

Maine Economic Indicators

June 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.

This report is an abridged version of previous monthly indicators reports and has been updated to reflect the most timely and relevant data reflecting the COVID-19 economic impacts as possible. 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 onset of COVID-19. This report has been reformatted to reflect the new and ongoing economic situation related to the COVID-19 pandemic.

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%
May 2020	Unemployment rate	9.3%*	13.7%*	13.3%*
May 2020	Total private nonfarm employment	455,100	5,410,000	111,732,000
May 2020	Labor Force	665,288	7,561,700	158,227,000
May 2020	Labor Force Participation Rate	59.6%	N/A	60.8%

*Note that official unemployment estimates are an undercount due to misclassification errors and lower-than-usual response rates.

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

Real GDP	2019:Q1	2019:Q2	2019:Q3	2019:Q4	2019 Annual
Maine	4.8	0.6	2.1	1.9	1.9
New England	4.8	1.3	2.1	1.8	2.3
United States	3.1	2.0	2.1	2.1	2.3
Total Personal Income	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
Per Capita Personal Income	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
Wages & Salaries	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

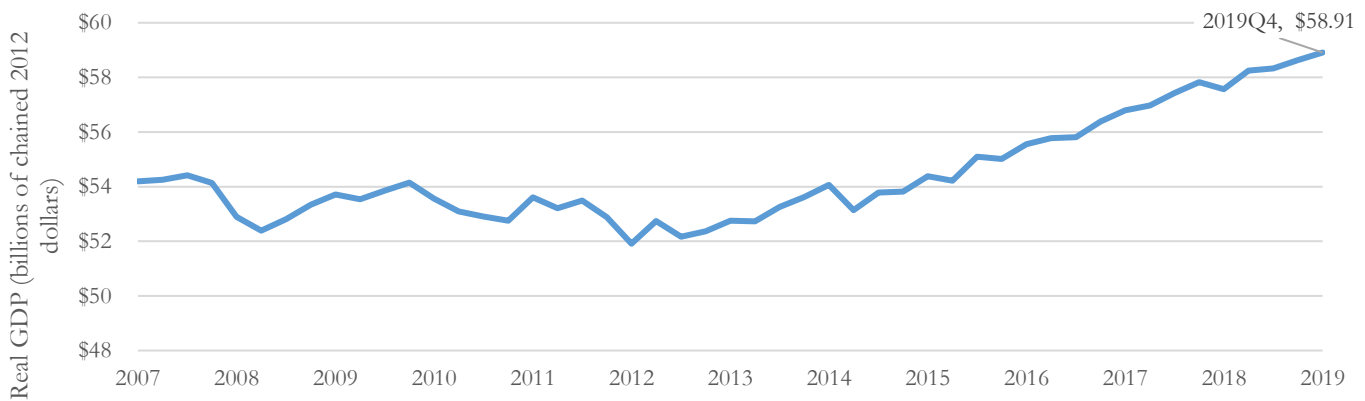
Monthly and Quarterly Indicators

1.1 Gross Domestic Product (GDP)

Real GDP in Maine increased by 1.9 percent from the preceding quarter (2019:Q3 to 2019:Q4), lower than New England’s and the United States’ rates of 2.4 percent and 34th in the country. In 2019:Q4, the industries that contributed the most to GDP growth were Retail Trade (0.58 points), Government (0.37 points), Utilities (0.34 percent), and Finance and Insurance (0.32 points). Annually, Real GDP grew by 1.9 percent. Real GDP for the U.S. fell by 5.0% in the first quarter of 2020, largely driven by losses in the latter half of March due to the onset of COVID-19 related closures.

Reference Period		Maine	United States
2019:Q4	Total GDP (Current dollars)	\$68.4 billion	\$21.7 trillion

Real GDP (billions of chained 2012 dollars) - Maine

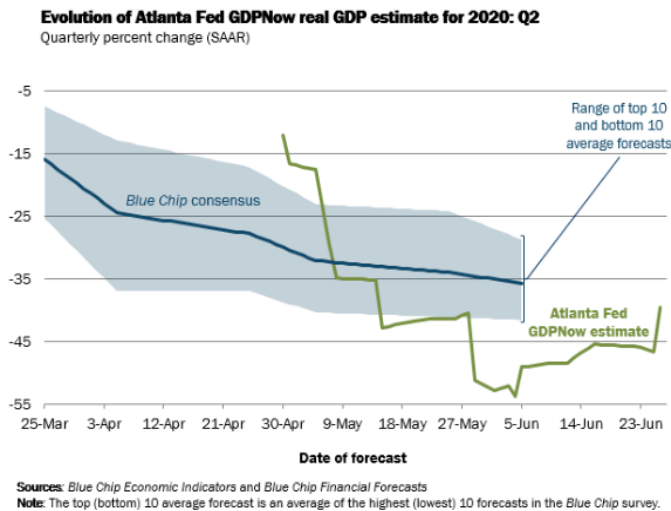


1.1.1 GDPNow



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 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** beyond its impact on GDP source data and relevant economic reports that have already been released. It does not anticipate the impact of COVID-19 on forthcoming economic reports beyond the standard internal dynamics of the model.



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 decline by 39.5 percent at an annualized rate in the second quarter of 2020.

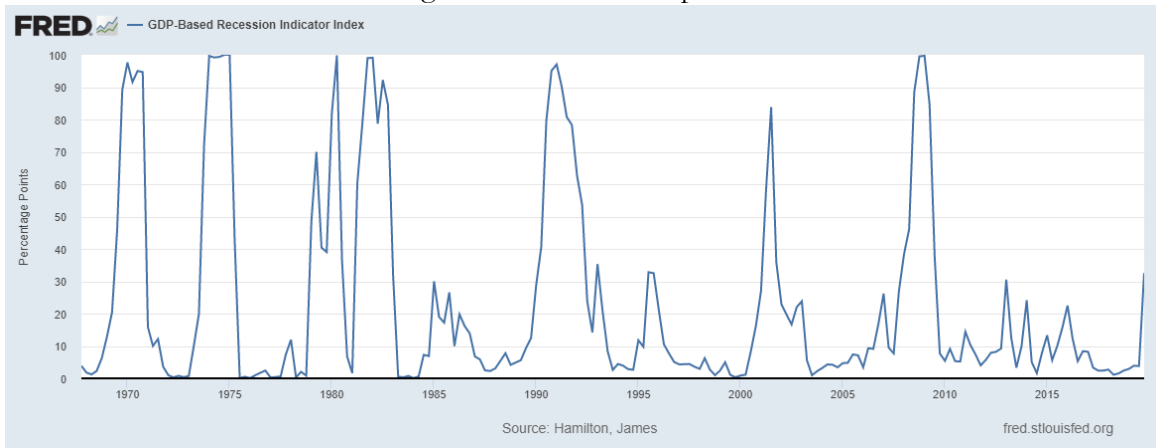
1.1.2 Recession Indicators

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)

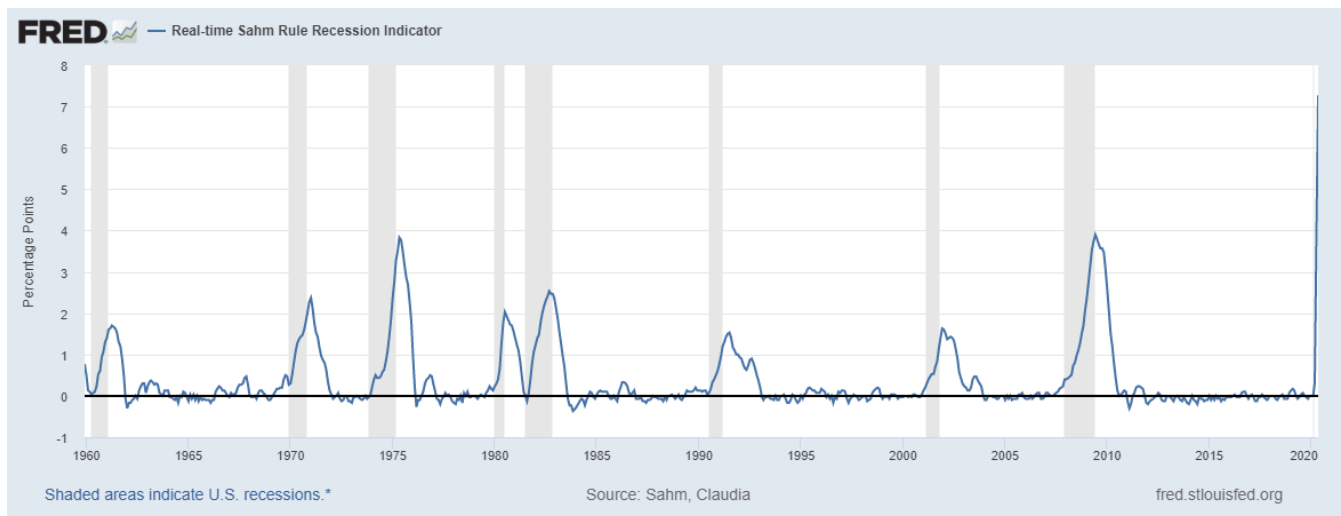
The GDP-Based Recession Indicator Index is 32.5 percentage points (2019:Q4), up significantly from 3.8 points in the previous quarter. This indicates that the national economy remained in an expansionary phase at that time, although probability of recession was much higher than in 2019:Q3.

The index ranges from 0 to 100, and values above 67 provide a historically reliable indicator that the economy is in recession¹. 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 Sahm Rule Recession Indicator

Additionally, the Real-time Sahm Rule Recession Indicator² 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 May 2020, this indicator showed that the three-month average of national U3 grew by 7.27 percentage points compared to its 12-month low, indicating that the national economy is in recession.



¹ Created by Dr. James Hamilton, University of California San Diego

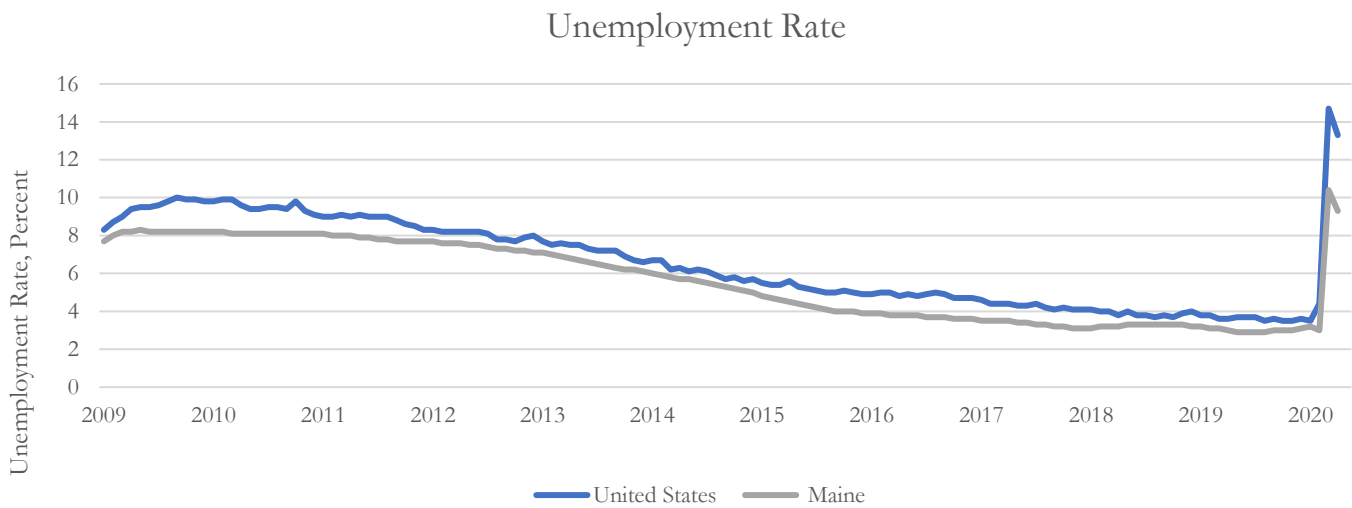
² Created by Dr. Claudia Sahm, Federal Reserve Board of Governors

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, 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: May 2020 = 9.3%

Unemployment rates fell slightly in May, falling to 9.3% in Maine and 13.3% nationwide. Note that this is an underestimate of the true unemployment rate due to low survey response rates and misclassification of unemployed individuals. The Maine Center for Workforce Research and Information estimates that the true unemployment rates in Maine and the U.S. are 18.0% and 19.7%, respectively³.

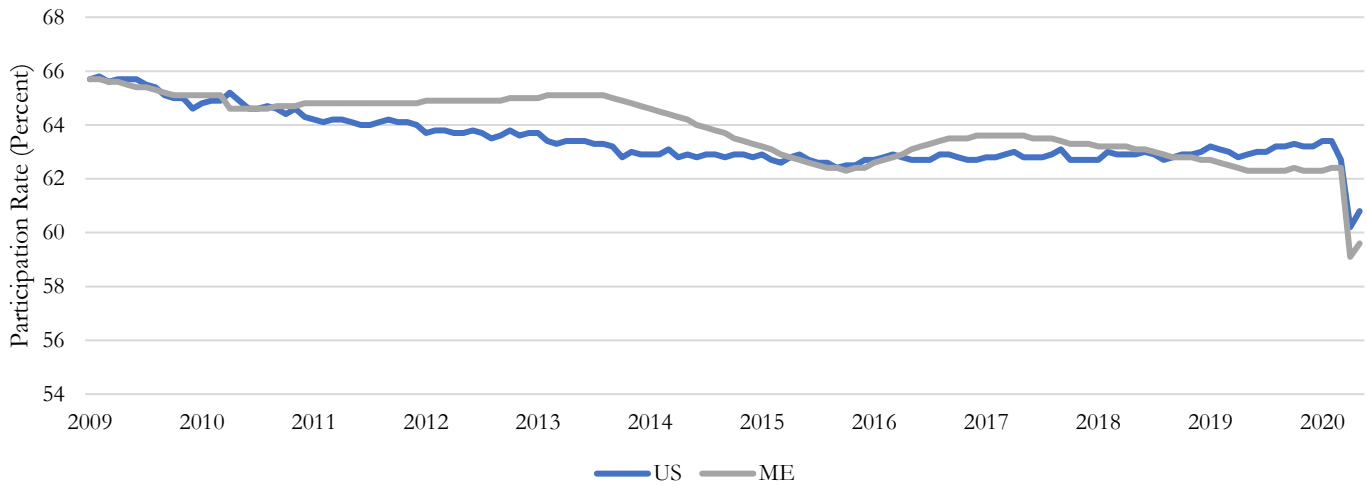


³ <https://www.maine.gov/labor/cwri/employmentsituationFAQ.pdf>

1.2.2 Labor Force Participation Rate: May 2020 = 59.6%

Labor force participation slightly rebounded in May, rising to 59.6% in Maine and 60.2% in the United States. This may be partly due to the easing of social distancing restrictions, allowing some who are jobless to return to their job search. Lack of childcare and early retirement both pose risks to labor force recovery.

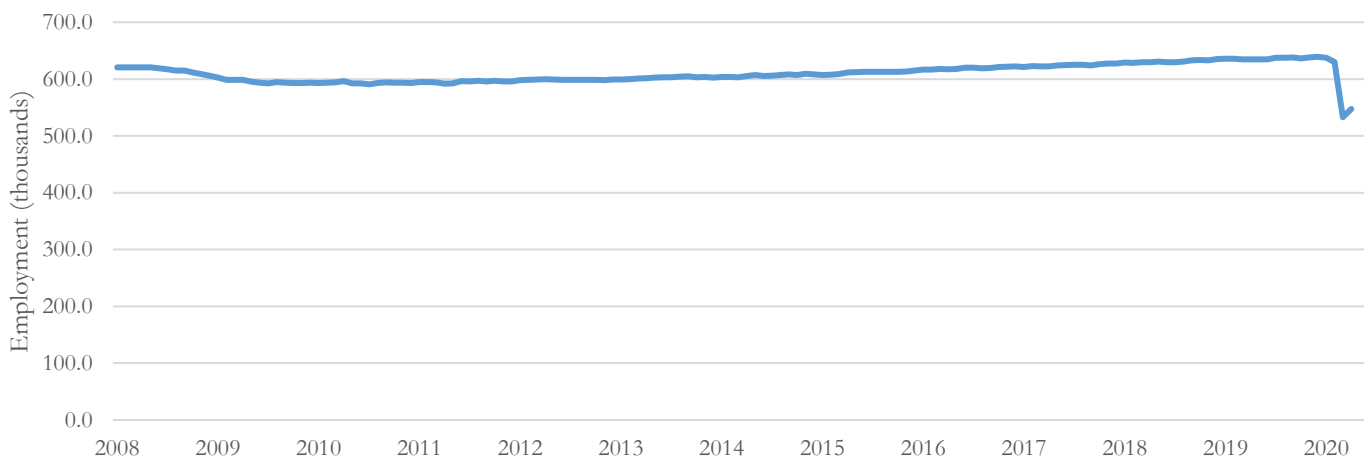
Labor force participation rate



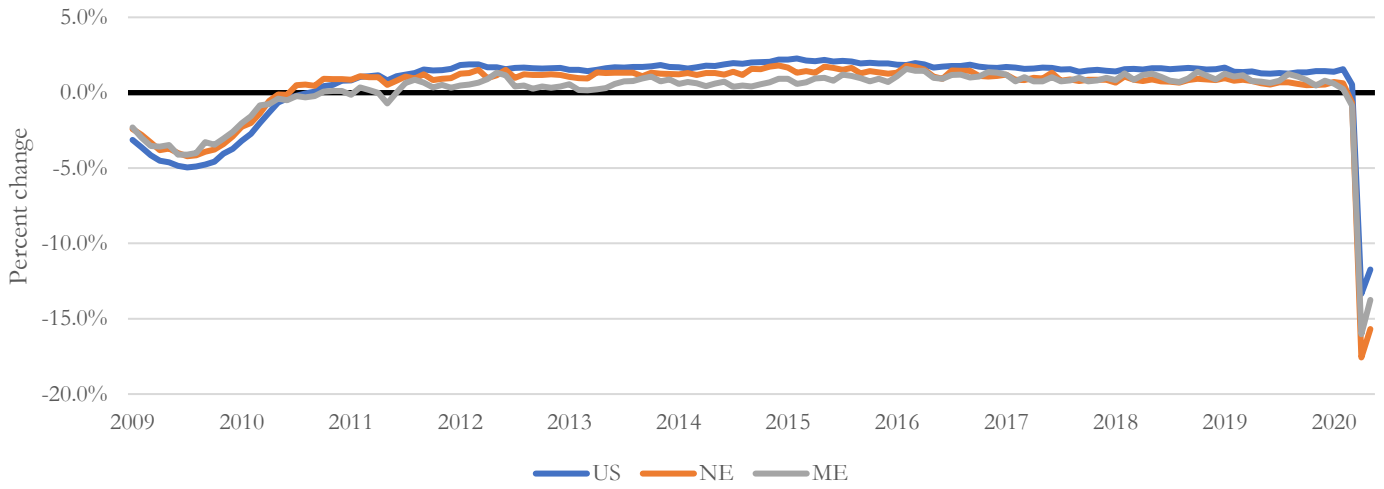
1.2.3 Total Nonfarm Payroll Job Estimates: May 2020 = 547,100

Seasonally adjusted total nonfarm employment grew by 14,300 in Maine, 139,100 in New England and 2.5 million nationwide in May. However, employment is far from recovered to pre-pandemic levels. Maine remains 13.8% below May 2019 levels, while New England and the U.S. are -15.7% and -11.7% over May 2019, respectively.

Total Nonfarm employment - Maine



Percent change, year-over-year in Total Nonfarm Employment



1.3 Housing Prices

Home sales were down by 21.3% in May 2020 compared to May 2019, after falling 15.4% in April. This decline was most pronounced in Androscoggin, Hancock, Knox, Lincoln, and York counties, where home sales were down by more than 30%. Conversely, the median sale price of single-family homes in Maine was 3.4% higher than in May 2019, at \$237,900. Upward price pressure may be caused by low interest rates driving demand, coupled with short supply as sellers may choose not to sell until conditions improve.

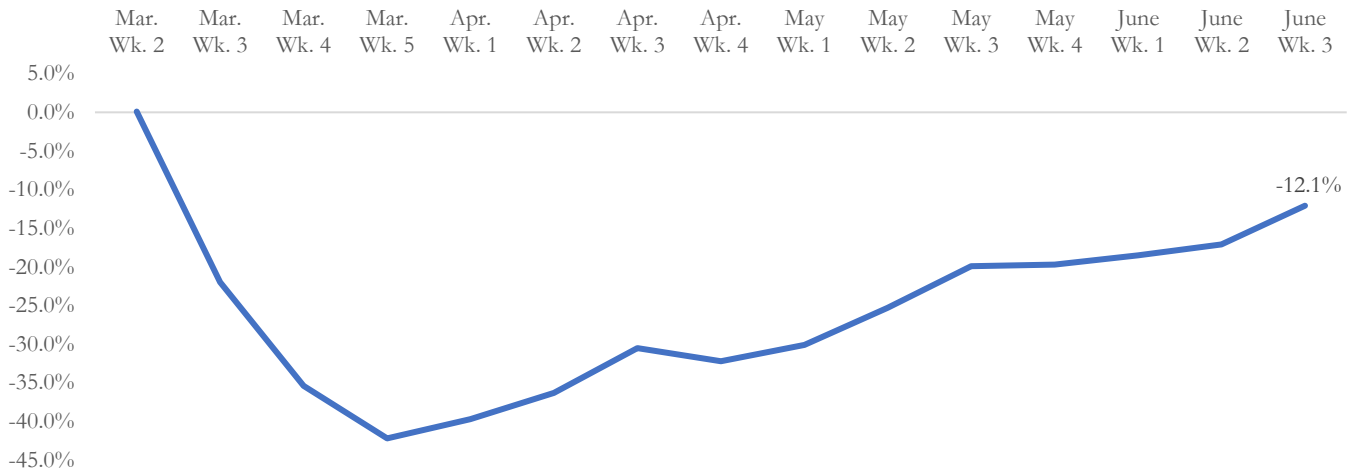
Geography	No. of Units Sold	One Year Change (units)	Median Sale Price	One Year Change (Price)	One Month Change (Price)
Androscoggin	67	-33.0%	\$189,000	14.6%	-0.5%
Aroostook	56	-5.1%	\$78,200	-15.0%	-15.0%
Cumberland	266	-26.1%	\$343,750	1.9%	2.6%
Franklin	37	-11.9%	\$229,000	52.7%	47.7%
Hancock	56	-30.0%	\$240,000	-1.3%	-8.9%
Kennebec	120	-5.5%	\$172,587	2.2%	-5.4%
Knox	32	-40.7%	\$250,000	13.0%	-1.8%
Lincoln	31	-34.0%	\$249,400	-6.4%	-16.3%
Oxford	62	8.8%	\$197,200	3.3%	14.7%
Penobscot	138	-17.9%	\$160,000	-3.0%	-4.8%
Piscataquis	24	-17.2%	\$128,500	2.8%	27.2%
Sagadahoc	44	18.9%	\$268,500	-1.2%	53.4%
Somerset	45	-27.4%	\$147,500	1.0%	18.0%
Waldo	38	0.0%	\$178,325	-9.8%	-15.1%
Washington	40	17.7%	\$108,500	-19.6%	-20.2%
York	201	-33.9%	\$316,000	5.9%	5.3%
Maine	1,257	-21.3%	\$237,900	3.4%	0.9%

2 COVID-19 Indicators

2.1 Traffic changes

Vehicle miles traveled measures the amount of travel that has taken place for all vehicles throughout the state and can be interpreted as the sum total of miles traveled by each vehicle. For the third week of June, statewide VMT was 12.1% lower than it was in the same week of 2019. This is the smallest year-over-year decline since the start of the COVID-19 Pandemic. VMT maintains the largest gap in York county, at -16.4% compared to the same week last year.

Vehicle Miles Travelled (VMT) in Maine, Year-over-year change

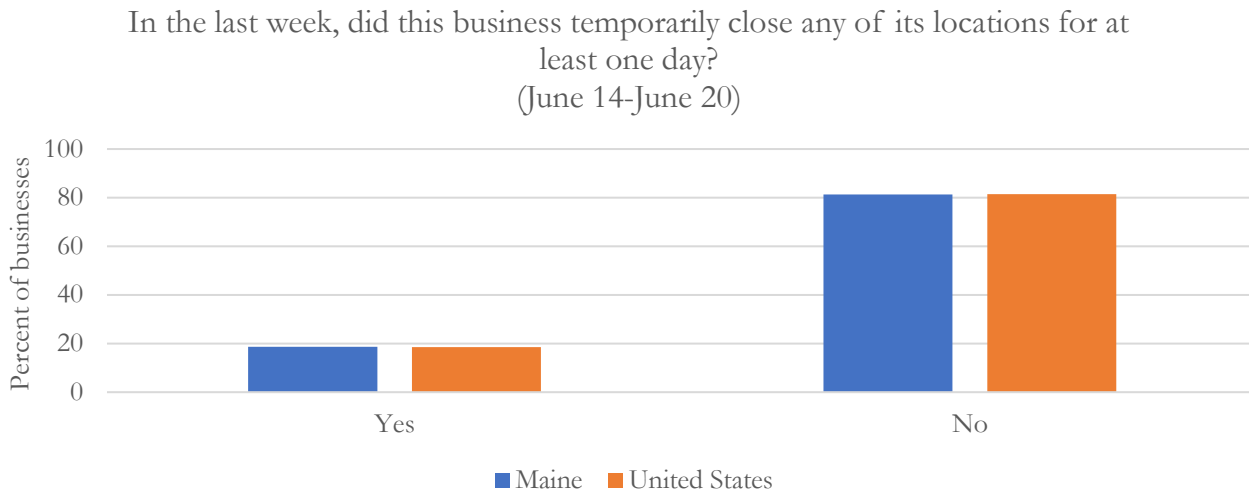


2.2 Pulse Surveys

To help understand the precise effects that the COVID-19 pandemic has on households and the economy, the U.S. Census Bureau has implemented two new weekly surveys. The Small Business Pulse Survey and the Household Pulse Survey both collect and disseminates detailed, real-time information about the nation’s economy.

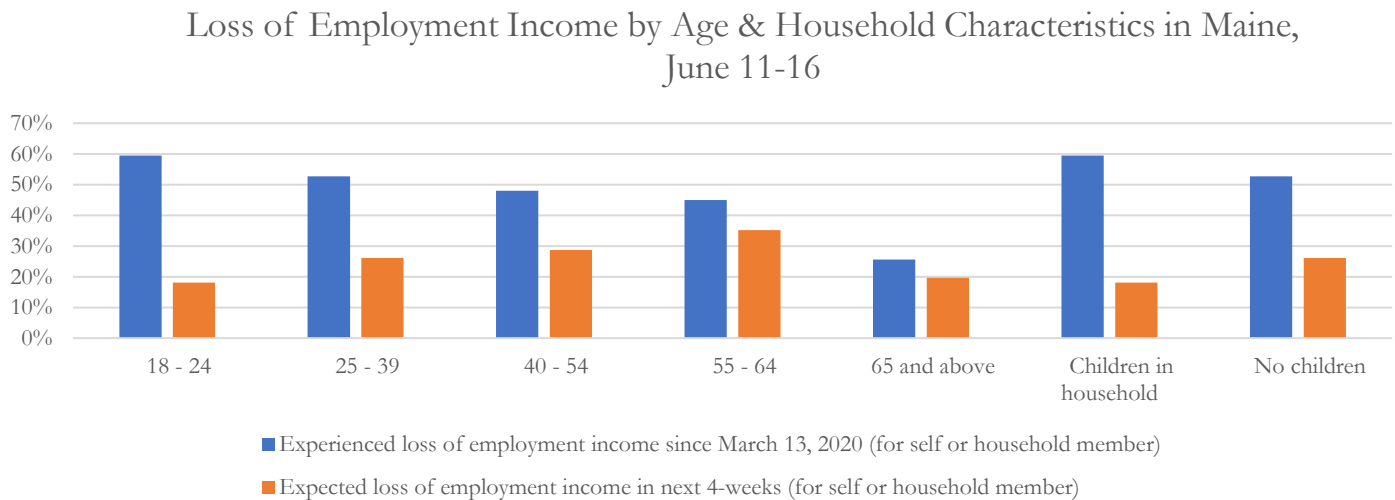
2.2.1 Small Business Pulse Survey

In the most recent week of data collection (June 14-June 20), 18.6% of businesses in Maine reported a temporary closing of at least one day, while 81.4% were open. This compares to 44.4% experiencing a temporary closing in the first week of data collection, April 26-May 2. This is indicative of the gradual reopening of businesses throughout the state and nation.



2.2.2 Household Pulse Survey

During the week of June 11th-June 16th, Maine’s youngest workers reported having the highest rates of loss of employment income, decreasing with age. Overall, an estimated 43% of Maine households have experienced some income loss since March 13th. Notably, this is higher for households with children present, at 59% of households compared to 53% for households without children present. Expectations of losing employment income in the next four weeks increase with age, possibly indicating uncertainty among owners and upper-level management.

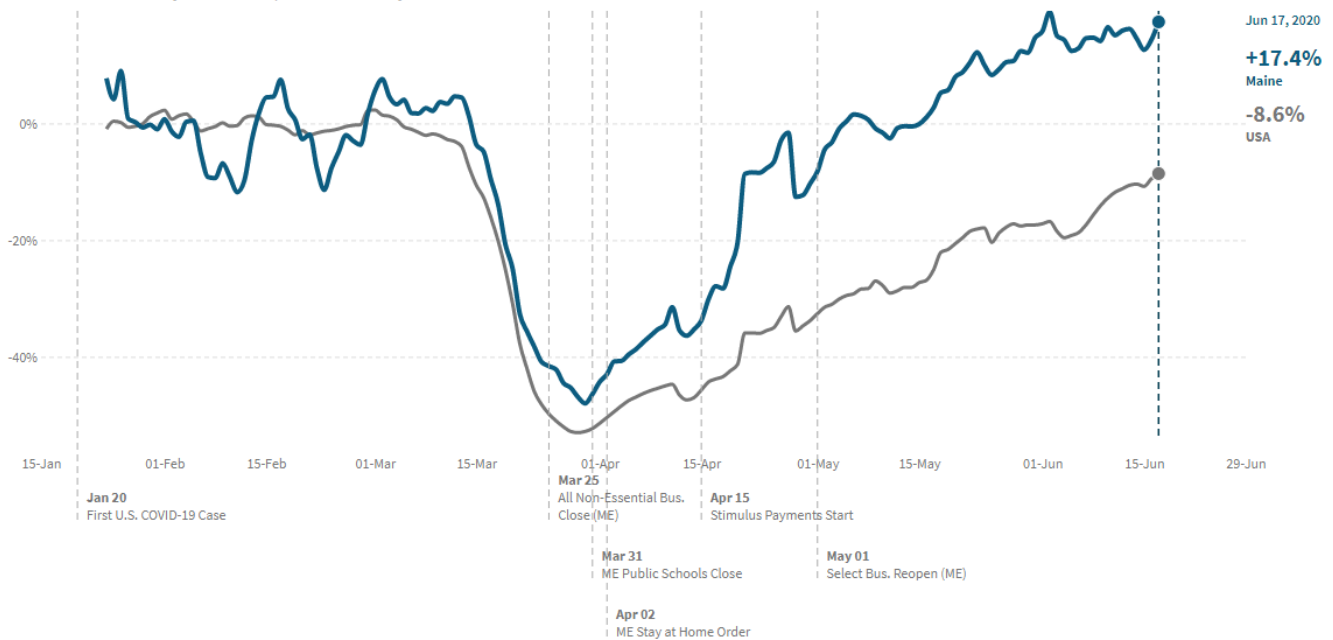


2.2.3 Consumer Spending

The Opportunity Insights Economic Tracker compiles credit and debit card spending to measure overall consumer spending in all states in the U.S. This data source shows that consumer spending in Maine as of June 17th is 0.7% above the average level of spending in January 2020, compared to -8.6% nationally. This 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.

In **Maine**, as of June 17 2020, apparel and general merchandise spending by all consumers increased by **17.4%** compared to January 2020.

[DOWNLOAD CHART](#)



Appendix

2.3 Data Sources

Indicator	Source	Reference Period	Release Date
Population: estimates and percent change	Census Bureau – Pop. Ests.	2019	December 30, 2019
Net migration: total and percent change	Census Bureau – Pop. Ests.	2019	December 30, 2019
Median age	American Community Survey 1 year	2018	September 26, 2019
Educational attainment	Census Bureau – ACS 1-year	2018	September 26, 2019
Poverty level	Census Bureau – ACS 1-year	2018	September 26, 2019
Income	Census Bureau – ACS 1-year	2018	September 26, 2019
Per capita personal consumption expenditure	U.S. Bureau of Economic Analysis	2018	October 3, 2019
Per capita personal income	U.S. Bureau of Economic Analysis	2020:Q1	June 23, 2020
Average earnings per job	U.S. Bureau of Economic Analysis	2018	September 24, 2019
Gross domestic product	U.S. Bureau of Economic Analysis	2019:Q4	April 7, 2020
GDPNow	Atlanta Fed	2020:Q2	June 26, 2020
GDP-Based Recession Indicator Index	Hamilton, James/FRED	2019:Q4	April 7, 2020
Real-time Sahn Rule Recession Indicator	Sahn, Claudia/FRED	May 2020	June 5, 2020
Personal income: total, per capita, and wages and salaries	U.S. Bureau of Economic Analysis	2020:Q1	June 23, 2020
Unemployment rate	U.S. Bureau of Labor Statistics	May 2020	June 19, 2020
Labor force participation	U.S. Bureau of Labor Statistics	May 2020	June 19, 2020
Nonfarm payroll job estimates	U.S. Bureau of Labor Statistics	May 2020	June 19, 2020
Housing price index	Federal Housing Finance Agency	2019:Q4	February 25, 2020
Housing: Units and Median Sale Price	Maine Association of REALTORS®	May 2020	June 22, 2020
Vehicle Miles Traveled	Maine Department of Transportation	June 2020	June 24, 2020
Household Pulse Survey	U.S. Census Bureau	June 11-June 16, 2020	June 2020
Small Business Pulse Survey	U.S. Census Bureau	June 14-June 20, 2020	June 2020
Consumer Spending	Affinity Solutions & Opportunity Insights	June 17, 2020	June 2020

2.4 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.