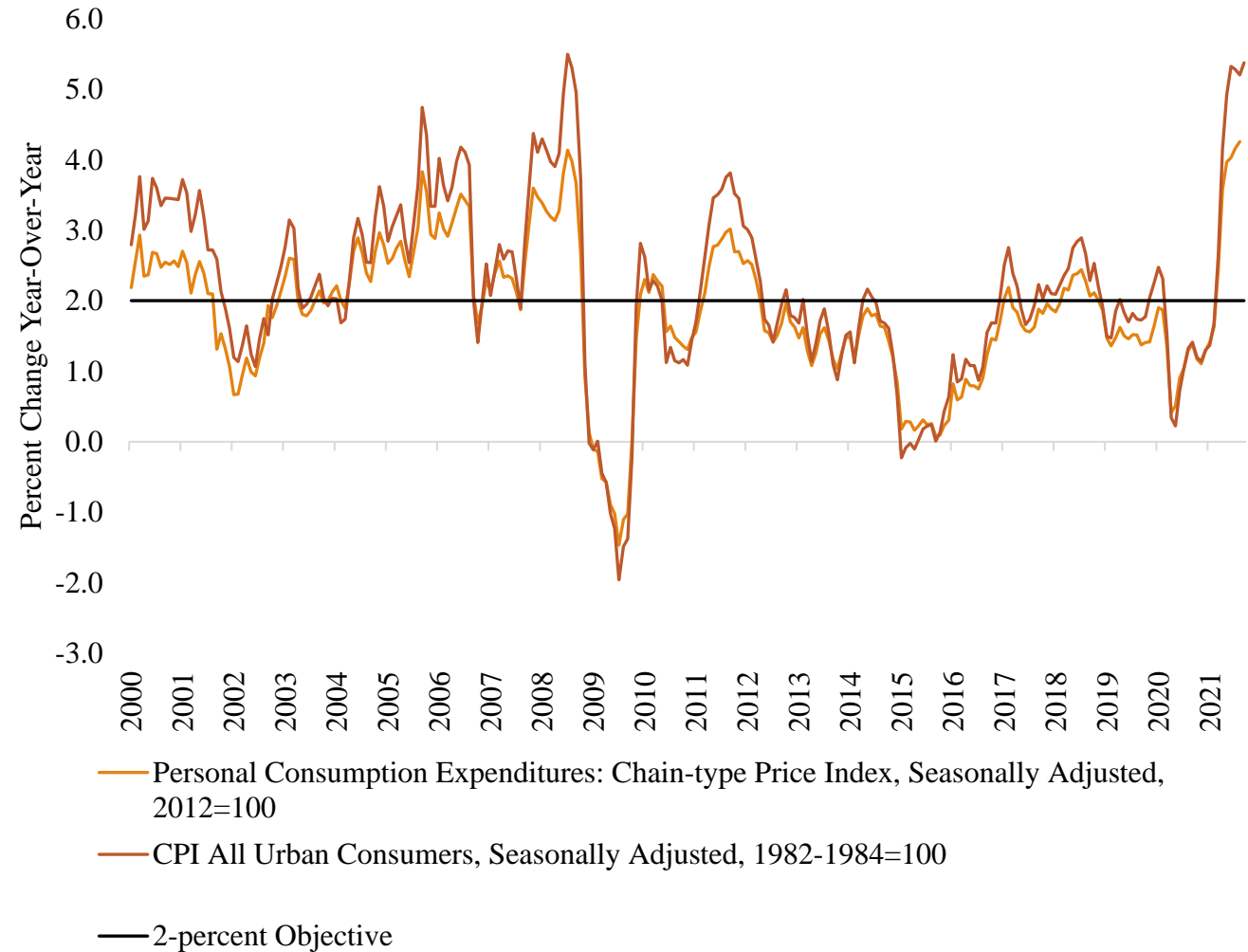
- Social Security moved 26.5 million people out of poverty
- Unemployment benefits = 5.5 million
- Stimulus payments = 11.7 million

Without stimulus payments, the Supplemental Poverty Measure would have been 12.7% rather than 9.1%

# Inflation remains high

- Demand shock coupled with supply chain complications - both production and distribution
- In September, food & shelter contributed over half of the monthly seasonally-adjusted increase in CPI
- As of September 2021, FOMC projects core PCE to average 3.7% in 2021 and moderately above 2.0% through 2024.

Measures of inflation, Year-Over-Year Percent Change

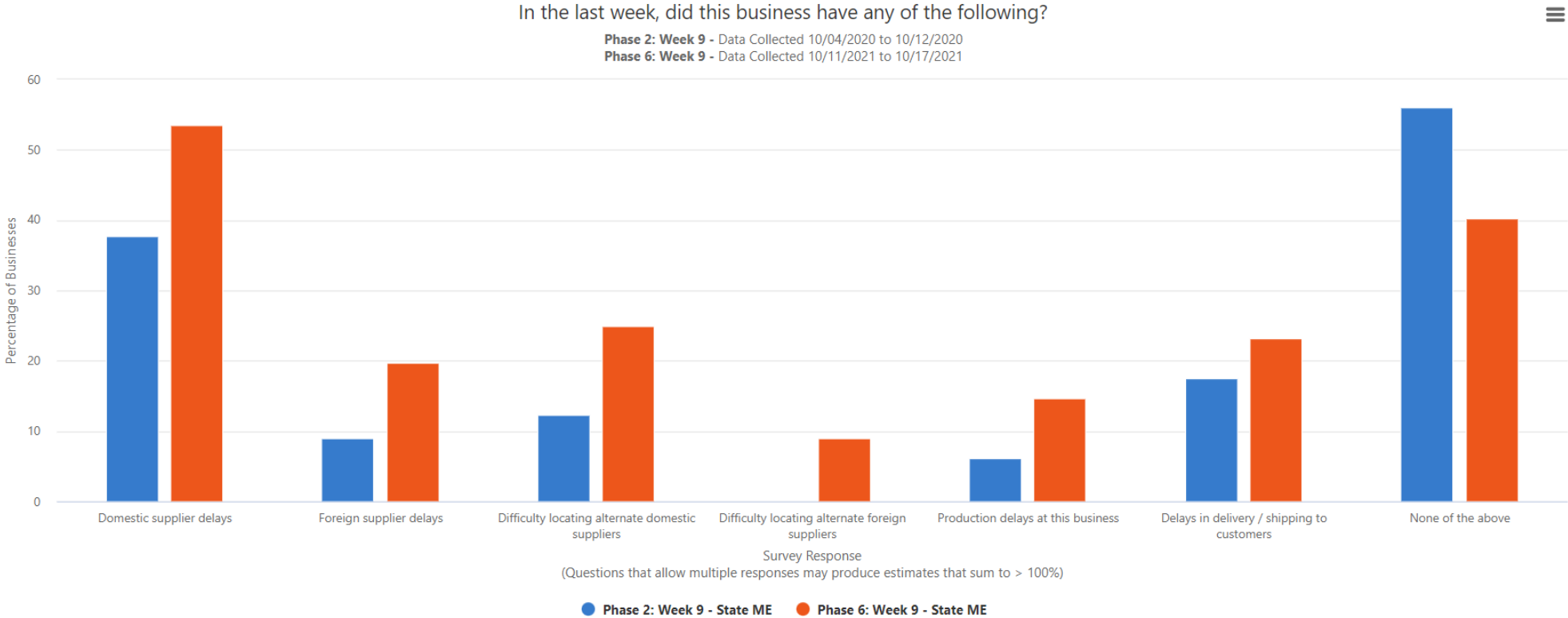


# Oil prices surge

- As of October 27, the daily Brent spot price was \$84.85
- Prices have recently reached their highest levels since late 2018
- Heating oil prices in Maine this winter are on track to reach 5-season high, likely to put stress on household finances



# Supply chain delays pose major challenges to small business in Maine



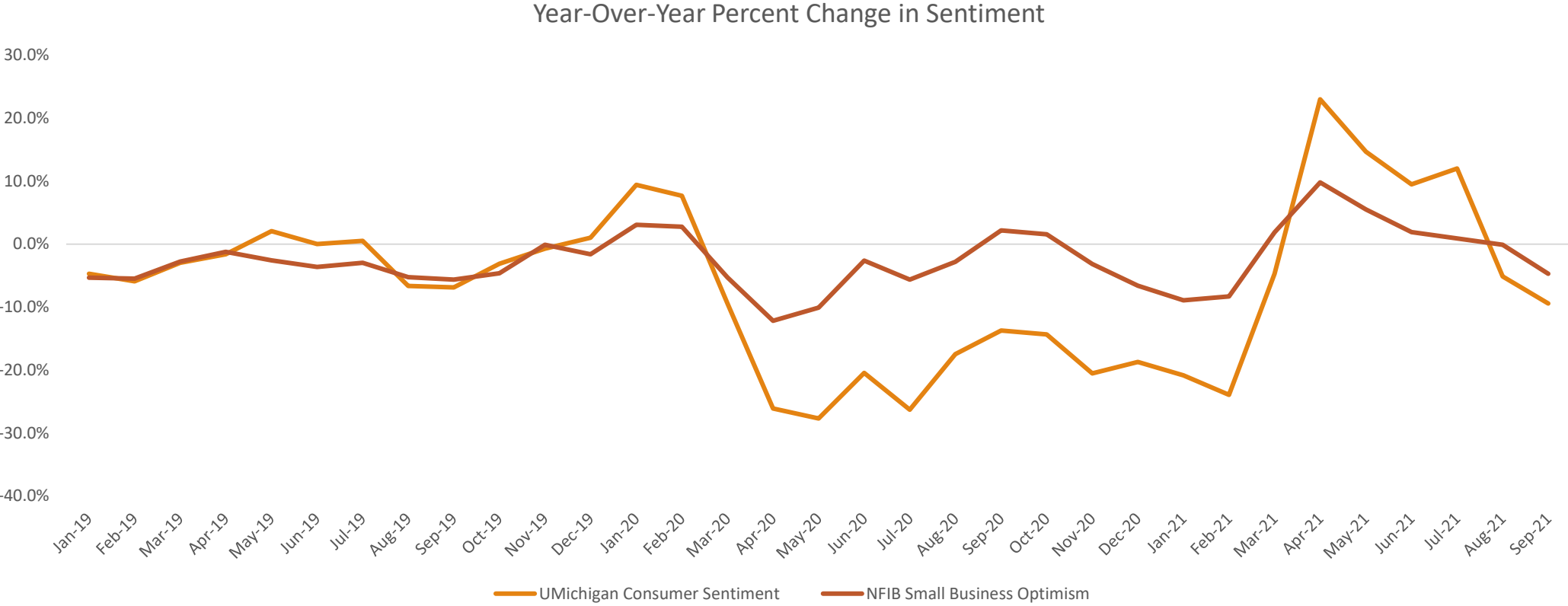
Source: U.S. Census Bureau Small Business Pulse Survey

# All industries are impacted by supply chain challenges

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- Small businesses in every sector report that they have been impacted, with Finance & Insurance being the least impacted (9% report domestic delays).
- Nationally, over 70% of small businesses in the manufacturing sector reported domestic supplier delays, while over 43% reported production delays
- According to this survey, domestic supplier delays are more prominent than foreign supplier delays, although foreign delays affect an average of almost 21% of small businesses (compared to a national average of 45.0% for domestic supplier delays)
- The sectors where small businesses are most impacted by production delays are manufacturing (43.1%), construction (22.3%), other services (20.1%), wholesale trade (19.9%) and retail trade (19.4%)

# Consumer sentiment falls once again



Source: University of Michigan Survey of Consumers; NFIB Small Business Optimism Index

# NFIB COVID-19 Small Business Survey

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Half of respondents in Sept. 2021 reported a significant impact from supply chain issues

- 86% expect the disruptions to continue for at least 5 more months

45% of respondents reported moderate to significant staffing shortages

- 52% of those are reporting loss of sales opportunities due to staffing
- 77% of respondents reported increasing wages to attract applicants