

# Maine Economic Indicators

August 2020



Maine Department of Administrative and Financial Services

Office of the State Economist

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Maine Economic Indicators is a monthly report assembled by the Office of the State Economist that provides a synopsis of current economic trends and indicators for the state in comparison to New England and the United States. The intent of this report is to provide the public with a single document containing data aggregated from different sources typically used to track current economic and demographic conditions in the state.

The appendix provides comprehensive information related to the data presented herein. Data included in this report are assembled from various sources, subject to frequent revision, and provided in this report “as is” at the time of publication. Therefore, data presented in this report are subject to change over time.

**It is important to note that some data, such as GDP and Personal Income precede the full onset of COVID-19.**

# 1 Snapshot

Indicators in this section provide a summary of Maine's current economic status. Figures for Maine are compared to New England and the United States. Sources are given in the appendix.

Reference Period		Maine	New England	United States
2019	Total population	1,344,212	14,845,063	328,239,523
2018-2019	Annual population percent change	0.4%	0.1%	0.5%
2010-2019	Cumulative population percent change	1.2%	2.8%	6.3%
2018	Average earnings per job	\$50,247	\$69,987	\$62,321
2017-2018	Average earnings per job percent change	2.9%	2.8%	2.9%
July 2020	Unemployment rate	9.9%	13.4%*	10.2%
July 2020	Total private nonfarm employment	478,600	5,771,400	117,962,000
July 2020	Labor Force	665,288	7,561,700	159,870,000
July 2020	Labor Force Participation Rate	62.5%	N/A	61.4%

## Annualized Percent Change from the previous quarter and Compound Annual Growth Rate (CAGR)

<b>Real GDP</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1- 2020:Q1
Maine	0.6	2.1	1.9	-6.3	-0.8
New England	1.3	2.1	1.8	-5.2	-0.5
United States	2.0	2.1	2.1	-5.0	-0.3
<b>Total Personal Income</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1- 2020:Q1
Maine	4.0	3.6	4.6	3.1	3.8
New England	2.6	0.1	3.0	2.4	2.0
United States	4.4	2.8	3.6	2.3	3.3
<b>Per Capita Personal Income</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1- 2020:Q1
Maine	3.7	3.1	4.1	2.8	3.4
New England	2.6	-0.1	2.8	2.3	1.9
United States	4.0	2.2	3.1	1.9	2.8
<b>Wages &amp; Salaries</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1- 2020:Q1
Maine	4.0	3.6	4.3	3.1	2.6
New England	-0.4	-1.2	4.7	0.2	0.8
United States	2.7	1.6	4.9	0.2	2.3

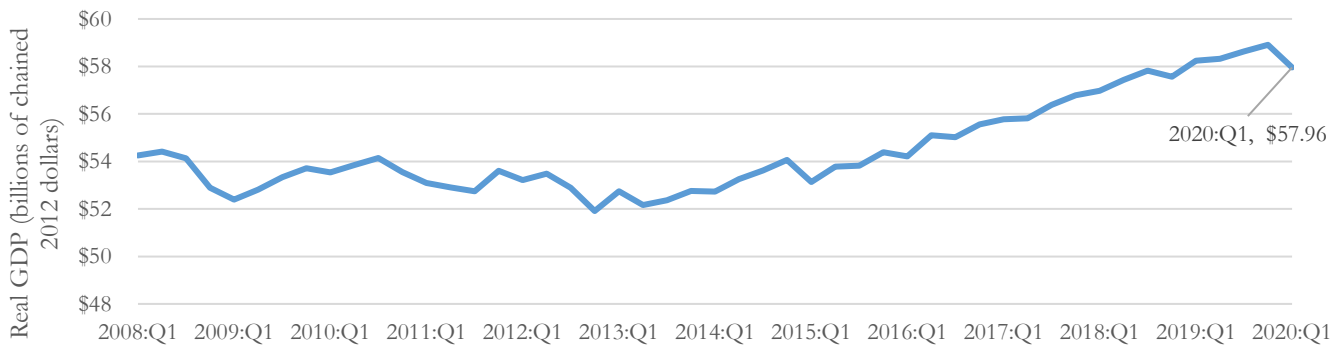
# Monthly and Quarterly Indicators

## 1.1 Gross Domestic Product (GDP)

Real GDP in Maine increased by fell by 6.3 percent from the preceding quarter (2019:Q4 to 2020:Q1), lower than New England (-5.2 percent) and the United States (-5.0 percent) and 45<sup>th</sup> in the country. The industry sectors that contributed the most to Maine’s first quarter decline in GDP were accommodation and food services (-1.22 percentage points); health care and social assistance (-1.16 percentage points); finance and insurance (-0.61 percentage points); retail trade (-0.49 percentage points); arts, entertainment, and recreation (-0.46 percentage points); and durable goods manufacturing (-0.43 percentage points). Three sectors contributed slight gains in GDP: construction (+0.14 percentage points); management of companies and enterprises (+0.04 percentage points); and utilities (+0.01 percentage points).

Reference Period		Maine	United States
2020:Q1	Total GDP (Current dollars)	\$67.8 billion	\$21.5 trillion

Real GDP (billions of chained 2012 dollars) - Maine



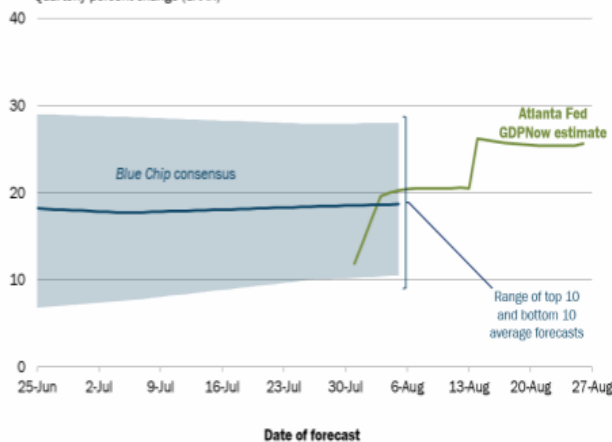
### 1.1.1 GDPNow



**GDPNow is not an official forecast of the Atlanta Fed.** Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

In particular, it does not capture the impact of COVID-19 and social mobility beyond their impact on GDP source data and relevant economic reports that have already been released. It does not anticipate their impact on forthcoming economic reports beyond the standard internal dynamics of the model.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2020: Q3  
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts  
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

GDPNow, which is reported by the Atlanta Fed, is “a running estimate of real GDP growth based on available data for the current quarter.” This model uses a similar methodology to the one used by Bureau of Economic Analysis in their official GDP estimates and is revised each time the monthly source data is updated. The latest forecast (June 26, 2020) estimates that real GDP will **increase by 25.6 percent** in the second quarter of 2020. Note that this is an *annualized* growth rate, meaning that the economy would grow by 25.6 percent in the year 2020 if each quarter were identical to Q3, thus this does not mean the economy grew 25.6 percent over the previous quarter.

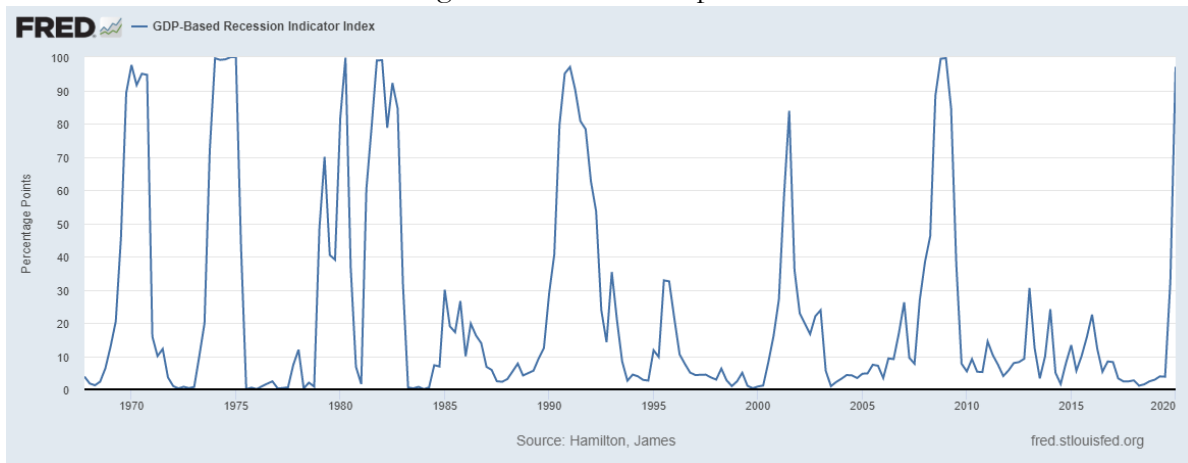
## 1.1.2 Recession Indicators

On June 8, 2020 the National Bureau of Economic Research (NBER) declared that the United States was officially in recession starting in February.

### 1.1.3 GDP-Based Recession Indicator Index (Hamilton)

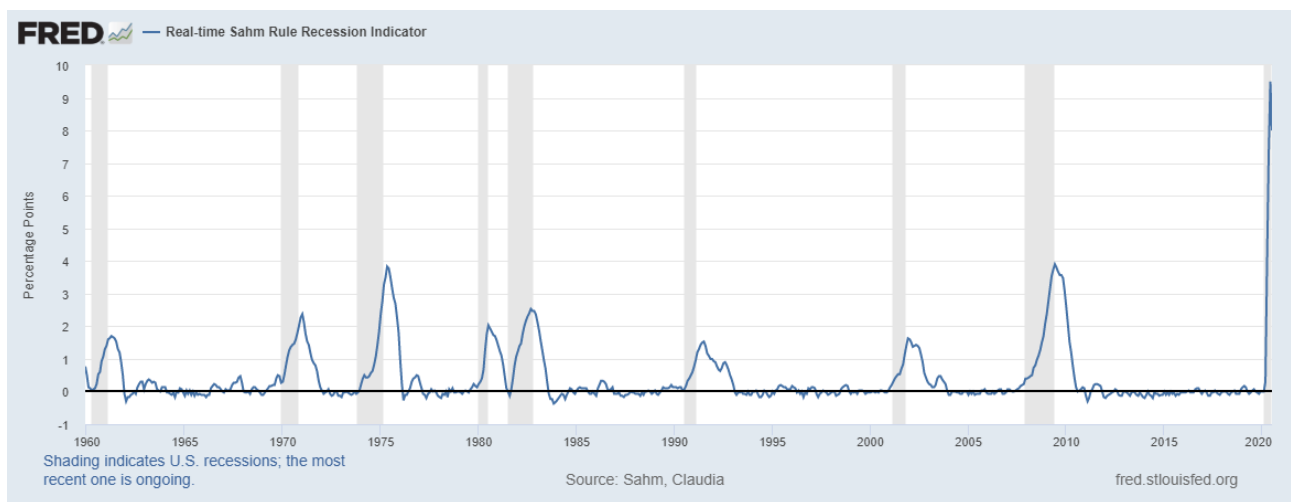
The GDP-Based Recession Indicator Index is 97.1 percentage points (2020:Q1), up significantly from 32.5 points in the previous quarter. This indicates that the national economy is in recession, as declared by NBER in February.

The index ranges from 0 to 100, and values above 67 provide a historically reliable indicator that the economy is in recession<sup>1</sup>. This method is purely objective in nature, rather than the NBER's subjective recession analysis. This index is calculated with a one quarter lag, which allows for extra insight and accounts for data revisions to make dependable inference. This index does not get revised once it is published.



### 1.1.4 Real-time Sahn Rule Recession Indicator

Additionally, the Real-time Sahn Rule Recession Indicator<sup>2</sup> signals a recession when the 3-month moving average of the national unemployment rate (U3) rises by at least 0.5 percentage points relative to its low in the previous 12 months. In June 2020, this indicator showed that the three-month average of national U3 was 8.0 percentage points over its 12-month low, indicating that the national economy is in recession.



<sup>1</sup> Created by Dr. James Hamilton, University of California San Diego

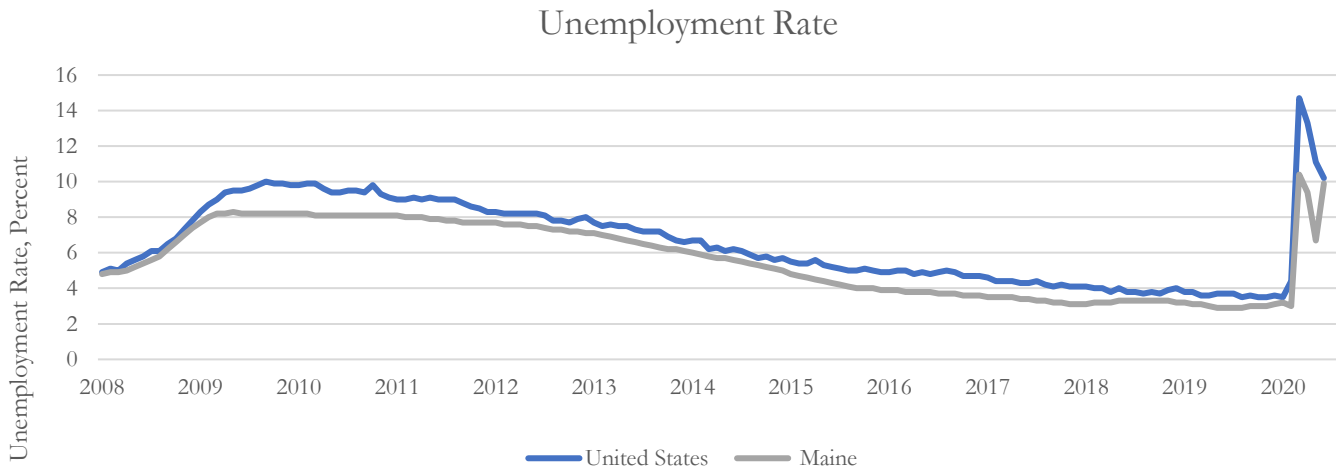
<sup>2</sup> Created by Dr. Claudia Sahn, Federal Reserve Board of Governors

## 1.2 Labor Markets

The data for unemployment rates and labor force are derived from the Local Area Unemployment Statistics (LAUS) program and data for nonfarm payroll jobs are derived from the Current Employment Statistics (CES) program. The numbers presented below are estimates which vary month to month in either direction and are subject to substantial revision. The Maine Department of Labor cautions users to analyze general trends over several months as opposed to making conclusions based on changes month to month.

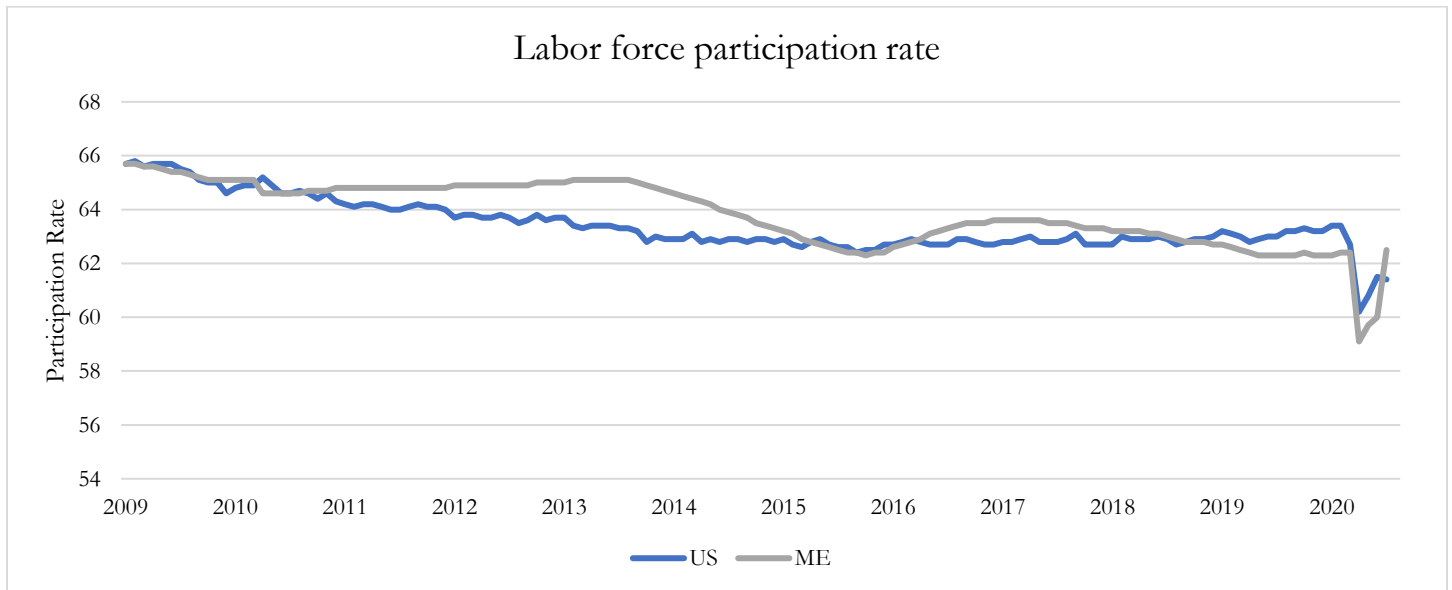
### 1.2.1 Unemployment Rate: July 2020 = 9.9%

Unemployment rates grew significantly in July to 9.9% in Maine and fell to 10.2% nationwide. The increase in Maine was not driven by increasing numbers of unemployed people, but rather large gains in the labor force as many returned to work search activities.



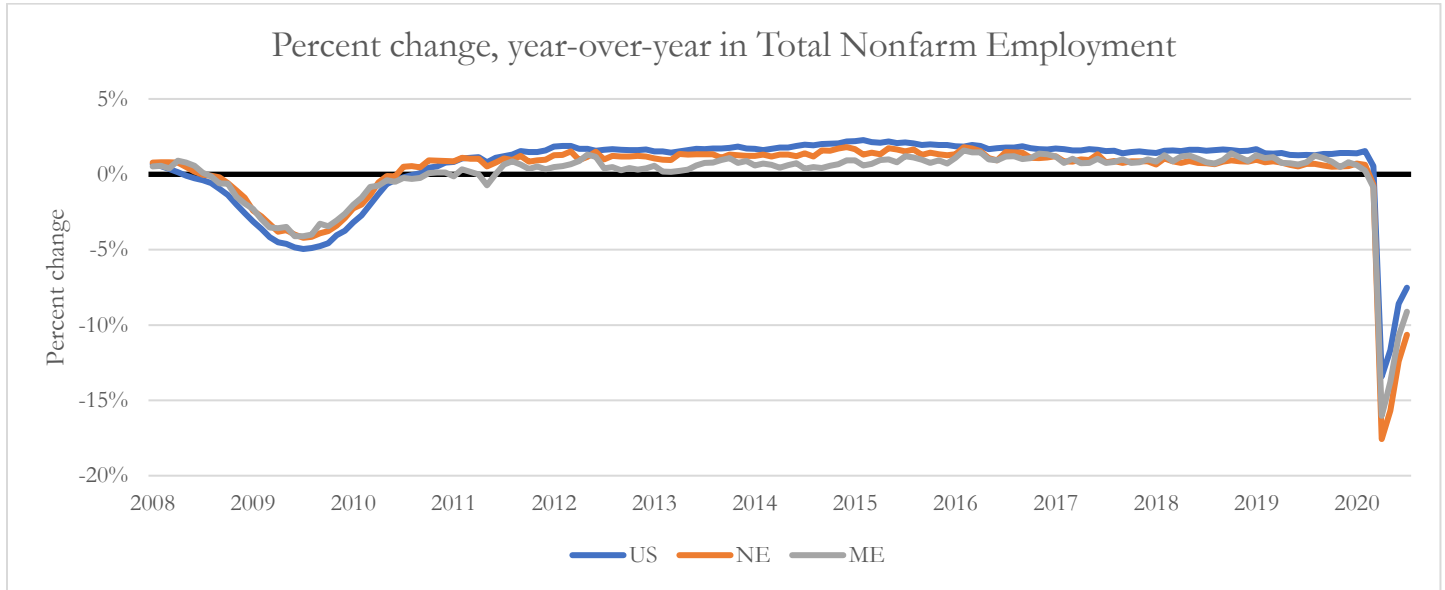
### 1.2.2 Labor Force Participation Rate: July 2020 = 62.5%

Labor force participation significantly rebounded in Maine in July, rising to 62.5%. This is higher than the nation's 61.4 percent and marks a return to pre-pandemic levels. This may be partly due to the easing of social distancing restrictions, allowing some who are jobless to return to their job search.



### 1.2.3 Total Nonfarm Payroll Job Estimates: July 2020 = 576,700

Seasonally adjusted total nonfarm employment grew by 10,100 in Maine, 140,500 in New England and 1.8 million nationwide in July. These gains were largely driven by those industries hardest-hit by the pandemic, such as leisure & hospitality and retail. However, employment is far from recovered to pre-pandemic levels. Maine's employment level remains 9.1% below July 2019 levels, while New England and the U.S. fall below July 2019 by 10.7% and 7.5%, respectively.



## 1.3 Housing

### 1.3.1 Sales

Home sales were up 12.4% statewide in July compared to a year ago. Meanwhile, the median sale price of single-family homes in Maine was 2.4% higher than in July 2019, at \$254,900. The greatest growth was in Somerset, Waldo, and Piscataquis counties, where the one-year change was over 50%. Prices also rose most sharply in Somerset and Piscataquis counties.

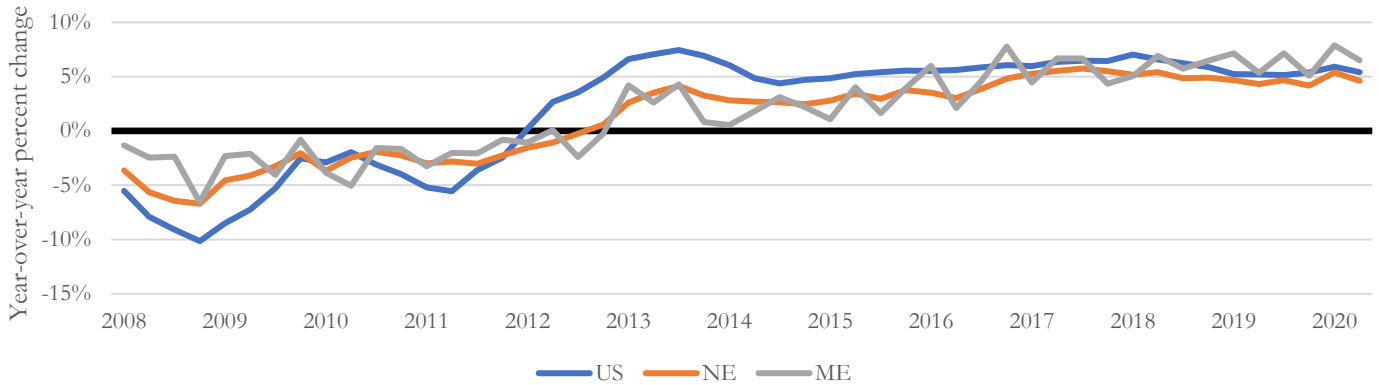
Geography	No. of Units Sold	One Year Change (units)	Median Sale Price	One Year Change (Price)	One Month Change (Price)
Androscoggin	142	29.1%	\$216,750	18.1%	9.7%
Aroostook	89	34.9%	\$108,000	11.4%	-7.7%
Cumberland	427	-5.3%	\$370,000	8.0%	1.4%
Franklin	61	27.1%	\$210,000	19.7%	21.9%
Hancock	88	8.6%	\$229,000	0.9%	-4.1%
Kennebec	206	12.0%	\$201,750	15.0%	-1.6%
Knox	71	22.4%	\$235,000	1.1%	-1.3%
Lincoln	65	16.1%	\$265,000	13.7%	-3.6%
Oxford	96	24.7%	\$192,500	19.2%	6.6%
Penobscot	206	0.98%	\$169,950	1.3%	-9.1%
Piscataquis	50	51.5%	\$159,650	22.8%	15.7%
Sagadahoc	29	-37.0%	\$269,900	10.5%	-1.9%
Somerset	39	57.6%	\$155,000	24.0%	14.8%
Waldo	68	54.6%	\$205,000	5.9%	9.9%
Washington	61	38.6%	\$130,000	-9.1%	-0.8%
York	346	13.4%	\$338,100	14.6%	4.0%
<b>Maine</b>	2,098	12.4%	\$254,900	10.8%	2.4%

### 1.3.2 House Price Index

In the second quarter of 2020, the housing price index (HPI) in Maine, New England, and the U.S. continued to rise. According to the Federal Housing Finance Agency (FHFA), the HPI “measures average price changes in repeat sales or refinancing on the same properties.” Maine’s HPI increased by 0.4 percent from the previous quarter (2020:Q1 to 2020:Q2). Maine’s year-over-year HPI growth rate was higher than both the regional growth rate and the national growth rate at 6.5% compared to 4.6% in both New England and the U.S.

Reference Period		Maine	New England	United States
2020:Q1-2020:Q2	HPI percent change from previous quarter	0.4%	0.4%	0.8%

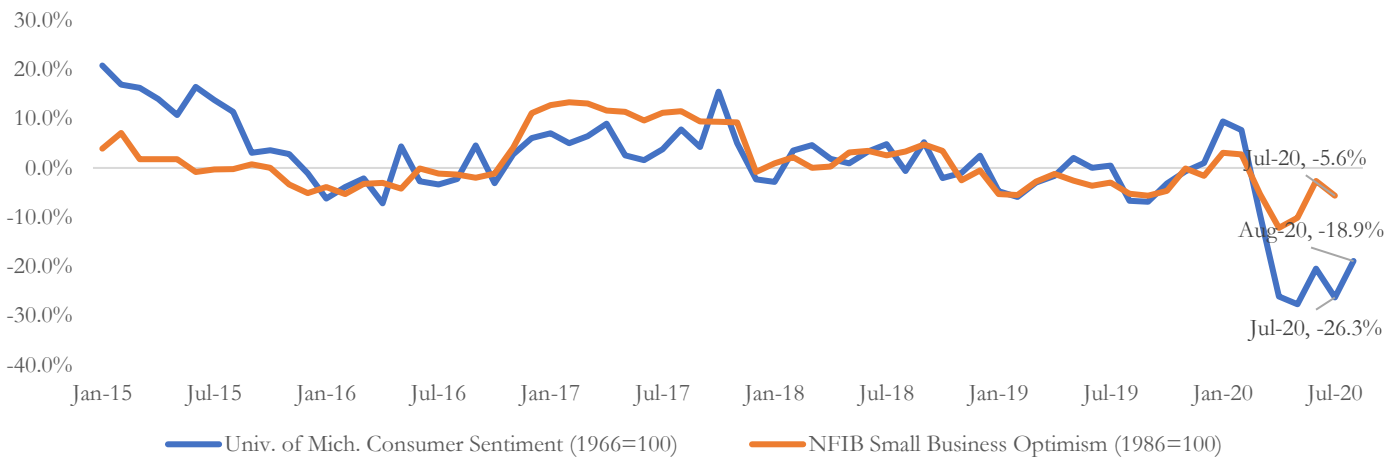
## Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



## 2 Sentiment

The Michigan Survey of Consumers indicates that the index of overall consumer sentiment grew slightly, 0.4% from July to August. This index remains 18.9% lower than August of 2019. The National Federation of Independent Business's Small Business Optimism index also shows a decline in sentiment in July, falling by nearly 2% month-over-month and coming in 7.2% below July 2019. August data is not yet available for the latter index.

### Market Sentiment: Year-Over-Year Change



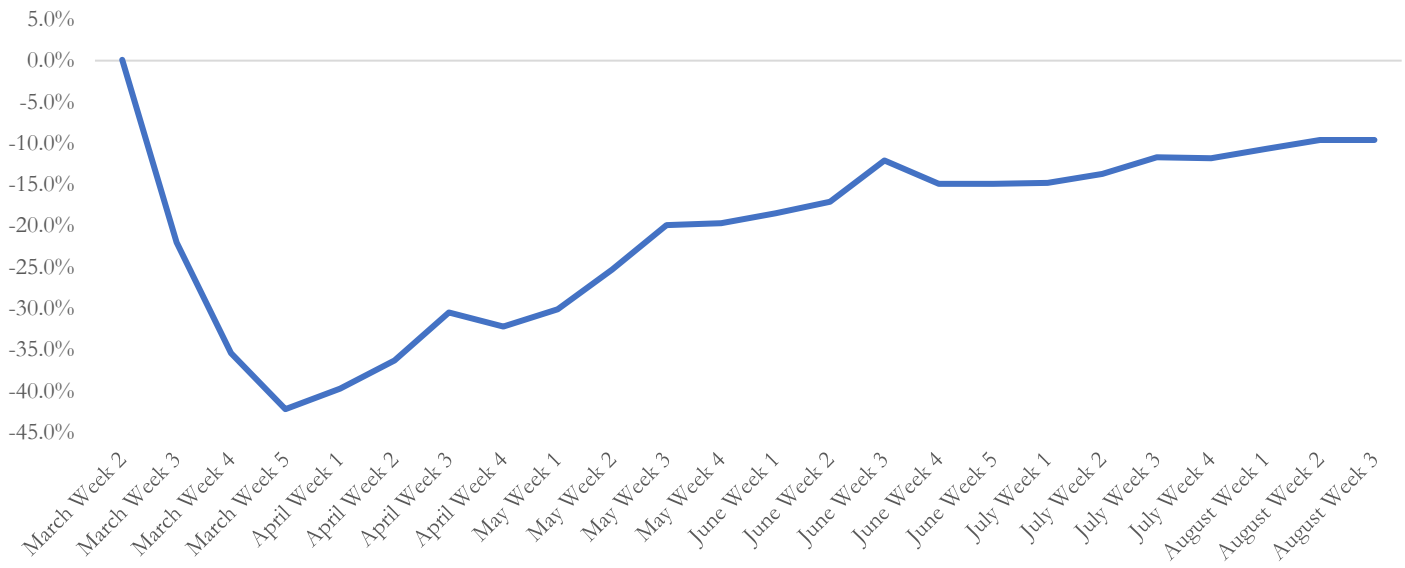
## 3 COVID-19 Indicators

### 3.1 Traffic changes

Vehicle miles traveled (VMT) measures the amount of travel that has taken place for all vehicles throughout the state and can be interpreted as the sum of miles traveled across all vehicles. For the third week of August (ending August 22), statewide VMT was 9.6% lower than it was in the same week of 2019. This is unchanged from the second week of August, which marks the narrowest gap since the onset of COVID-19. The VMT gap is largest in Cumberland (-11.6%), Sagadahoc (-11.6%), and Kennebec (-11.1%) and smallest in Piscataquis (-1.5%).

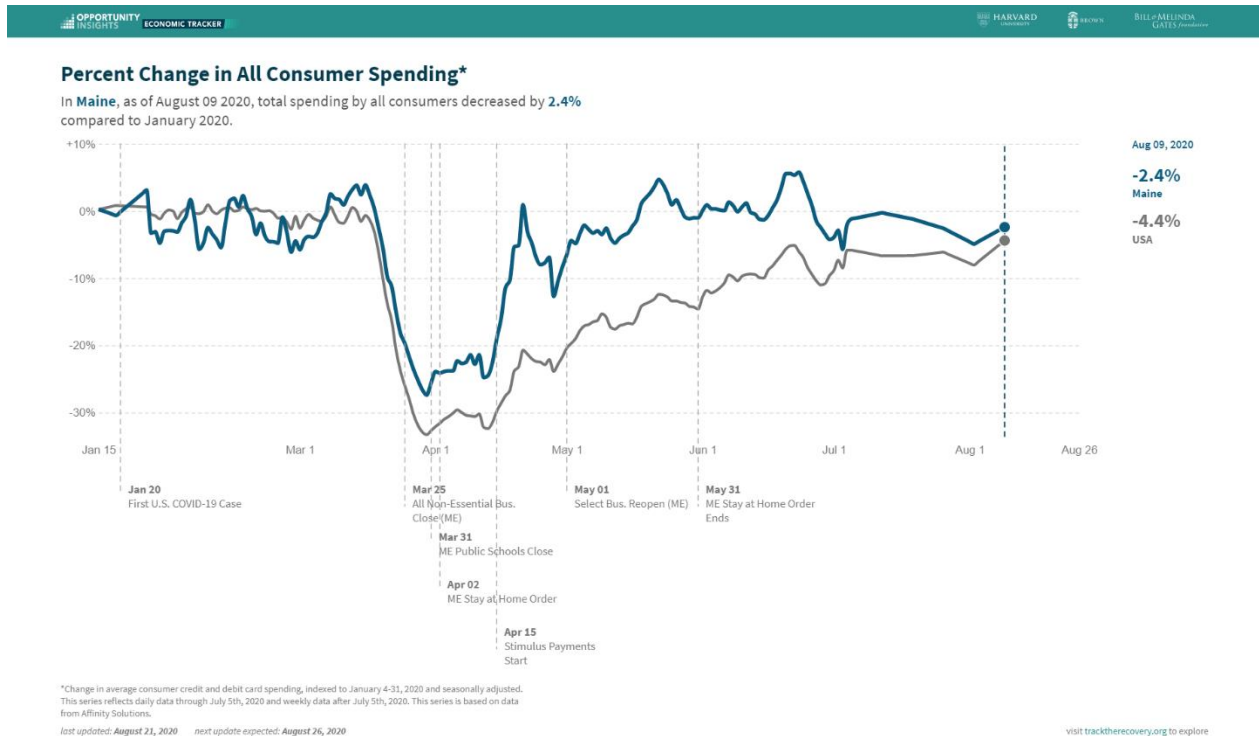


## Year-Over-Year % Change in Vehicle Miles Traveled



### 3.2 Consumer Spending

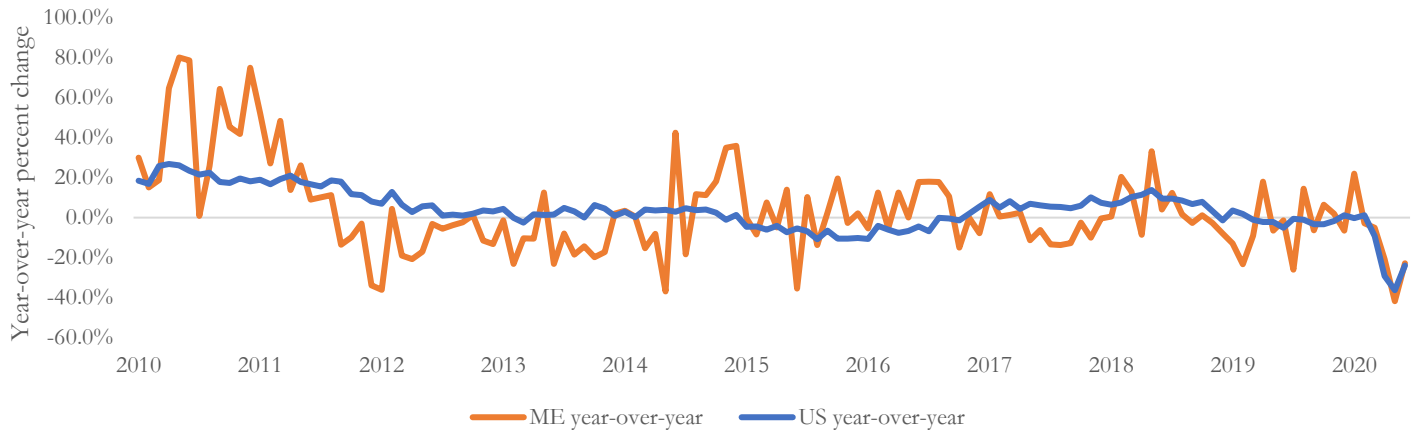
The Opportunity Insights Economic Tracker compiles credit and debit card spending to measure overall consumer spending in all states in the U.S. Note that this data collates spending by cardholders based in Maine, not by location of the transaction. This data source shows that consumer spending by Mainers as of July 8<sup>th</sup> is 2.4% below the average level of spending in January 2020, seasonally adjusted, compared to -4.4% nationally. Relative recovery in spending is primarily driven by spending on apparel & general merchandise and spending from low- and middle-income ZIP codes. These data also show that spending picked up quickly after the disbursements of federal stimulus payments.



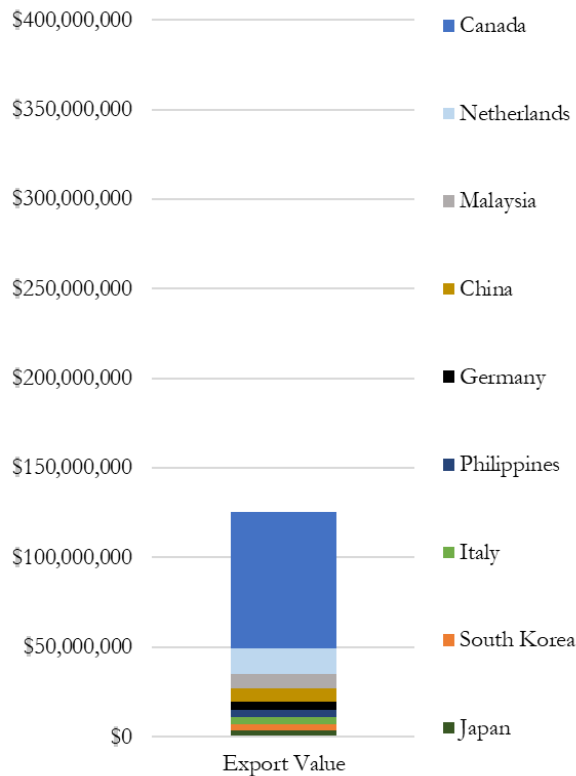
## 4 Trade Outlook

In June 2020, total exports were down 22.8% in Maine and 23.9% nationwide compared to June 2019. Maine's top export partner was Canada, which accounted for 66% of imports and 48% of exports. Total imports to Maine were valued at \$403,931,590 while exports totaled \$158,237,388.

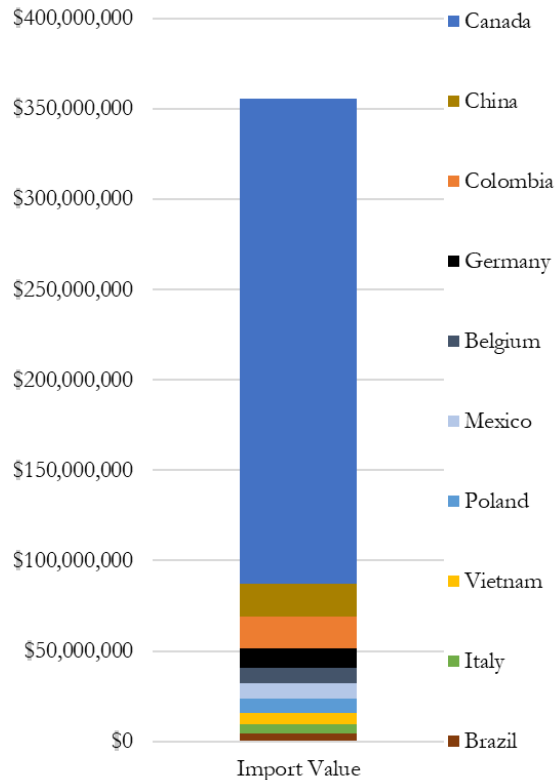
Percent Changes, Year-over-year in Total Exports



Value of exports to top 10 export partners



Value of imports from top 10 import partners



# Appendix

## 4.1 Data Sources

Indicator	Source	Reference Period	Release Date
<a href="#">Population: estimates and percent change</a>	Census Bureau – Pop. Ests.	2019	December 30, 2019
<a href="#">Net migration: total and percent change</a>	Census Bureau – Pop. Ests.	2019	December 30, 2019
<a href="#">Median age</a>	American Community Survey 1 year	2018	September 26, 2019
<a href="#">Educational attainment</a>	Census Bureau – ACS 1-year	2018	September 26, 2019
<a href="#">Poverty level</a>	Census Bureau – ACS 1-year	2018	September 26, 2019
<a href="#">Income</a>	Census Bureau – ACS 1-year	2018	September 26, 2019
<a href="#">Per capita personal consumption expenditure</a>	U.S. Bureau of Economic Analysis	2018	October 3, 2019
<a href="#">Per capita personal income</a>	U.S. Bureau of Economic Analysis	2020:Q1	June 23, 2020
<a href="#">Average earnings per job</a>	U.S. Bureau of Economic Analysis	2018	September 24, 2019
<a href="#">Gross domestic product</a>	U.S. Bureau of Economic Analysis	2020:Q1	July 7, 2020
<a href="#">GDPNow</a>	Atlanta Fed	2020:Q3	August 26, 2020
<a href="#">GDP-Based Recession Indicator Index</a>	Hamilton, James/FRED	2020:Q1	July 30, 2020
<a href="#">Real-time Sahm Rule Recession Indicator</a>	Sahm, Claudia/FRED	July 2020	August 7, 2020
<a href="#">Personal income: total, per capita, and wages and salaries</a>	U.S. Bureau of Economic Analysis	2020:Q1	June 23, 2020
<a href="#">Unemployment rate</a>	U.S. Bureau of Labor Statistics	July 2020	August 21, 2020
<a href="#">Labor force participation</a>	U.S. Bureau of Labor Statistics	July 2020	August 21, 2020
<a href="#">Nonfarm payroll job estimates</a>	U.S. Bureau of Labor Statistics	July 2020	August 21, 2020
<a href="#">Housing price index</a>	Federal Housing Finance Agency	2020:Q1	August 25, 2020
<a href="#">Housing: Units and Median Sale Price</a>	Maine Association of REALTORS®	July 2020	August 22, 2020
<a href="#">Index of Consumer Sentiment</a>	Michigan Survey of Consumers	August 2020	August 21, 2020
<a href="#">Small Business Optimism Index</a>	National Federation of Independent Businesses	July 2020	August 2020
Vehicle Miles Traveled	Maine Department of Transportation	August 22, 2020	August 25, 2020
<a href="#">Consumer Spending</a>	Affinity Solutions & Opportunity Insights	August 9, 2020	August 2020
<a href="#">Imports &amp; Exports</a>	USA Trade Online	June 2020	August 5, 2020

## 4.2 Glossary

[Average earnings per job](#): Total earnings, which is the sum of wages and salaries, supplements to wages and salaries, and proprietors' income, divided by total full-time and part-time employment.

$$\text{Compound Annual Growth Rate:} = \left( \frac{\text{Final Value}}{\text{Initial Value}} \right)^{\frac{1}{\text{No. of Periods}}} - 1$$

**Gross Domestic Product:** The measure of the market value of all final goods and services produced within a state in a particular period of time. GDP by state differs from national GDP for the following reasons: GDP by state excludes and national GDP includes the compensation of federal civilian and military personnel stationed abroad and government consumption of fixed capital for military structures located abroad and for military equipment, except office equipment. **Real GDP:** Real GDP by state is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state. The real estimates of gross domestic product (GDP) by state are measured in chained (2012) dollars.

**Personal Income:** Income that persons residing in the area receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. *Per capita personal income:* The personal income of a given area divided by the resident population of the area. *Per capita disposable personal income:* The income available to persons for spending or saving (personal income less personal current taxes) of a given area divided by the resident population of the area.

**Wages and Salaries:** Remuneration receivable by employees (including corporate officers) from employers for the provision of labor services, measured before deductions such as social security contributions, union dues, and voluntary employee contributions to defined contribution pension plans.