

MAINE ECONOMIC UPDATE AND OUTLOOK

Maine State Chamber of Commerce Board meeting

March 19, 2021

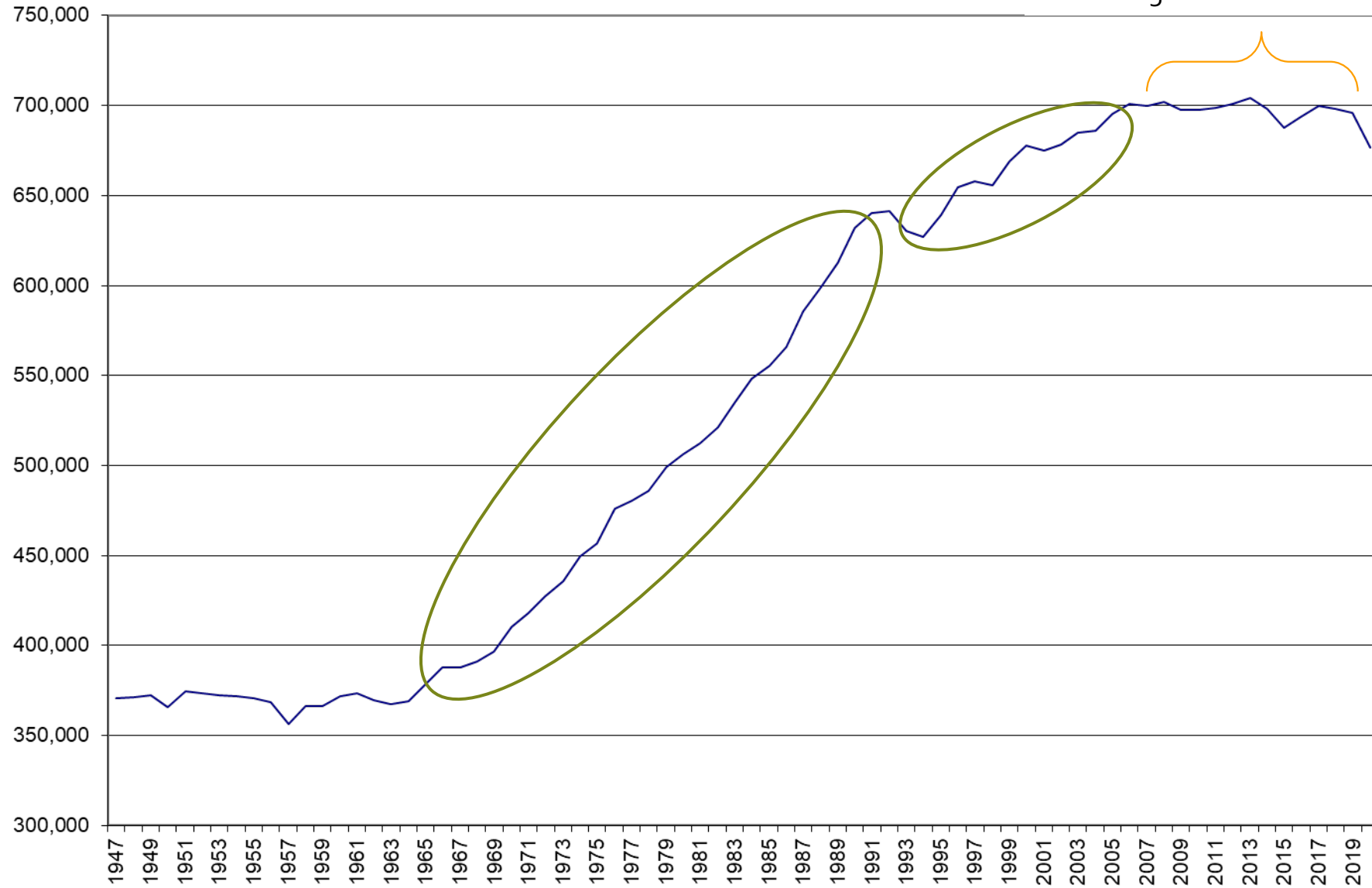
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Department of Administrative and Financial Services

Maine Civilian Labor Force

Labor force has been starting to trend down



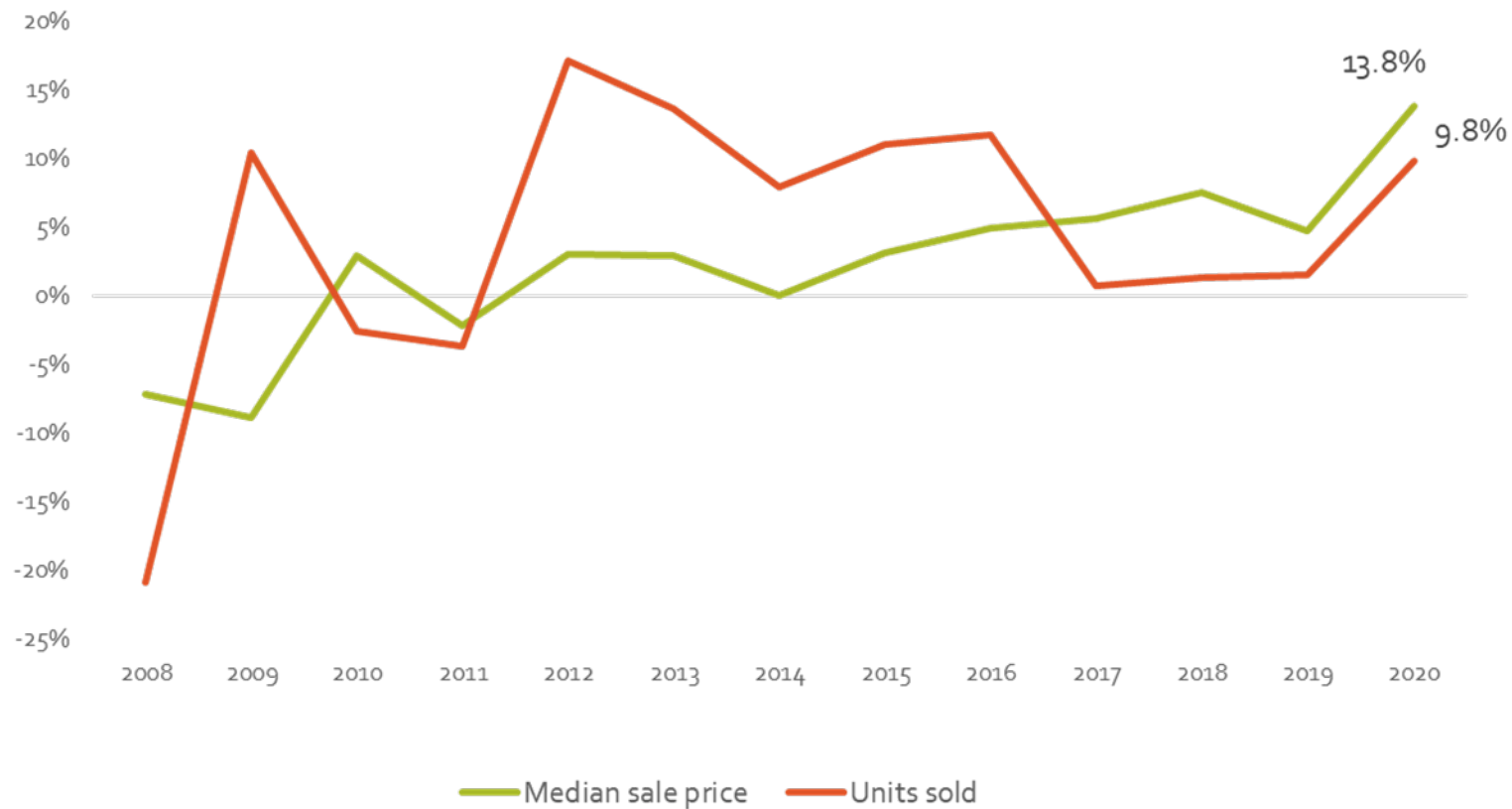
Migration effects from COVID-19?

Maybe – it's still too soon to know for sure

- Maine has been seen as a safer place to be during the pandemic due to lower case counts/deaths/positivity rate
- Maine's lower population density may prove increasingly attractive to people in the coming months and years
- The ability to work remotely is making it easier for people to consider a move to Maine, especially if high speed internet access improves

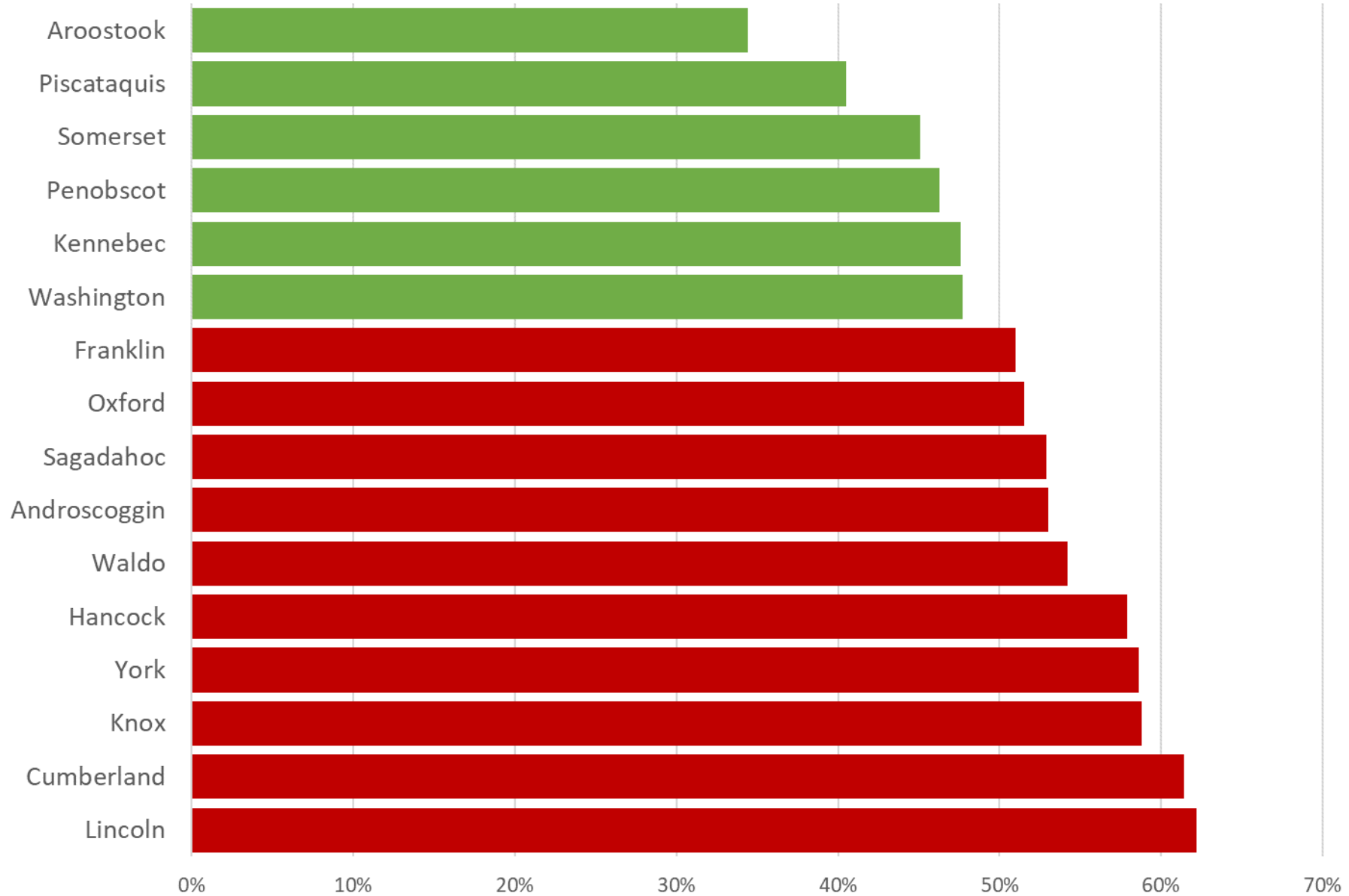
Maine has already seen an influx of home buyers from out of state (but who are they and how long will they stay?)

Year-Over-Year Growth of Real Estate Transactions, Maine



- Maine REALTORS noted in their February 2021 press release an 18.4% increase in single-family home sales in Jan. 2021 vs Jan. 2020 along with a 15.6% increase in the median sale price
- Out-of-state buyers normally represent about 1/4 of sales; in late 2020 they represented about 1/3 of sales

Percent of Households Unable to Afford Median Home



Percent Change in Time Spent Outside Home*

In **Maine**, as of **March 12 2021**, total time spent away from home **decreased** by **7.7%** compared to January 2020.



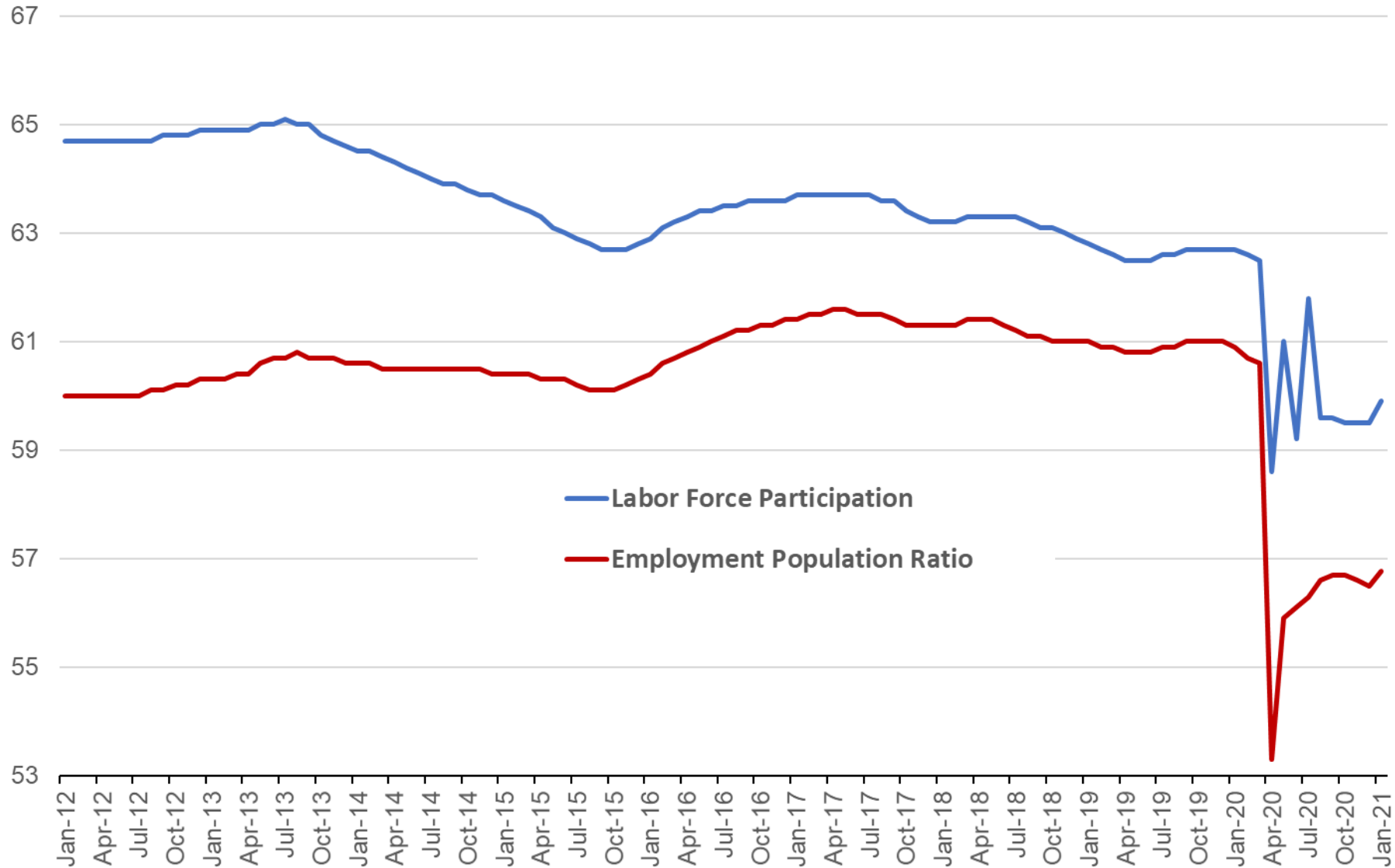
data source: **Google COVID-19 Community Mobility Reports**

*Change in the average time spent outside of residential locations indexed to the period between Jan 3-Feb 6 2020. This series uses data from Google's COVID-19 Community Mobility reports.

last updated: **March 15, 2021** next update expected: **March 19, 2021**

Labor Force Participation & Employment Population Ratio

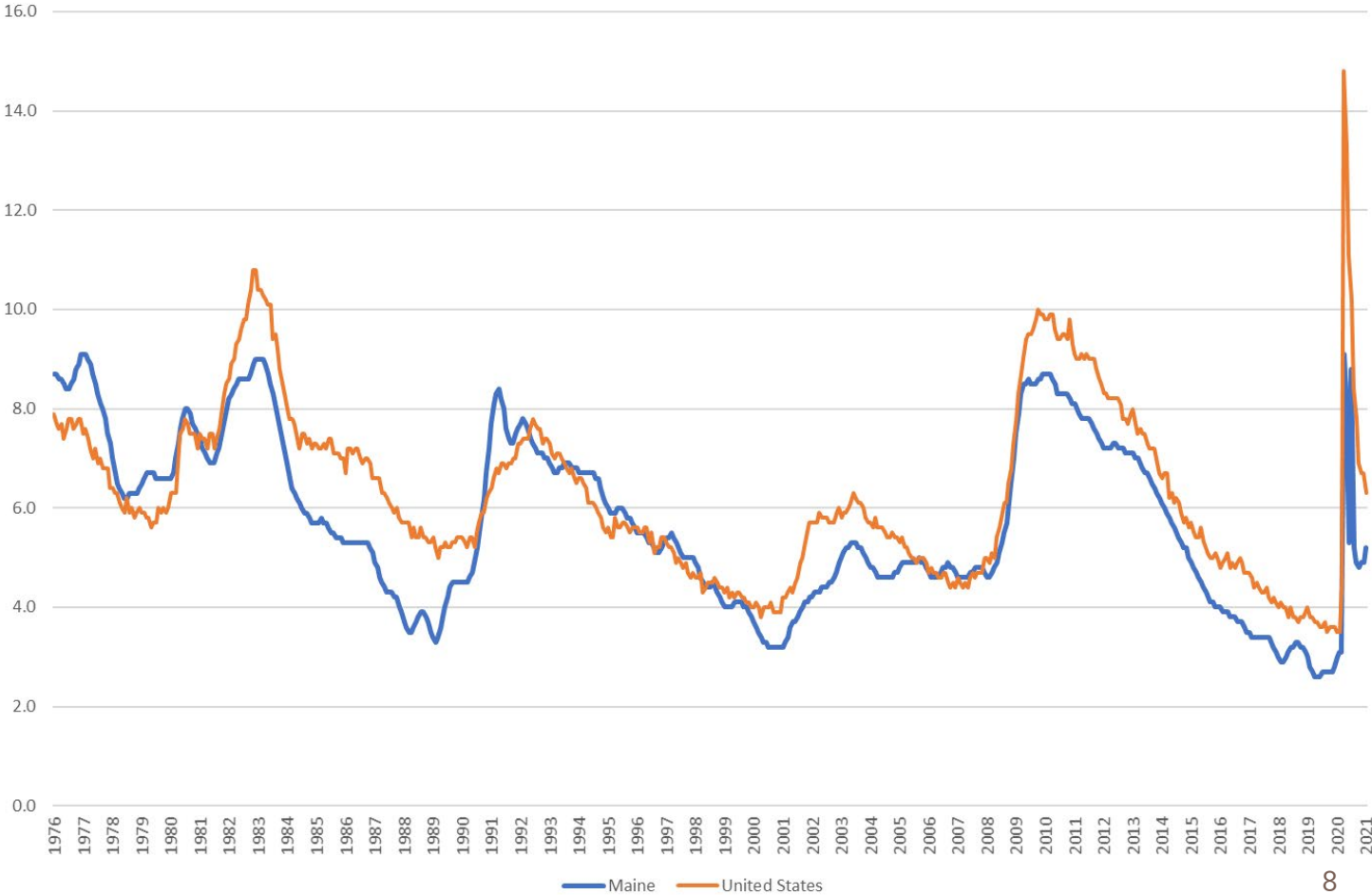
(Seasonally Adjusted)



With disruptions to schools and child care, many children were suddenly home all day, resulting in people – more women than men – leaving the labor force to care for them.

In April 2020, Maine's official unemployment rate was 9.1% - the highest since February 1977. Even so, it underrepresented the true unemployment rate due to technical issues

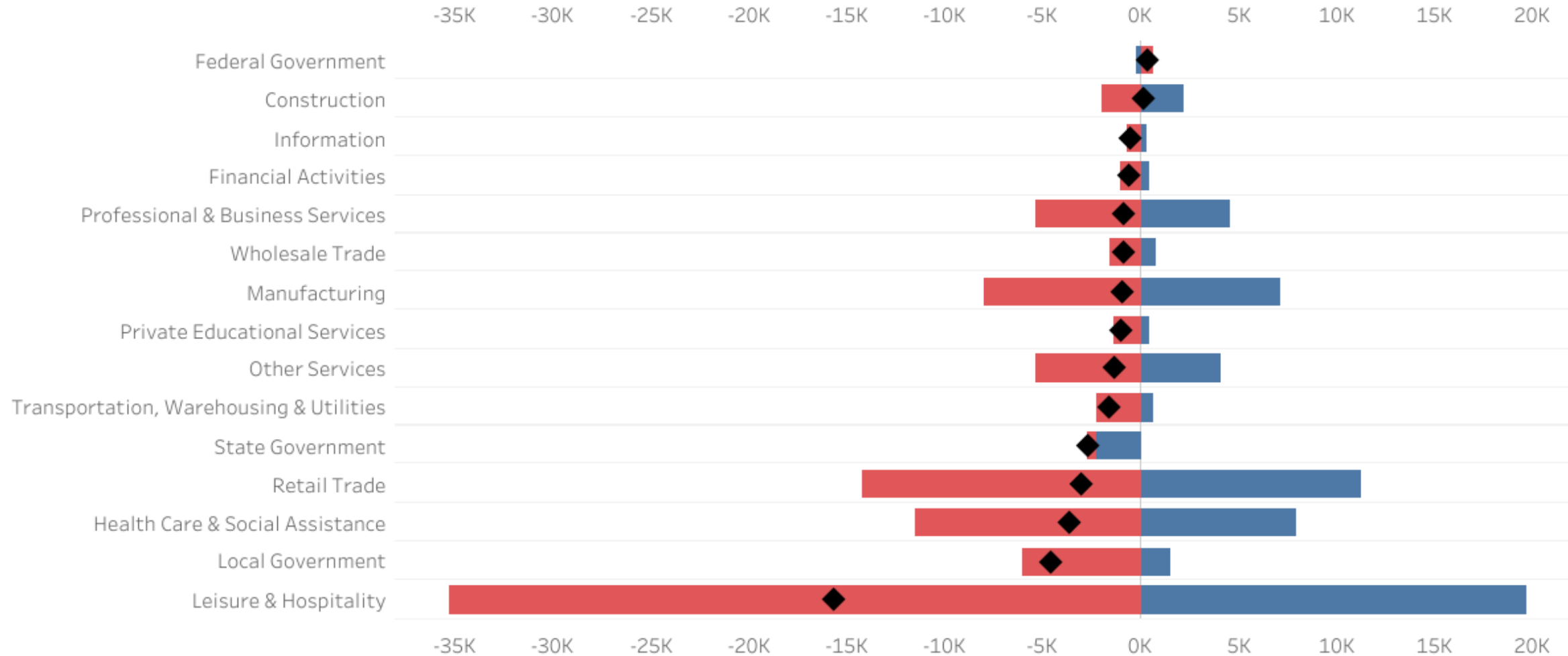
Unemployment Rate
(seasonally adjusted)



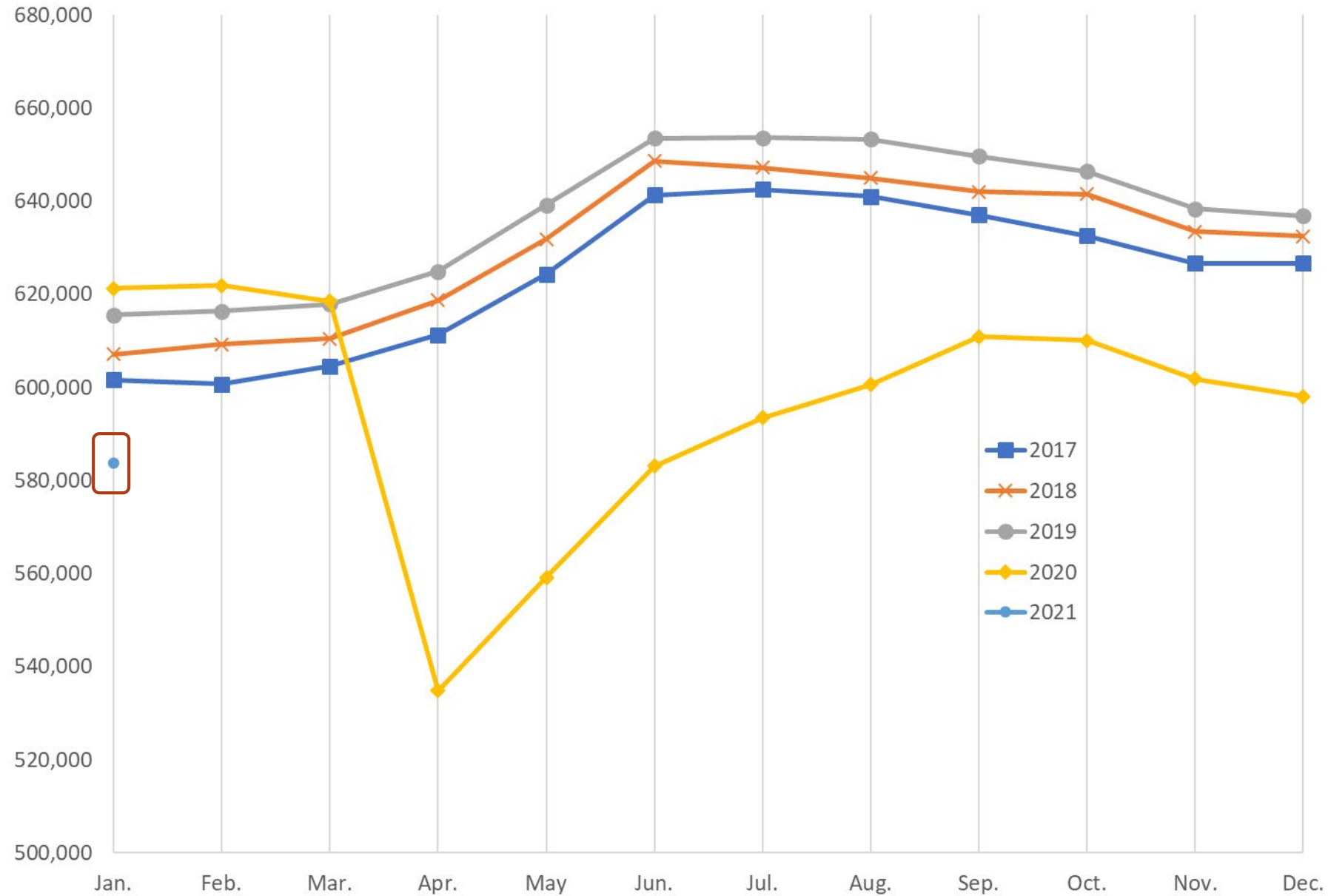
Maine's official unemployment rate in January 2021 was 5.2%; but the Maine Department of Labor estimates that if labor force participation were at Jan. 2020 levels the unemployment rate would be 9.4%

Change in Jobs by Sector

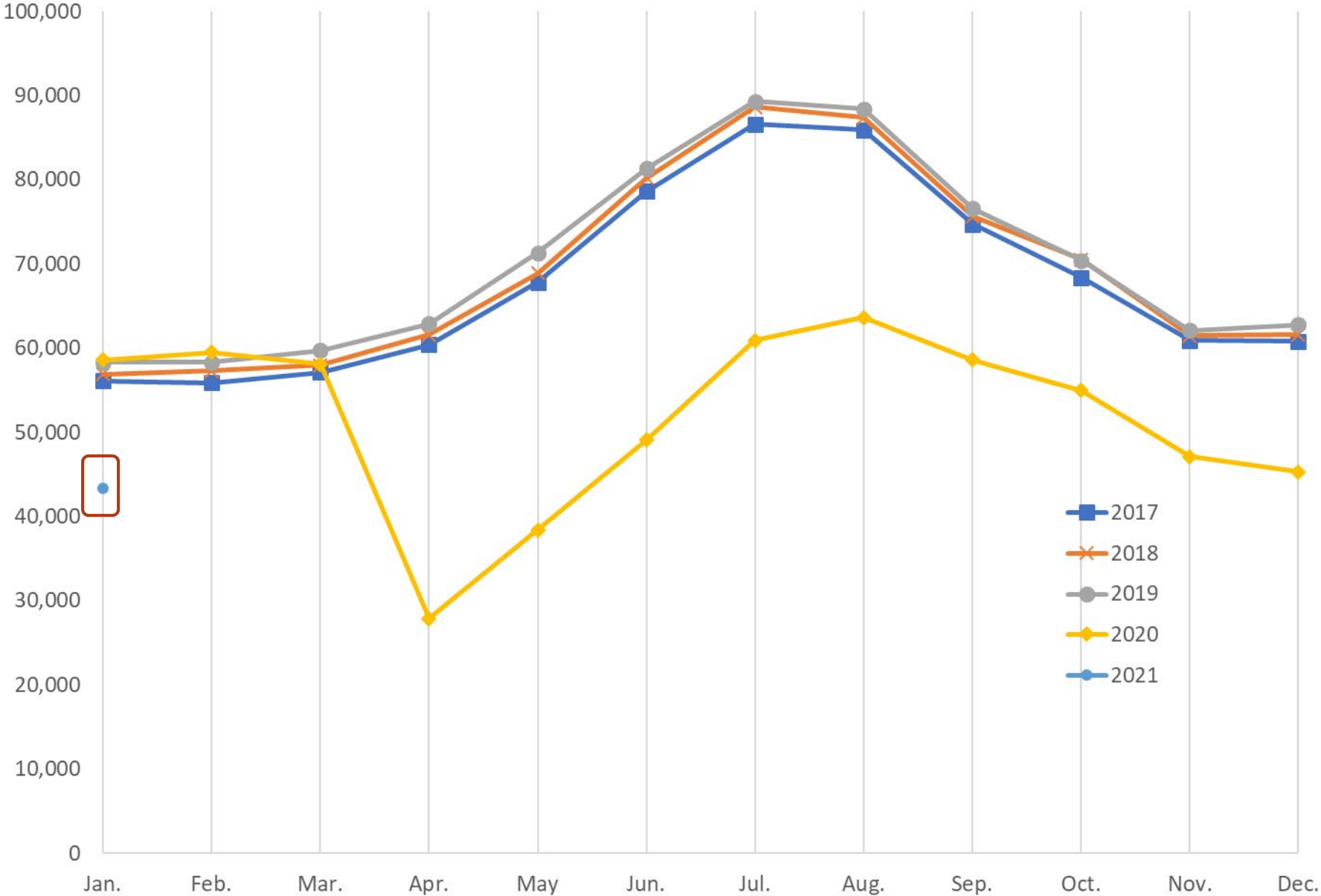
■ January 2020 to April 2020
■ April 2020 to January 2021
◆ Over the Year Change



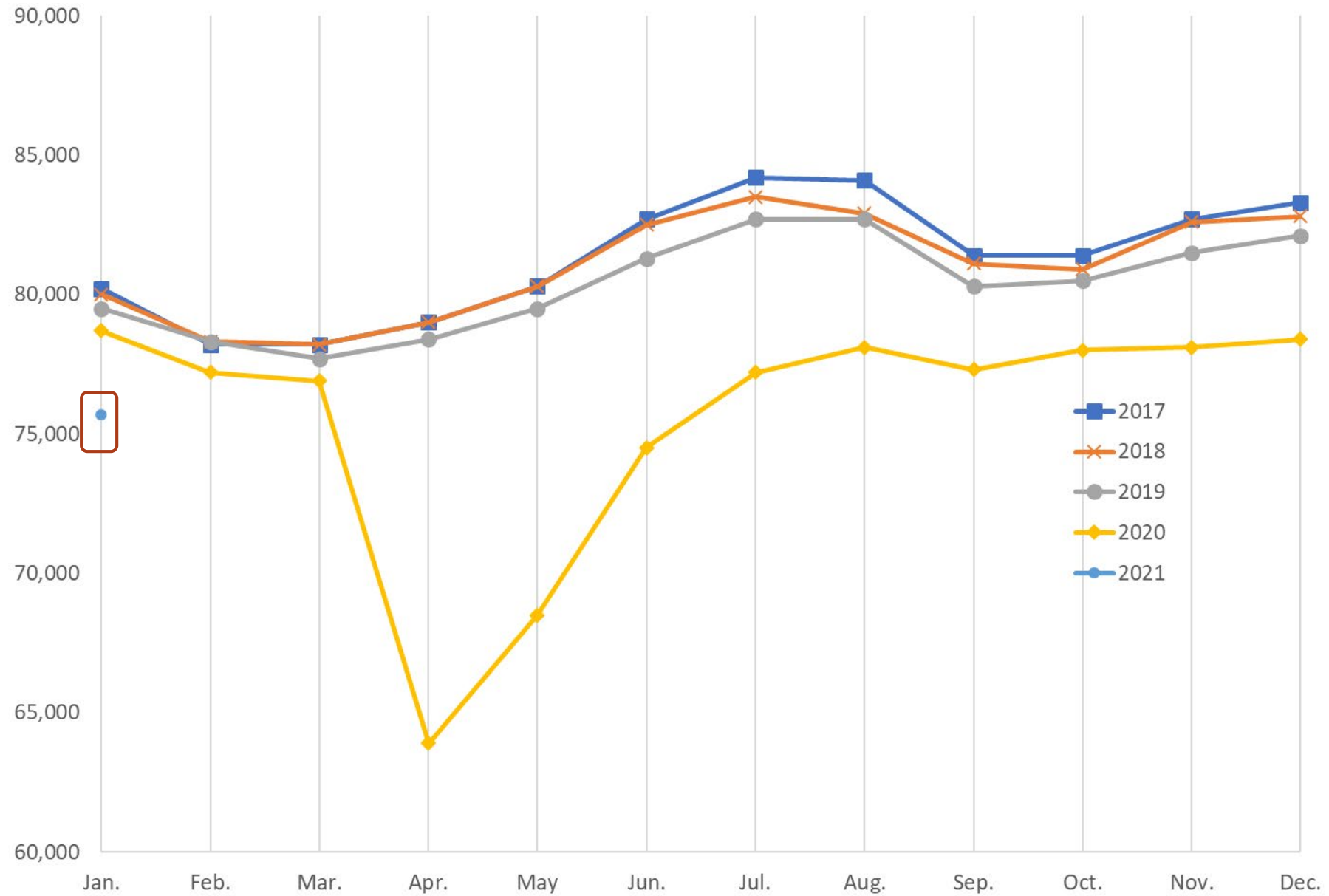
Total Nonfarm Employment, Not Seasonally Adjusted



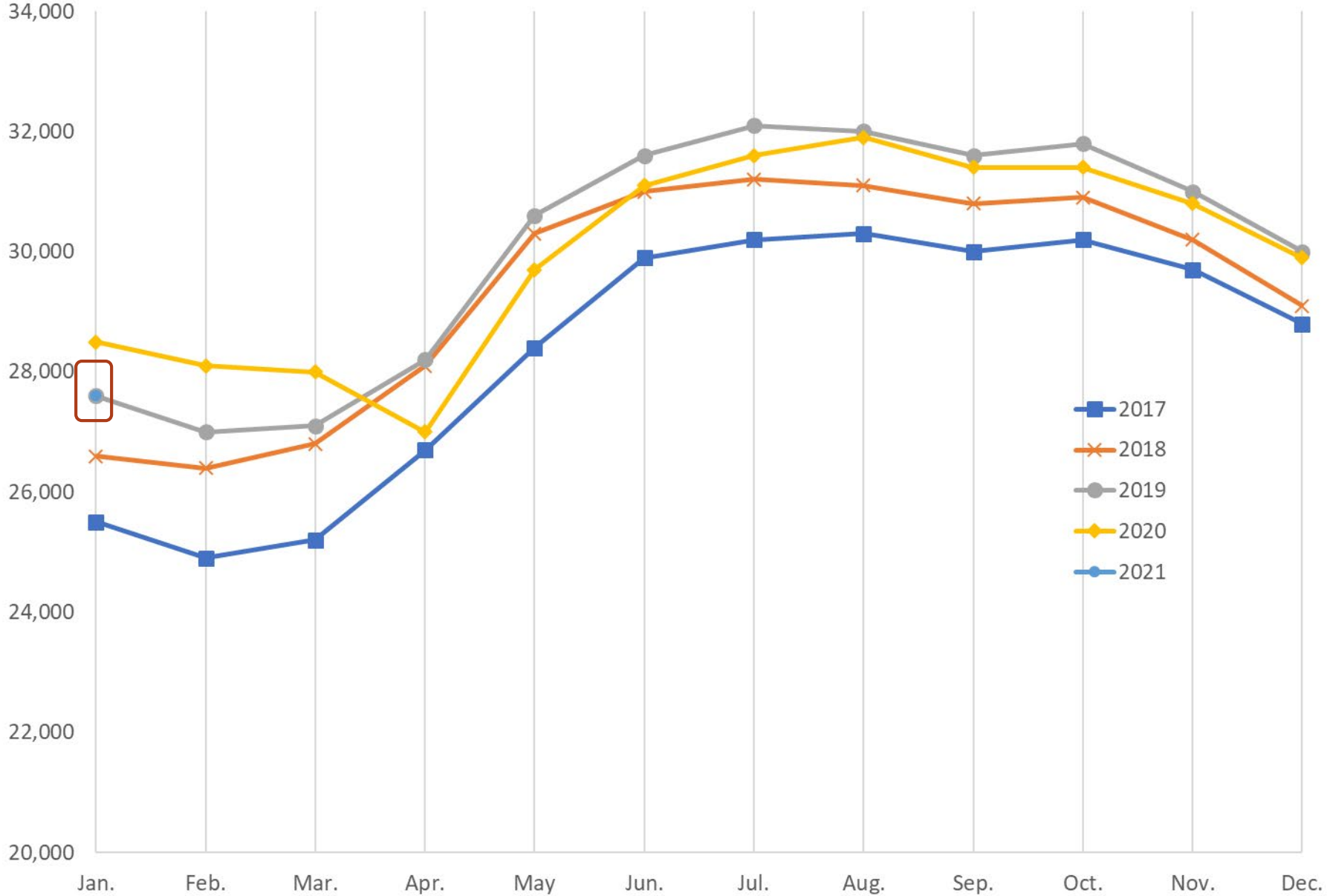
Leisure and Hospitality Employment, Not Seasonally Adjusted



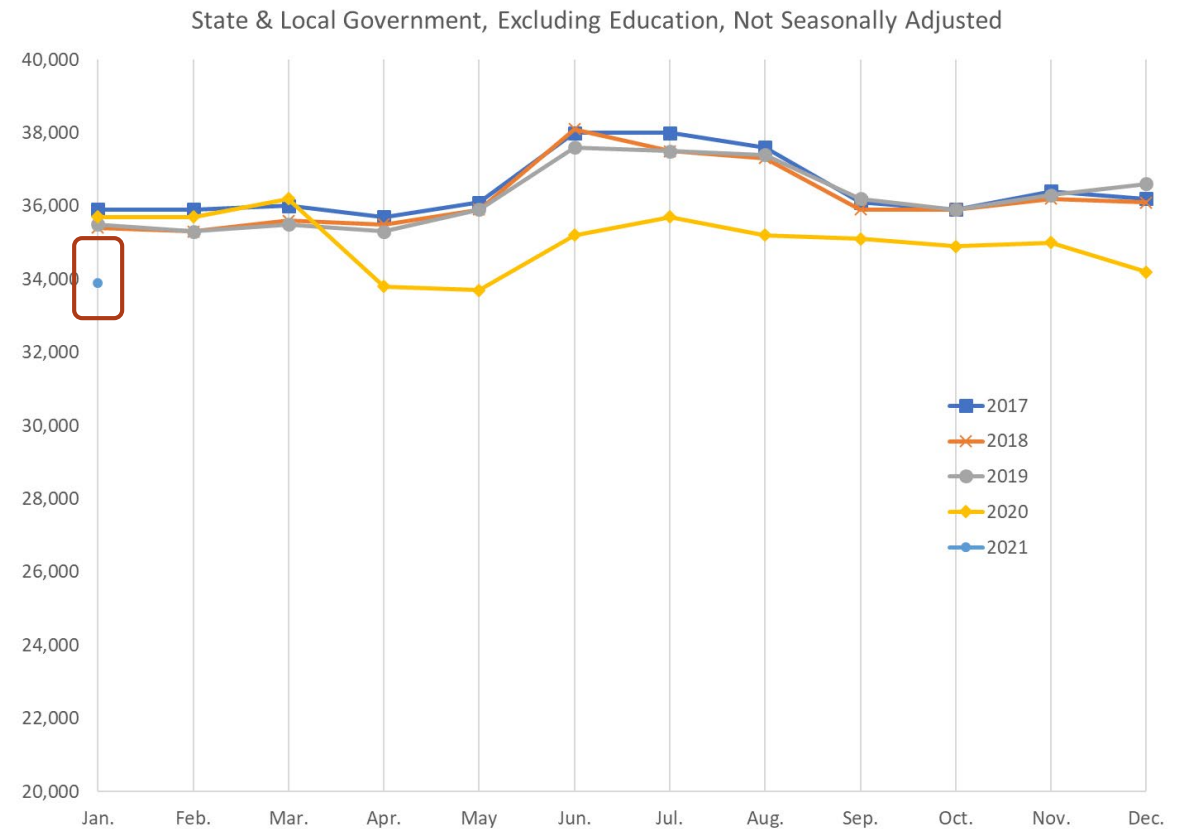
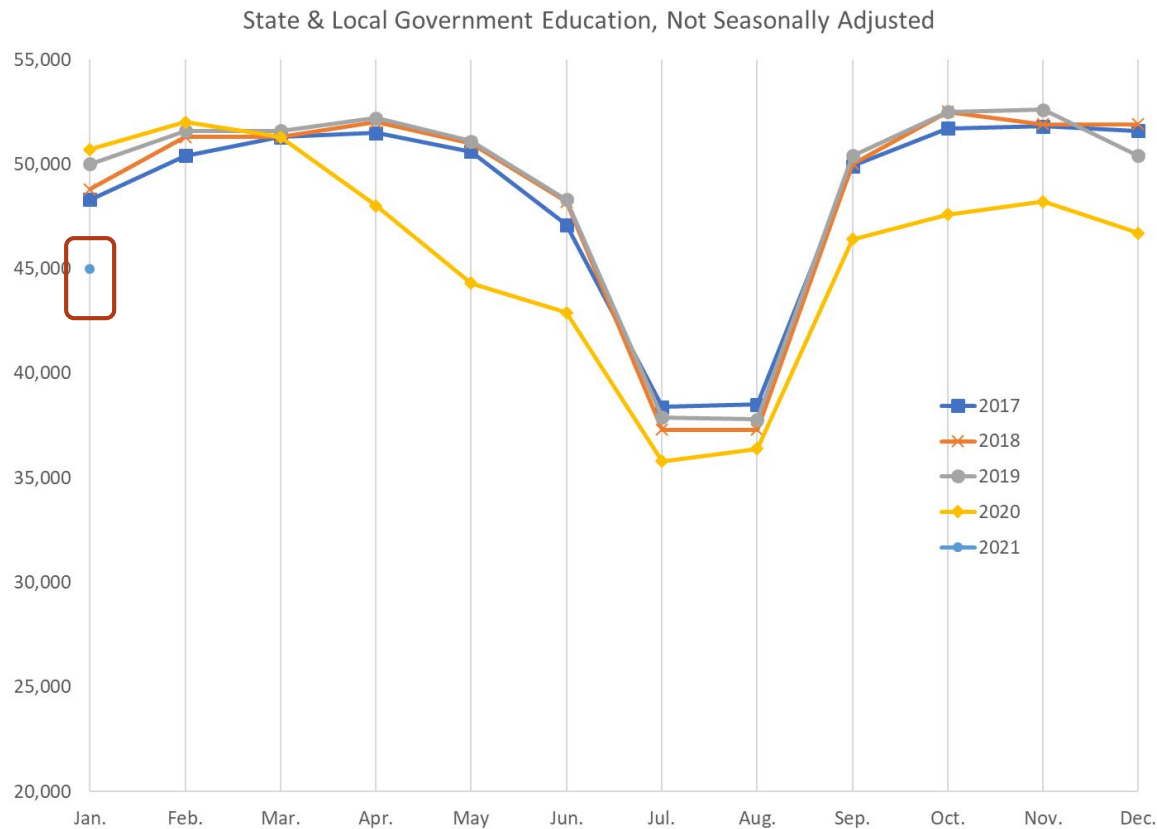
Retail Trade Employment, Not Seasonally Adjusted



Construction Employment, Not Seasonally Adjusted



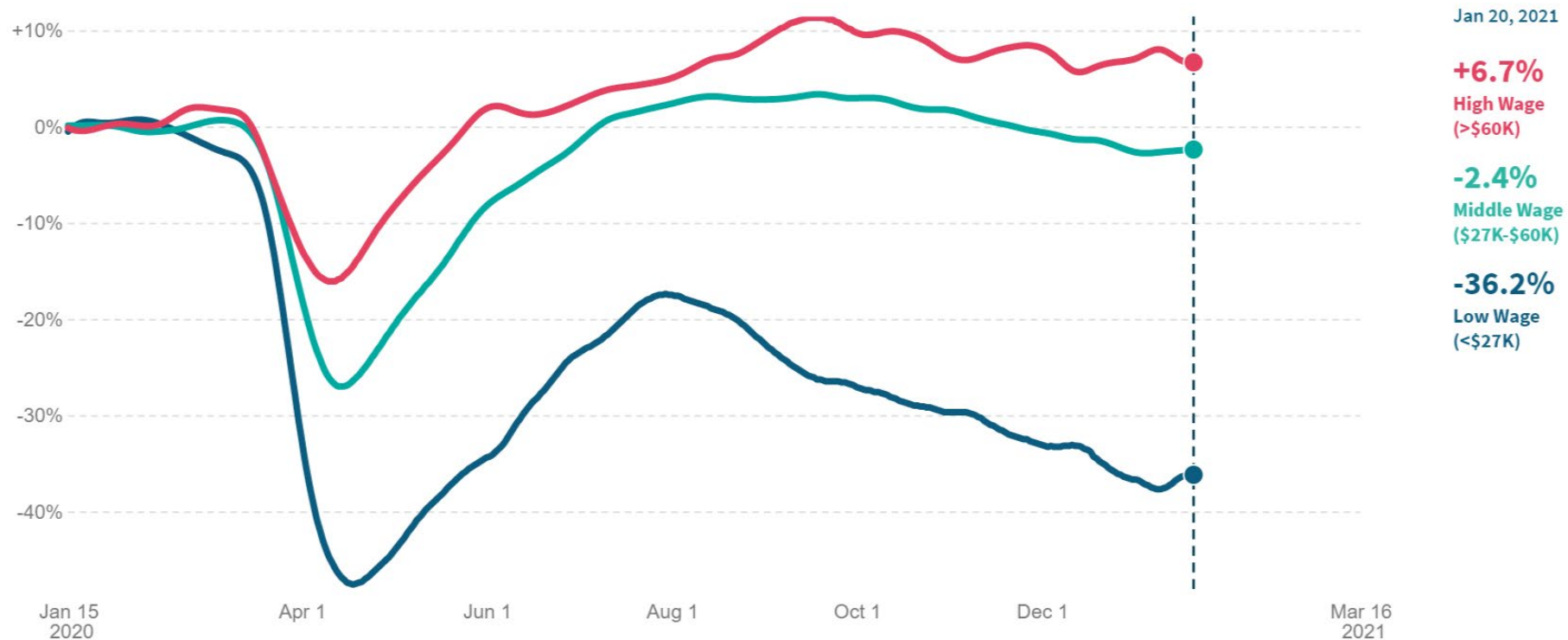
Most State and Local Government job losses were in public education (6.2% down vs 3.4% down for non-education State and Local Government)



Employment is following a “K-shaped” trajectory

Percent Change in Employment*

In **Maine**, as of **January 20 2021**, employment rates among workers in the bottom wage quartile **decreased** by **36.2%** compared to January 2020 (not seasonally adjusted).

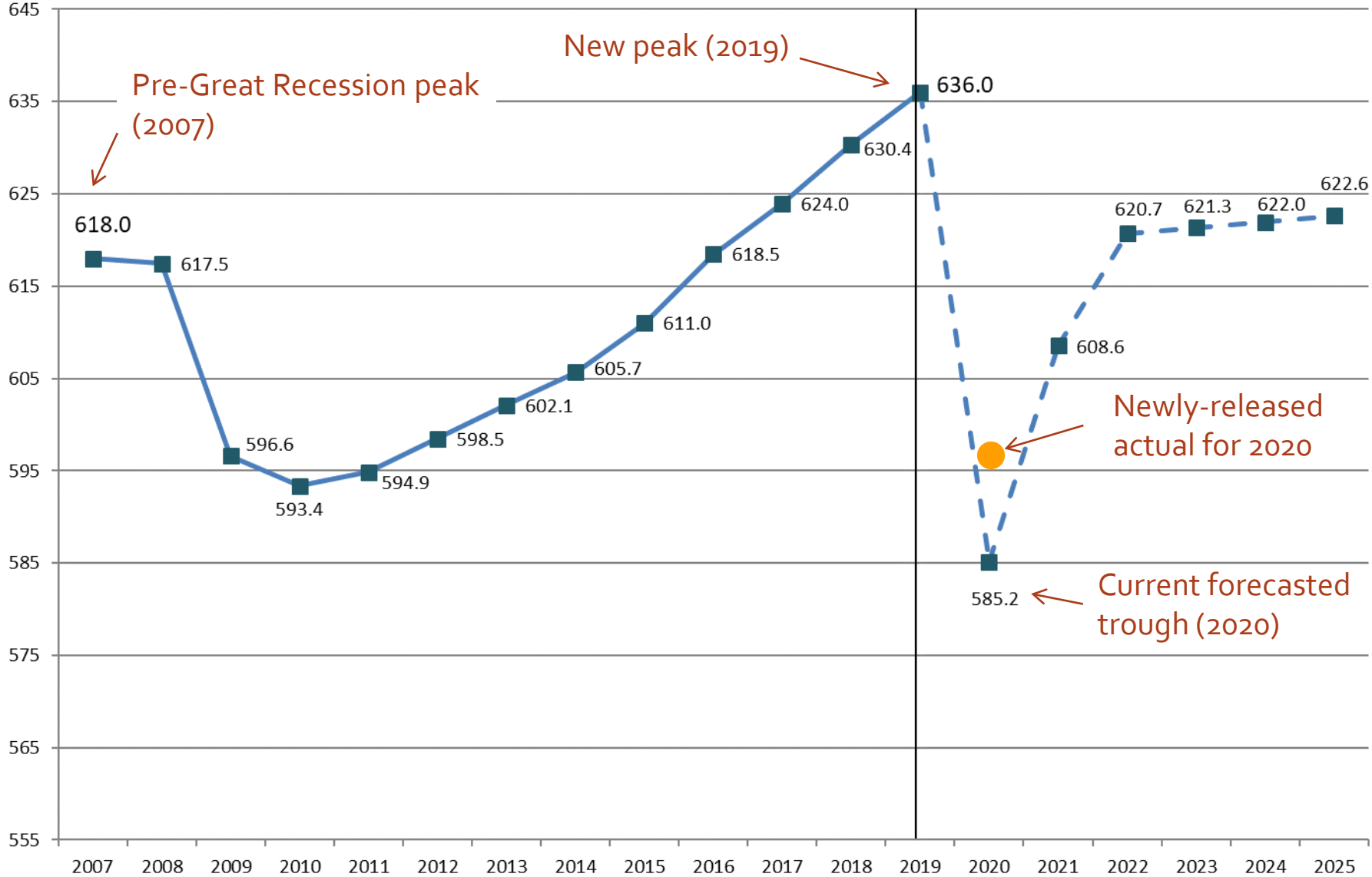


data source: **Earnin, Intuit, Kronos, Paychex**

*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line is a prediction of employment rates based on Kronos and Paychex data.

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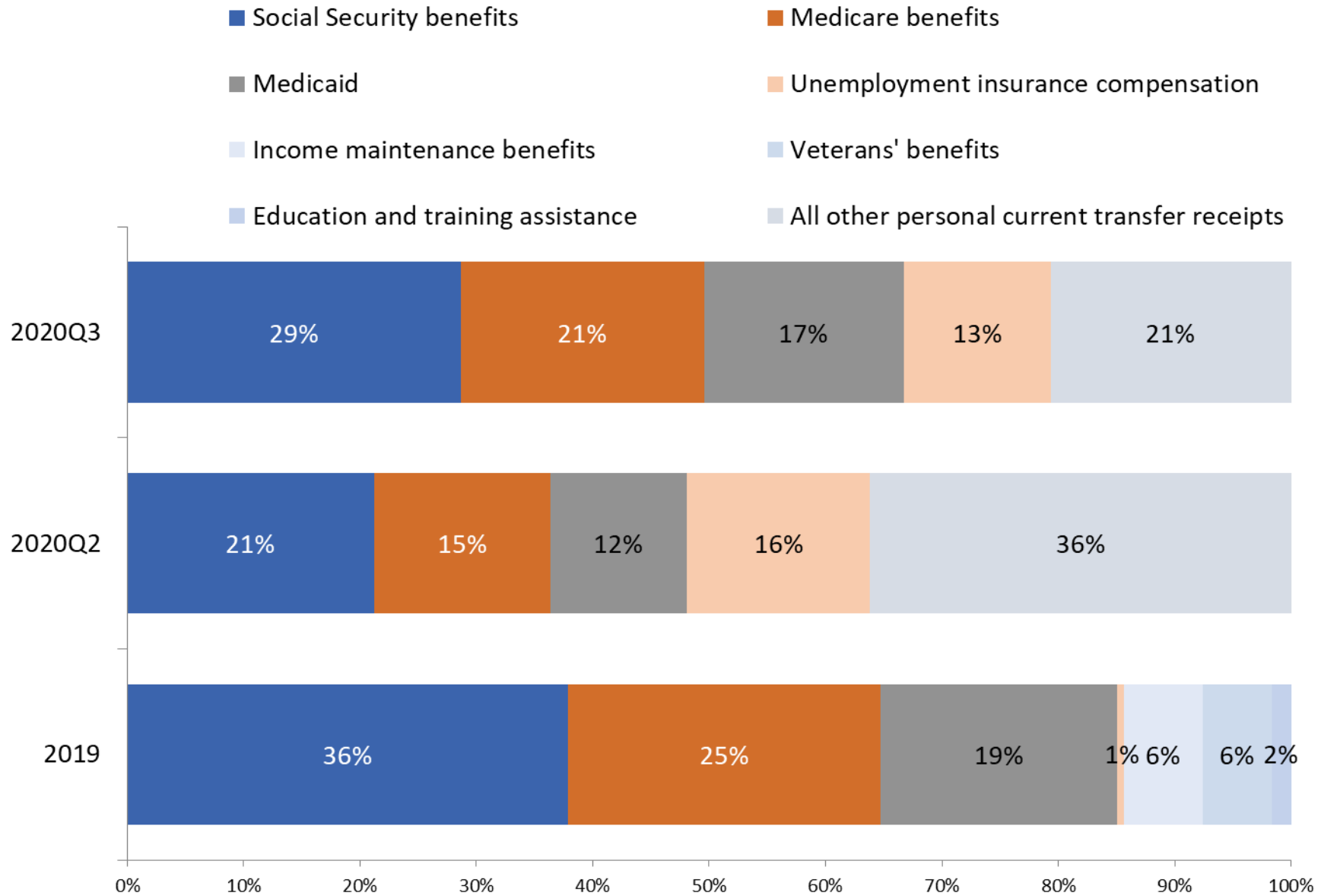
Total Nonfarm Employment (in thousands) History and CEFC forecast



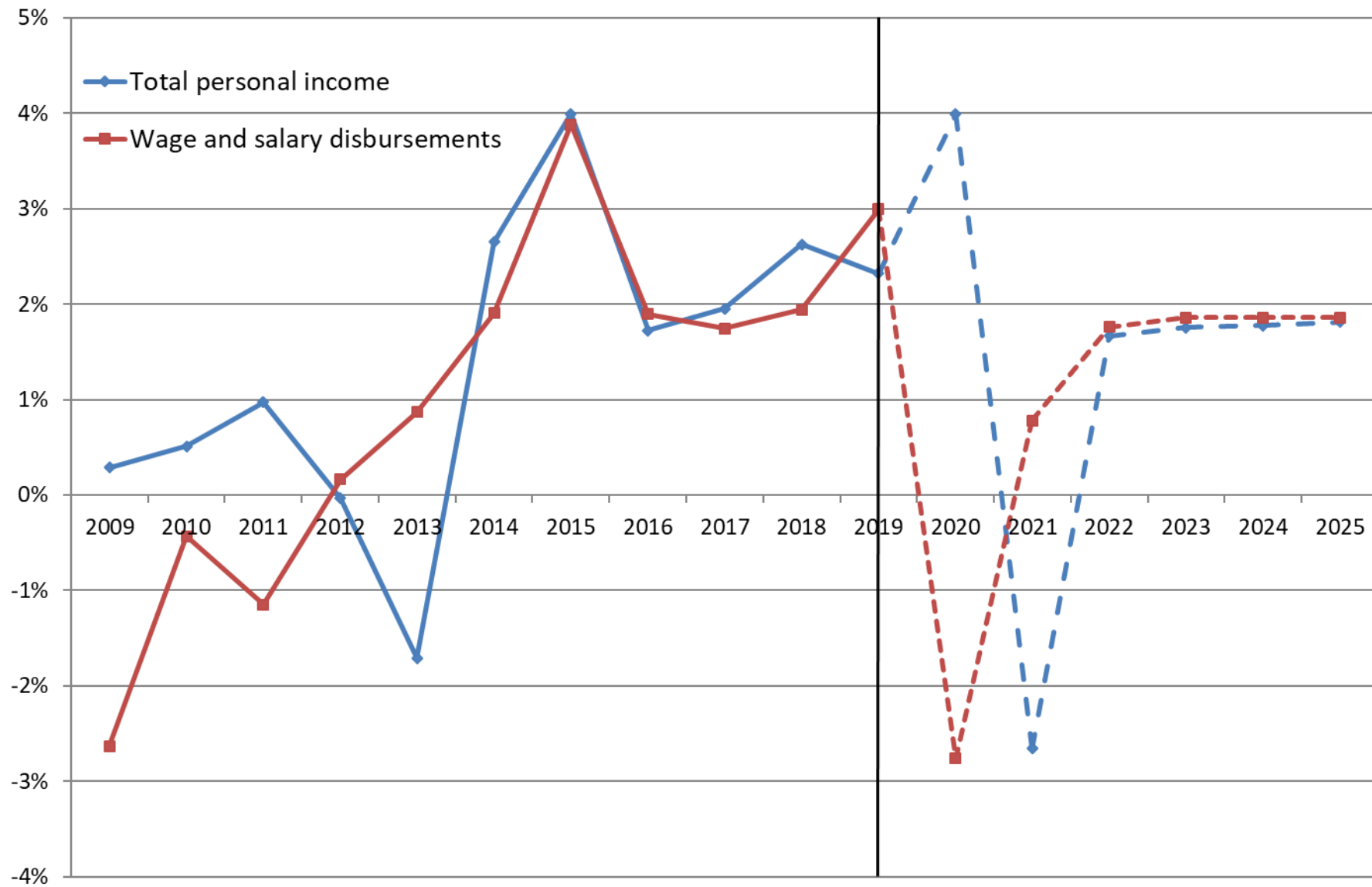
Major Components of Personal Income, Maine



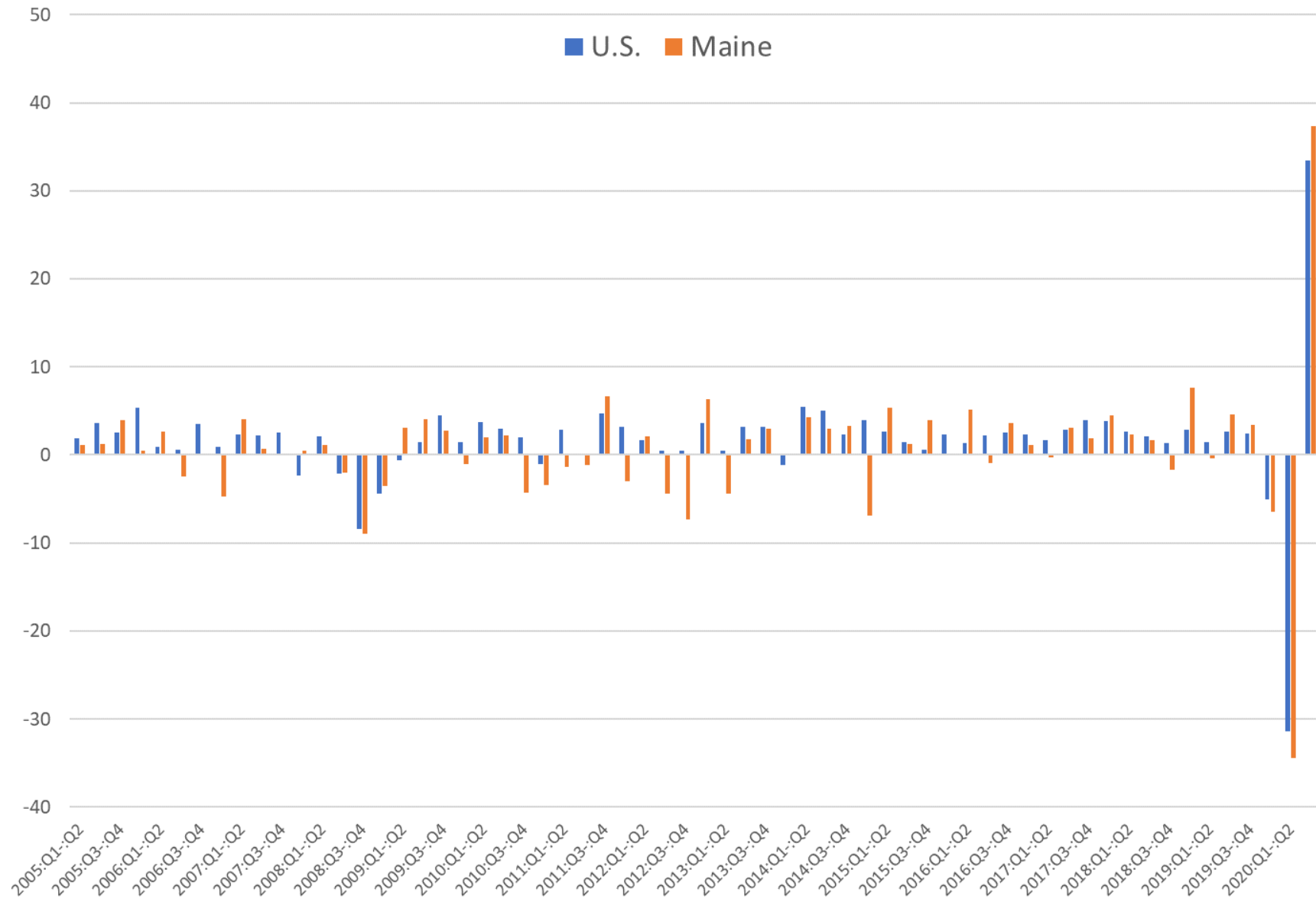
Components of Personal Current Transfer Receipts, Maine



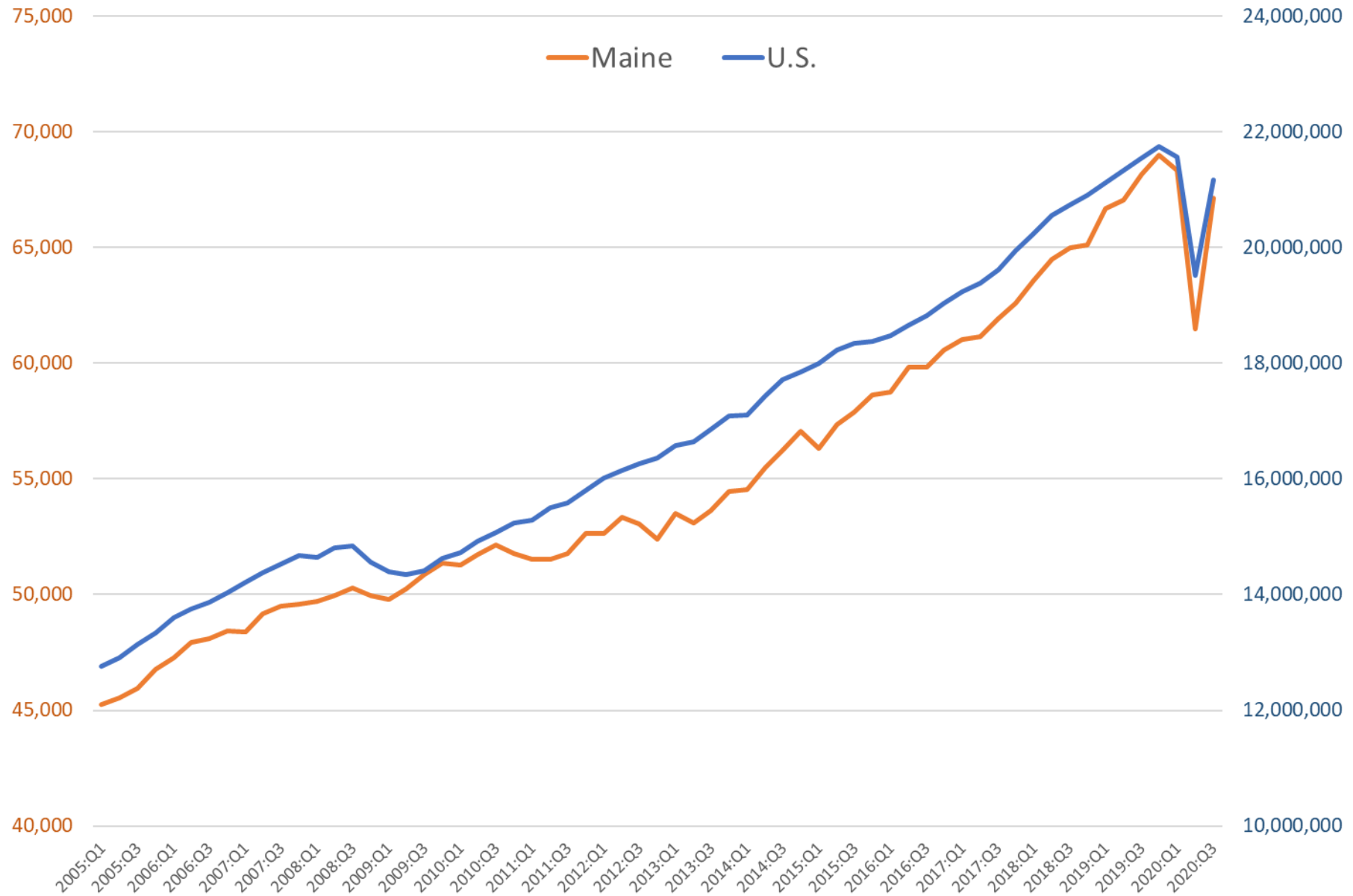
Percent Change in Real Personal Income, Maine 2009-2019 and forecast to 2025



Quarterly Real GDP, Annualized Percent Change from Previous Quarter



Quarterly GDP (in millions of current dollars)



Taxable retail sales: the good, the bad, and the unusual

Good:

- Remote sales/other retail have done very well during the pandemic (up 39.4% in 2020)
- Auto sales have been robust (up 5.6%)
- Building supply sales have been through the roof (up 19.9%)

Bad:

- Restaurant (down 25.5%) and lodging sales (down 35.2%) still lag well behind normal levels

Unusual:

- Normally in a recession we see purchases of durable goods and construction drop off quickly while services generally do okay – just the opposite has happened this time

This is not a typical recession (as much as there is such a thing as a “typical” recession)

Normally in a recession, we see more losses in goods-producing sectors, but this time around, we’re seeing the opposite

- Comparing Jan. 2021 to Jan. 2020, 97.6% percent of job losses were in service-providing sectors

Impacts have been highly disparate, with women, BIPOC, low-income households, households with children, and younger workers more affected (share of employment in hard hit sectors one of the contributing factors)

- This is exacerbating existing inequities and is somewhat disguised by top-level indicators

For state-to-state comparisons, public health (and related policies) and weather/seasonality have played more of a role than usual in economic conditions

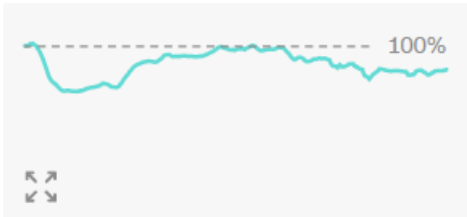
The Back-to-Normal Index

The pandemic economy is far from normal. So Moody's Analytics and CNN Business have partnered to create a proprietary Back-to-Normal Index, comprised of 37 national and seven state-level indicators. The index ranges from zero, representing no economic activity, to 100%, representing the economy returning to its pre-pandemic level in March.

Maine



85%



The economy in Maine is operating at 85% of where it was in early March.

New coronavirus cases in the last 7 days

1,122 ▼

Back-to-Normal state rank (1 = Best, 50 = Worst)

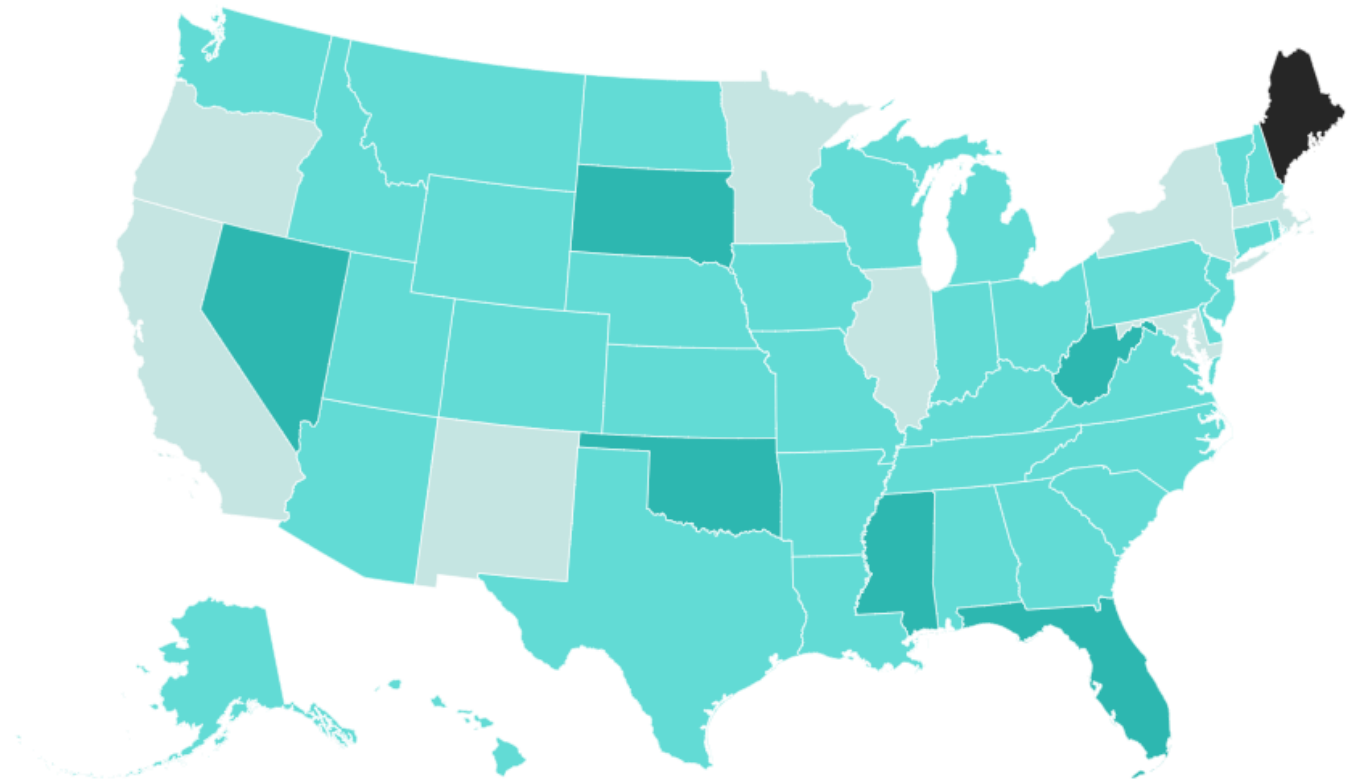
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[Learn how](#) we created the Back-to-Normal Index

Source: [Moody's Analytics](#), [JHU CSSE COVID-19 Data](#)

Percent of the way back to normal (100%=normal):

● Less than 60% ● 60% to 69% ● 70% to 79% ● 80% to 89% ● 90% to 99% ● 100% or more



RI

NJ

DE

MD

Data as of March 12, 2021

What to look for in the coming weeks/months

- Economic health relies on public health, especially in key sectors
 - Increased vaccinations and decreased infection rates should result in improved economic conditions, assuming that consumer confidence rebounds (people need to feel both physically and economically secure)
- Supply chain issues are becoming a significant problem and could hold back the recovery, especially if they become more widespread and/or drag on for an extended period
- Federal support has been critical thus far; ARPA will help continue bridging the gap, especially for the harder-hit households and businesses, until the pandemic is fully under control
- An early spring would help matters, too

Contact Information

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