

Maine Economic Update and Outlook

MAINE STATE CHAMBER OF COMMERCE BOARD MEETING

APRIL 22, 2022

AMANDA RECTOR

MAINE STATE ECONOMIST

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

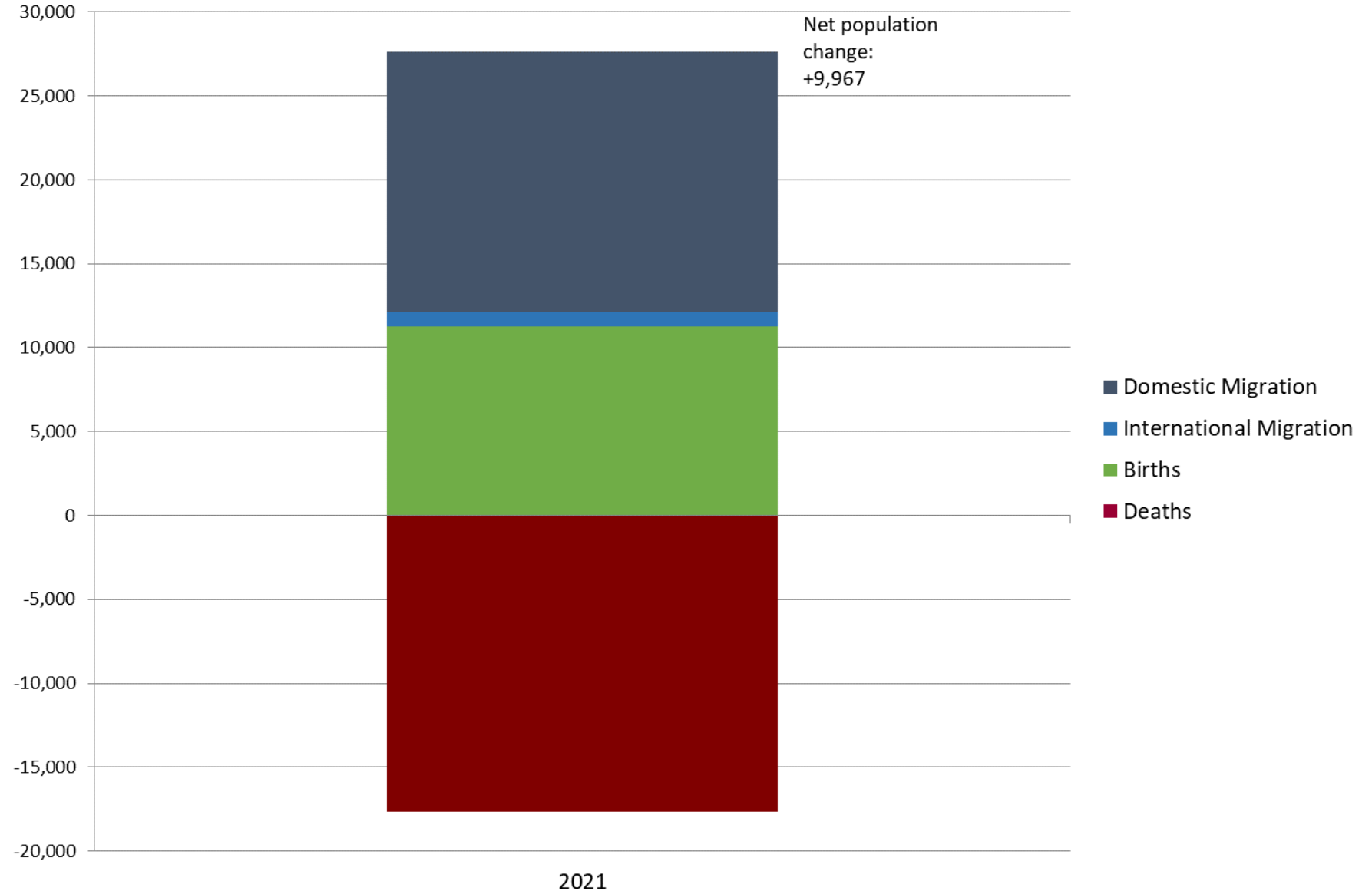
Components of Population Change, Maine

2020 Decennial Population =
1,362,359 (42nd in U.S.)

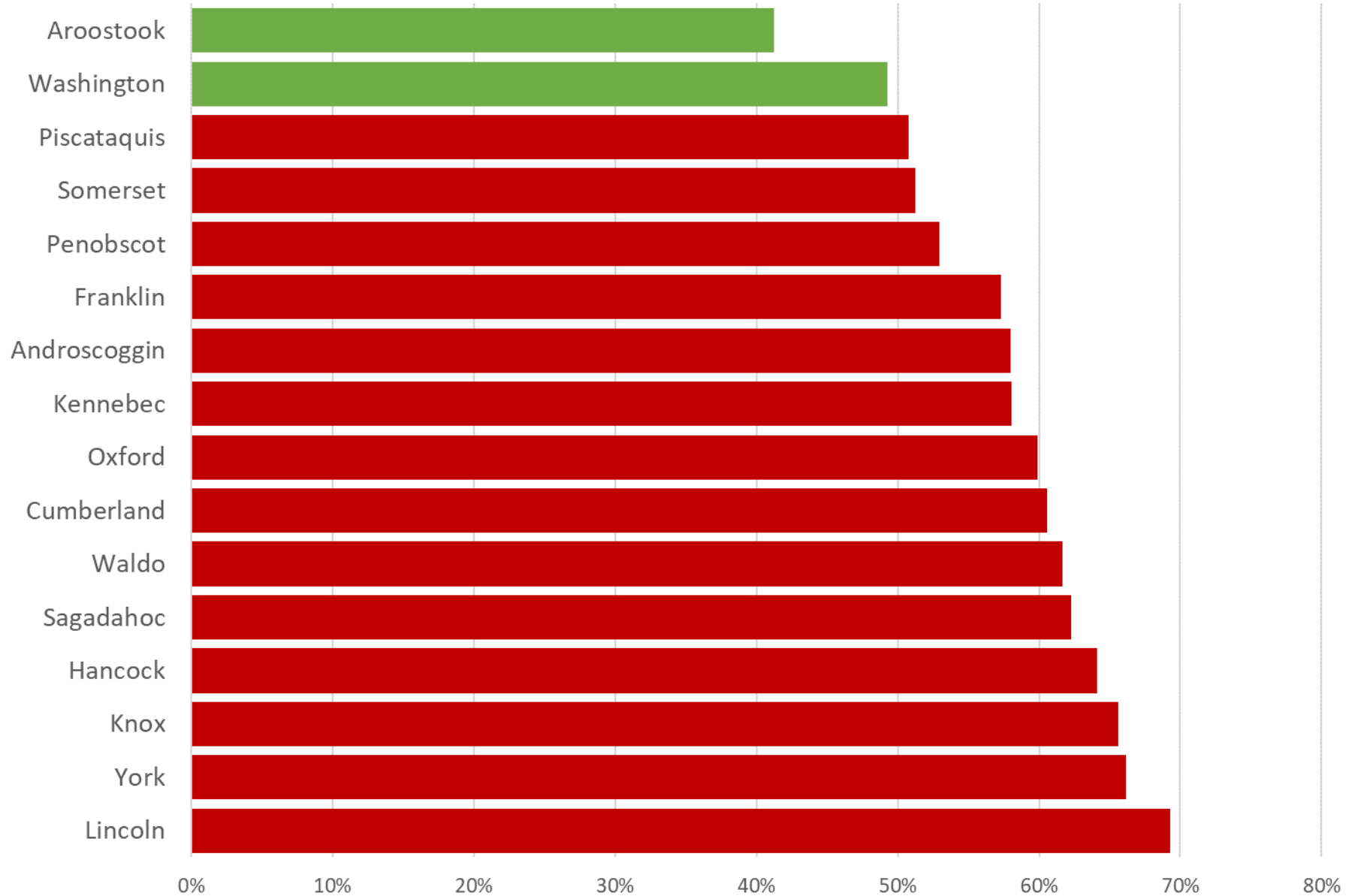
Population increase of 2.6%
from 2010-2020 (42nd in U.S.)

Population increase of 0.7%
from 2020-2021 (14th in U.S.)

Net migration = 12.0 per
thousand (7th in U.S.)

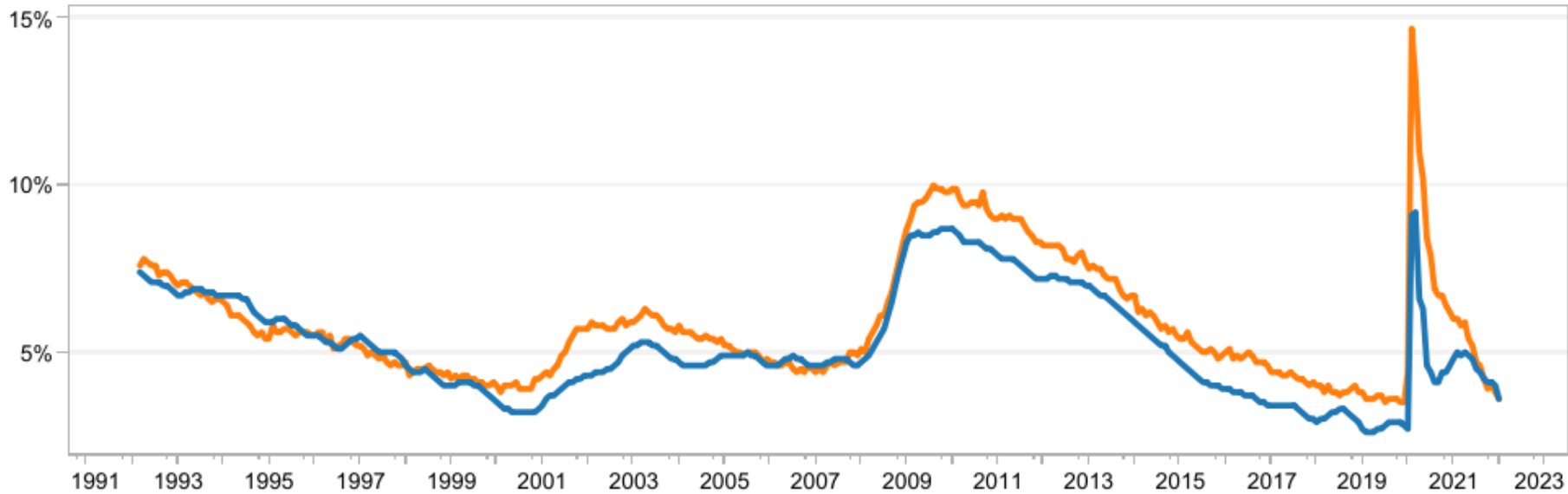


Percent of Households Unable to Afford Median Home, 2021



Unemployment Rate

(seasonally adjusted)



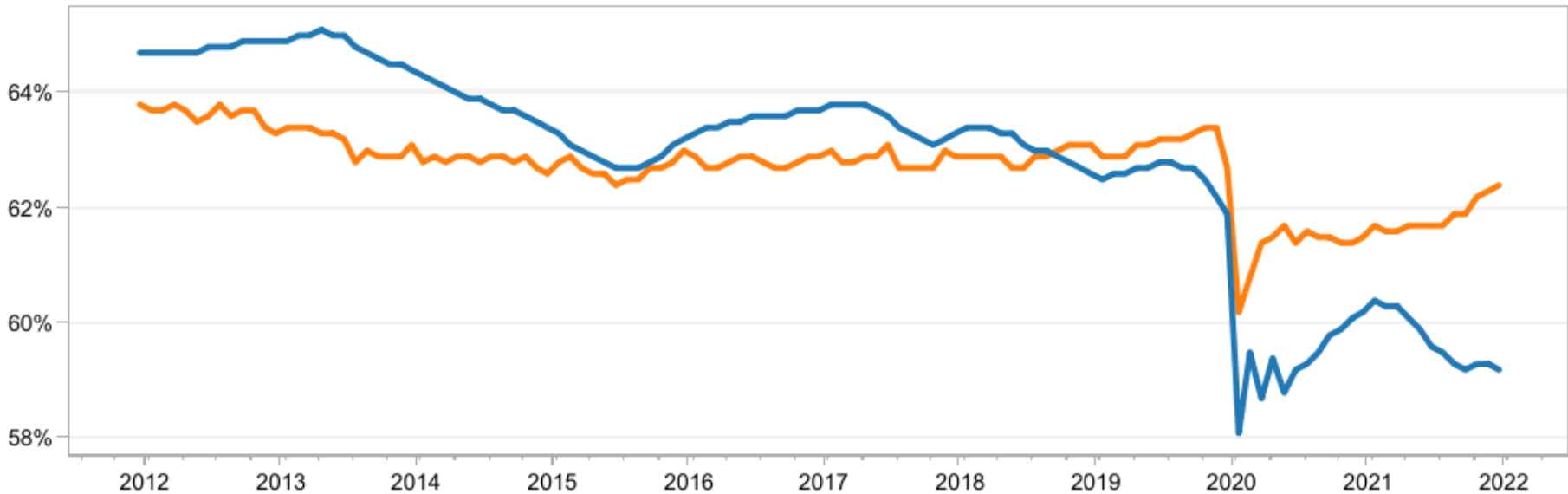
Apr, 1992 to Mar, 2022

- Unemployment Rate
- Labor Force & Employment
- Unemployment
- Labor Force Participation Rate
- Employment to Population Ratio

■ Maine
■ United States

Labor Force Participation Rate

(seasonally adjusted)

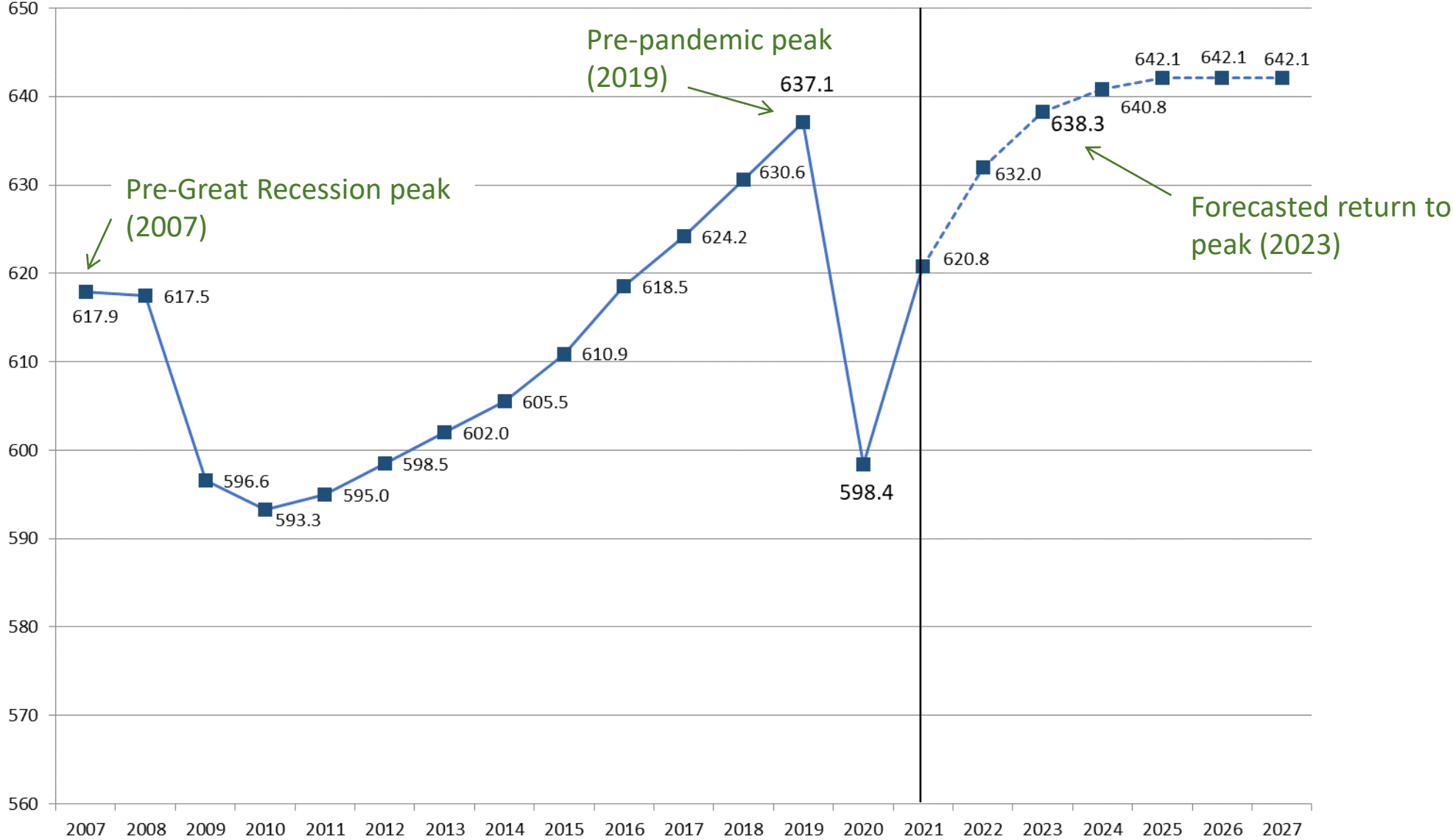


Mar, 2012 to Mar, 2022

- Unemployment Rate
- Labor Force & Employment
- Unemployment
- Labor Force Participation Rate
- Employment to Population Ratio

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■ United States

Total Nonfarm Employment (in thousands) History and CEFC forecast

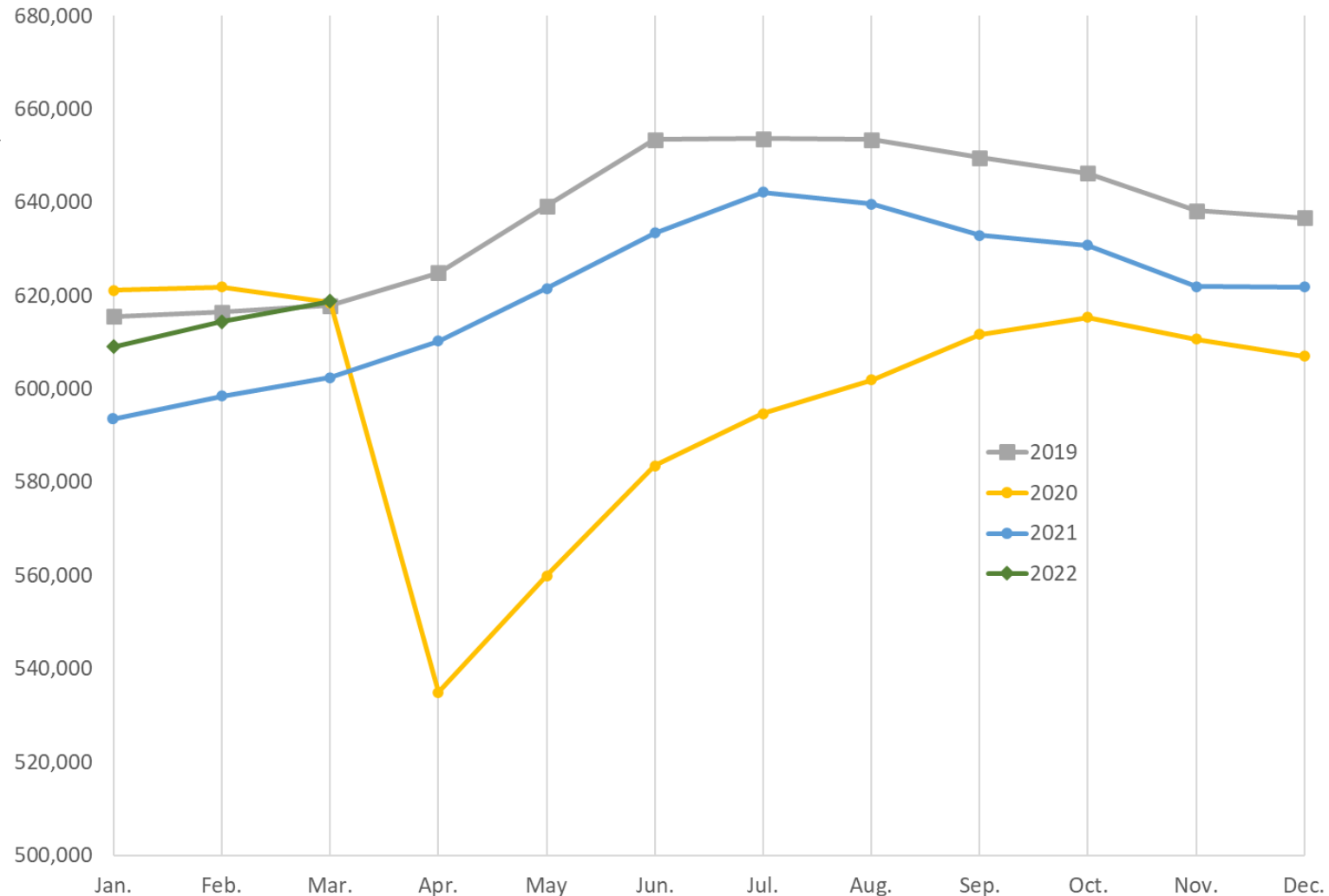


In Mar. 2022, unemployment was 5,000 higher than Feb. 2020 and the labor force was 20,000 lower

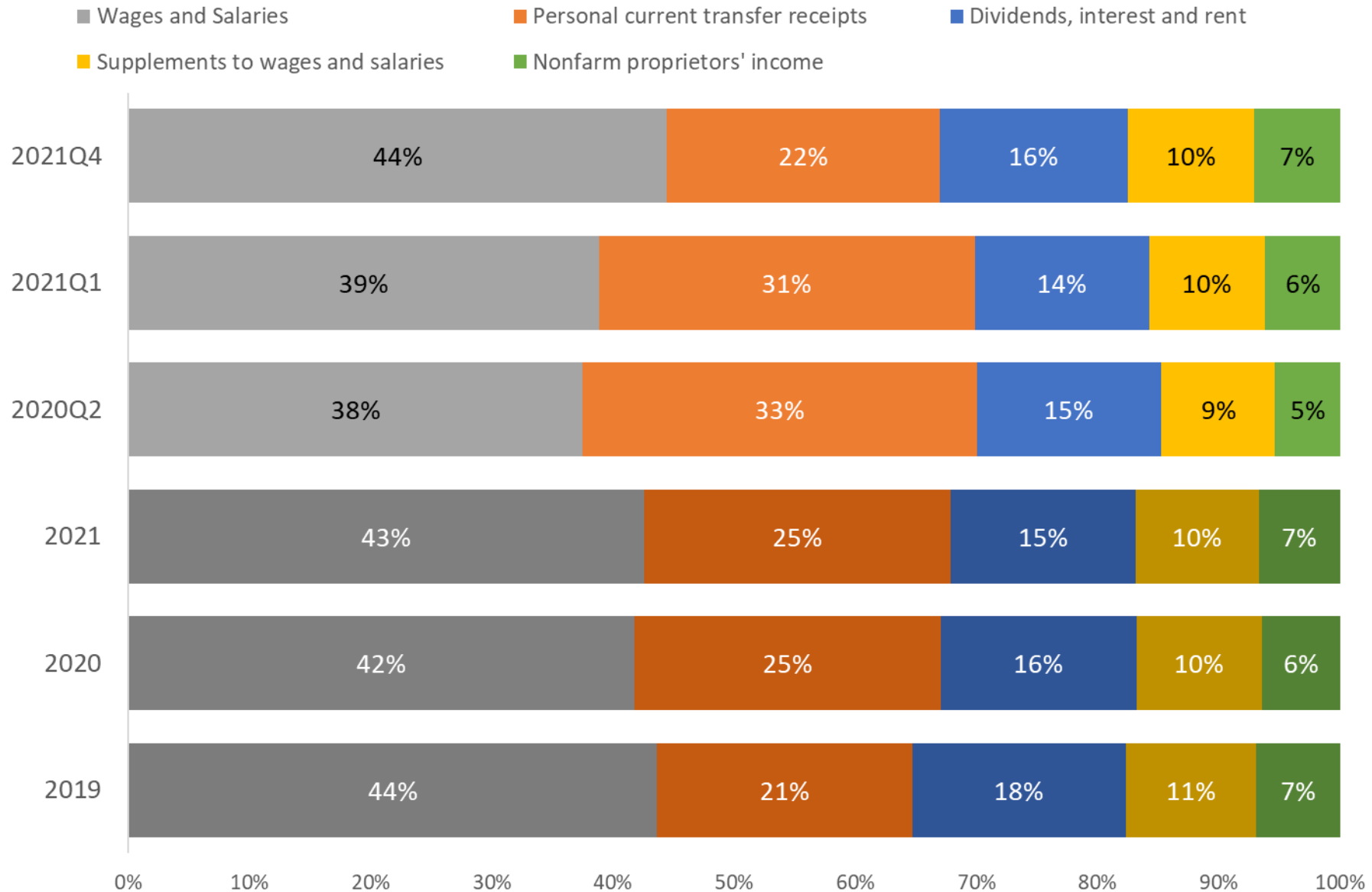
Compared to 2019, the 3-month average employment remains lower in three sectors:

- healthcare and social assistance (mostly long-term care and social assistance)
- leisure and hospitality (mostly food services)
- state and local government (mostly public education)

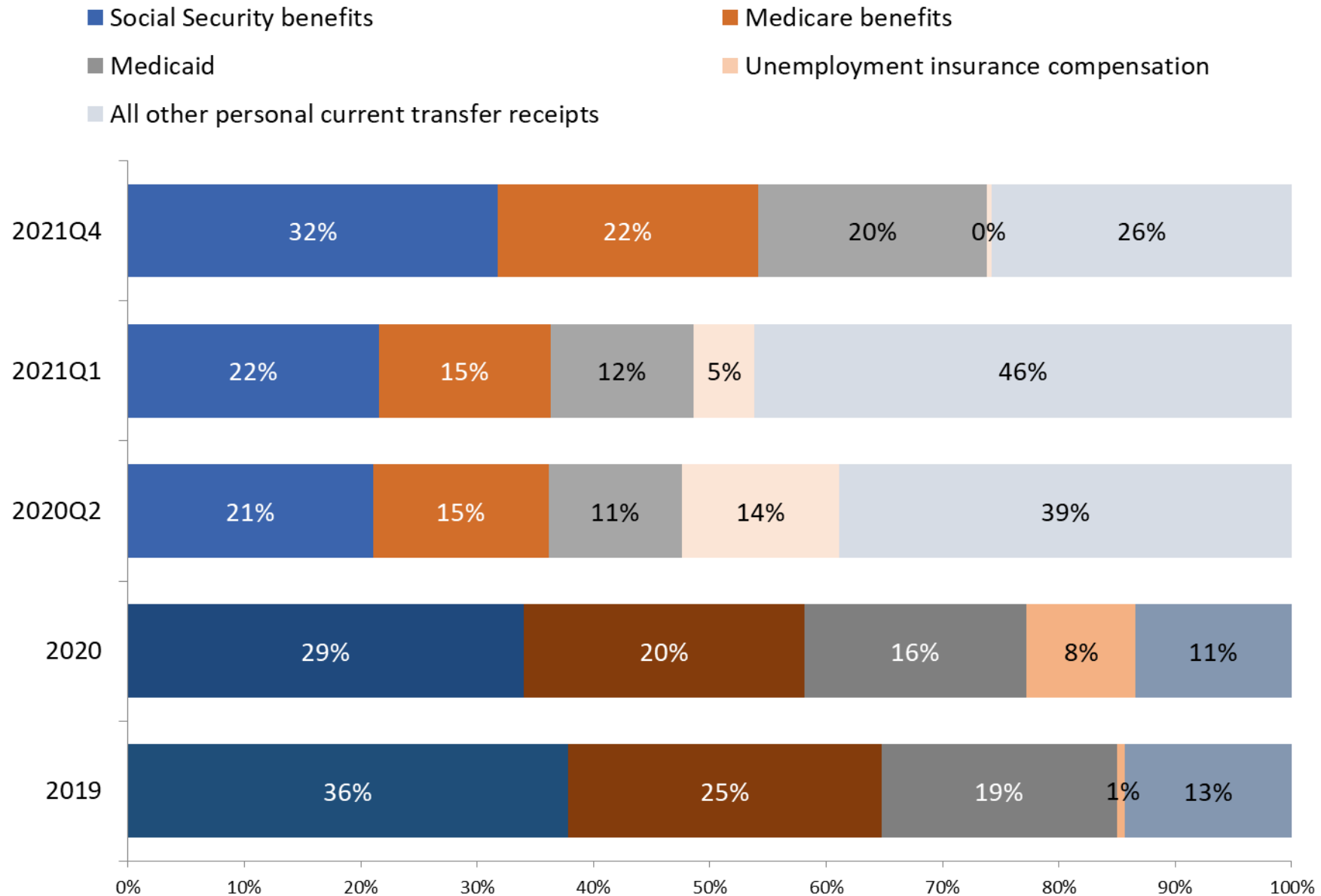
Total Nonfarm Employment, Not Seasonally Adjusted



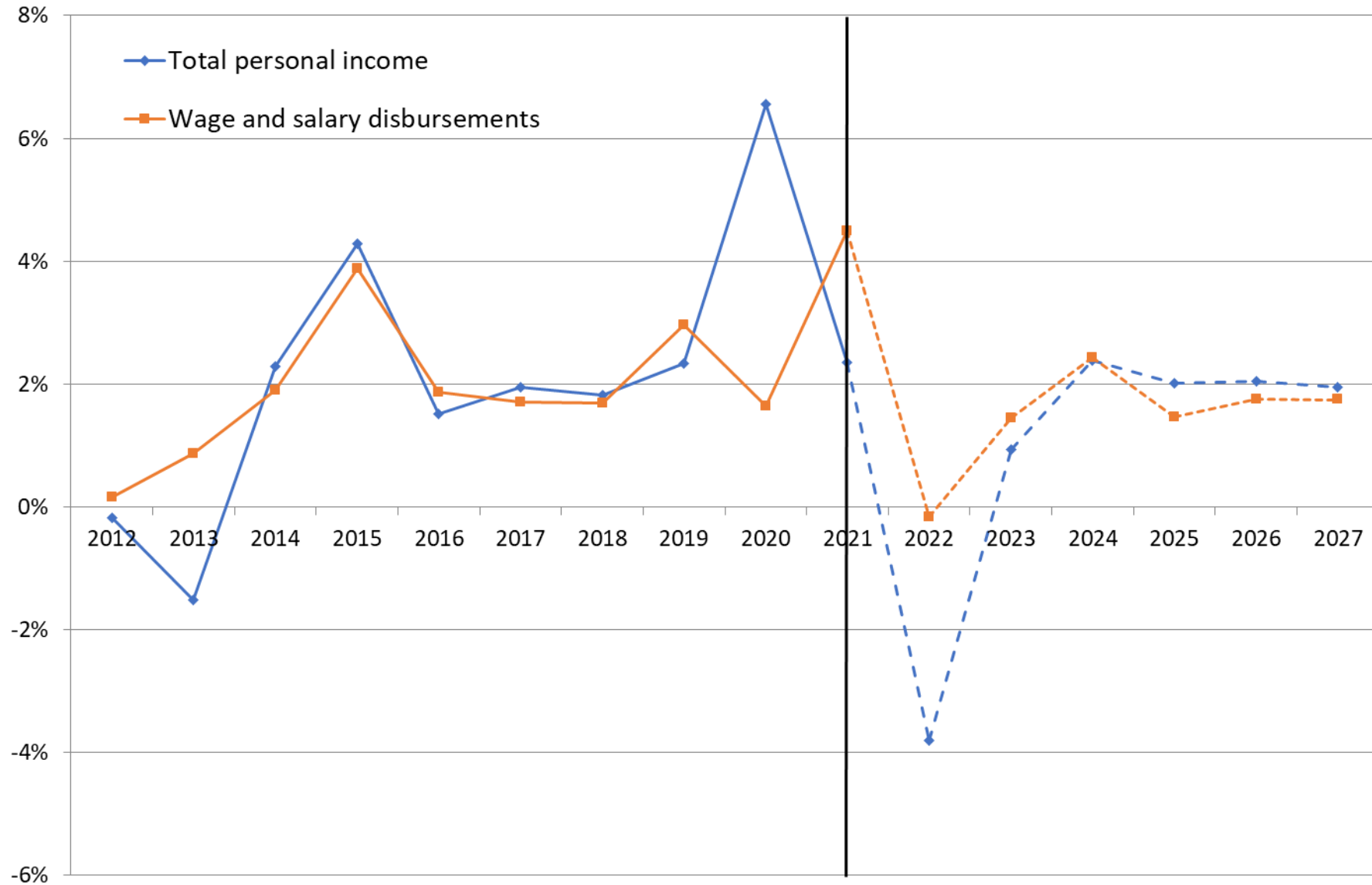
Major Components of Personal Income, Maine



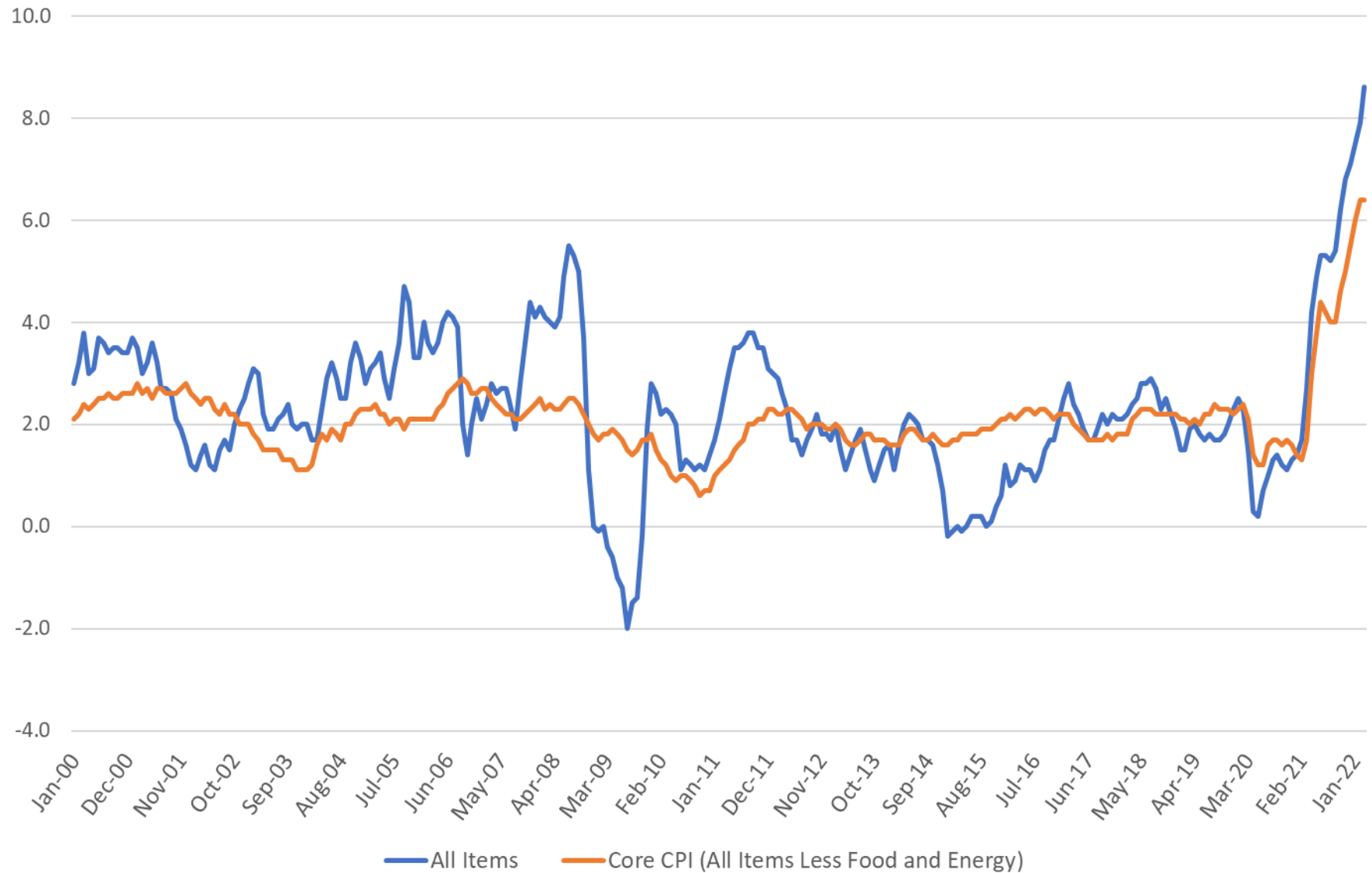
Components of Personal Current Transfer Receipts, Maine



Percent Change in Real Personal Income, Maine 2012-2021 and forecast to 2027



Year-over-year percent change in Consumer Price Index (1982-84=100, seasonally adjusted)



Maine Taxable Retail Sales	% Change from Feb. 2021 to Feb. 2022	% Change from Feb. 2020 to Feb. 2022	% Change last three months / same 3 month period one year ago
Building Supply	13.2%	40.7%	8.6%
Food Store	4.6%	7.7%	1.6%
General Merchandise	10.8%	14.4%	8.7%
Other Retail	5.7%	40.2%	7.4%
Restaurant	26.2%	-0.3%	26.9%
Lodging	50.9%	44.8%	64.9%
Auto Transportation	5.6%	20.1%	4.4%
Total	11.3%	22.5%	9.7%

Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020, and Child Tax Credits reduced child poverty in 2021

Official 2020 U.S. poverty rate = 11.4%, 1.0 percentage points higher than 2019

Supplemental Poverty Measure (SPM) = 9.1%, 2.6 percentage points LOWER than 2019

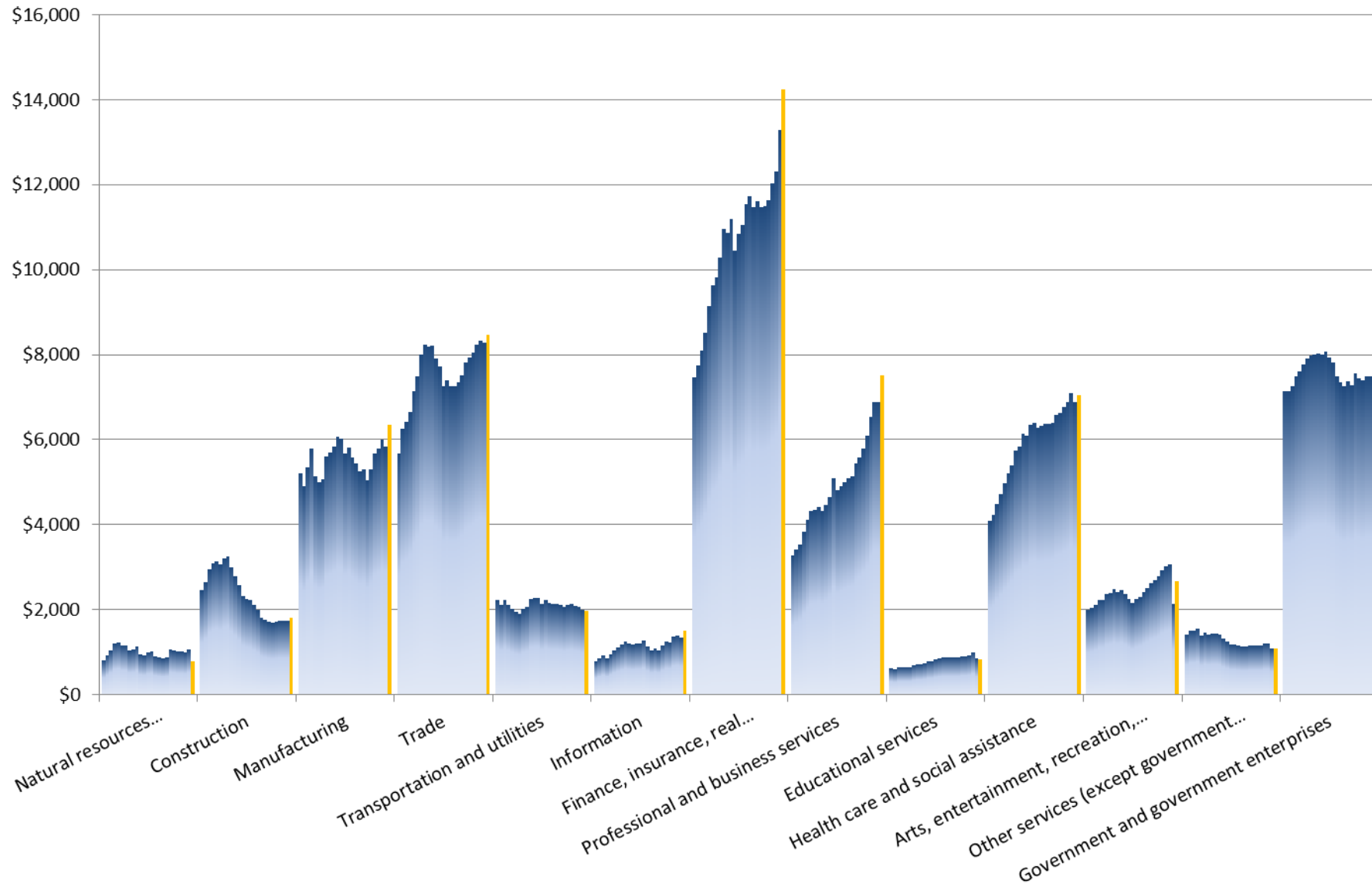
- Without stimulus payments, the SPM would have been 12.7%

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

The changes to the Child Tax Credit in the second half of 2021 were estimated to reduce monthly child poverty by around 30%; poverty returned to prior levels when the changes ended in January 2022

Maine Real GDP by Industry, 1997-2021 (in millions of chained 2012 dollars)



Things to keep in mind:

- The 2020 recession was both the deepest and the shortest (2 months) on record; federal support was crucial for staving off what could have been far worse economic consequences
- We're moving into an endemic phase of COVID, but risks of new variants remain
- Housing costs have increased sharply as demand far outstrips supply, limiting availability for workforce expansion; interest rate increases may cool some demand, but will make affordability a continuing problem
- Wages have increased, but so has inflation – real gains aren't as robust
- Other trends likely have been accelerated by the pandemic, e.g. gig work and automation
- What happens with remote work, retirements, migration, and job quality in the long term?
- Near- to medium-term global and national economic conditions are increasingly uncertain, especially given the Russian invasion of Ukraine