



STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES  
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SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

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## **Consensus Economic Forecasting Commission Background Materials for the March 30, 2021, Forecasting Meeting**

### **Summary**

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In June 2020, the National Bureau of Economic Research declared that the U.S. economy entered a recession beginning in February 2020. Since then, the economy in both Maine and the United States has experienced some recovery but remains in a deep hole compared to where it was one year ago.

Total personal income in Maine grew 7.6% in 2020, the sixth highest in the nation, despite a decline of 5.5% in the fourth quarter. This was driven by sharp increases in transfer receipts. Wage and salary income, which is the largest component of total personal income, grew by 1.4%. Gross Domestic Product for Maine rose by \$4.3 billion, or 34.4% at an annualized rate in the third quarter of 2020 but remains \$2.0 billion lower than the third quarter of 2019. The Consumer Price Index was up 1.7% year-over-year in February 2021, closer to the Federal Reserve's target of 2.0 percent.

Nationwide, consumer sentiment has had a slow and rocky recovery. The February 2021 consumer sentiment index remained 24% under February 2020 while the Small Business Optimism Index was down 8.3% in February compared to last year.

Energy prices saw recovery in the fourth quarter of 2020, when the price of crude oil rose by 3.1% from the previous quarter. Gasoline prices have seen a recent spike and averaged \$2.83 on March 15, 2021, in New England. Data for January 2021 show total exports from Maine decreased by 21.1% over January 2020.

Single family existing-home sales in Maine in February 2021 continued to grow, up 22.8% compared to February 2020, while the median sales price increased 12.9% from a year prior as the market maintains a tight supply and strong demand. Maine's House Price Index rose by 13.5% in the fourth quarter of 2020 over a year prior, higher than both New England and the United States.

Highway travel has seen strong recovery in recent weeks. The second week of March had a year-over-year decline of only 2.2% in vehicle miles traveled, the smallest gap since the COVID-19 pandemic began a year prior. Credit and debit card data indicate that consumer spending has also settled near pre-pandemic levels.

The following presents a picture of the Maine economy, comparing current economic indicators to historical trends.

## 1. Demographic Trends

Maine's population increased 0.4% from 2018 to 2019, driven by migration into the state. Data from the U.S. Census Bureau's 2019 population estimates indicate that approximately 28.3 percent of Maine's total population are baby boomers (55-73 years), while 35 percent of Maine's population is of younger working age, 15-44 years old. 15 out of 16 counties saw positive net migration from 2018-2019, with the highest net migration in York and Cumberland counties. Net domestic migration for the state in 2019 was 6,613. Note that the numbers reported above are subject to substantial revisions each year when new population estimates are released.

The migration trends in the 2019 American Community Survey (ACS) 1-year estimates differ considerably from the population estimates, making it difficult to get a picture of the true situation. The ACS estimates show net domestic migration for the state to be negative, and many individual age cohorts saw negative net migration rates, with the largest decline occurring for 18-19 year-olds (-2.6%). This age cohort had the highest positive net migration rate in the 2018 data. The greatest positive net domestic migration rates for 2019 occurred for 35-29 year-olds (1.8%) and 25-29 year-olds (1.4%).

Note that population counts from the 2020 Decennial Census are not yet available due to COVID-related delays.

### Maine Domestic Migration by Age, 2018-2019

Age	Domestic in-migration	Domestic out-migration	Net domestic migration	Net migration as a percent of total population
1 to 4 years	924	1,227	-303	-0.6%
5 to 17 years	2,147	3,270	-1,123	-0.6%
18 and 19 years	2,334	3,198	-864	-2.6%
20 to 24 years	6,212	7,265	-1,053	-1.4%
25 to 29 years	5,425	4,328	1,097	1.4%
30 to 34 years	3,153	2,871	282	0.3%
35 to 39 years	2,862	1,533	1,329	1.8%
40 to 44 years	1,775	2,115	-340	-0.4%
45 to 49 years	1,591	917	674	0.8%
50 to 54 years	1,608	2,256	-648	-0.7%
55 to 59 years	1,569	2,001	-432	-0.4%
60 to 64 years	1,332	2,038	-706	-0.6%
65 to 69 years	2,102	1,425	677	0.7%
70 to 74 years	1,051	1,409	-358	-0.5%
75 years and over	2,044	2,414	-370	-0.3%
<b>Net</b>			<b>-2,138<sup>1</sup></b>	<b>-0.2%</b>

Source: U.S. Census Bureau 2019 American Community Survey 1-year estimates, Sept. 17, 2020 release

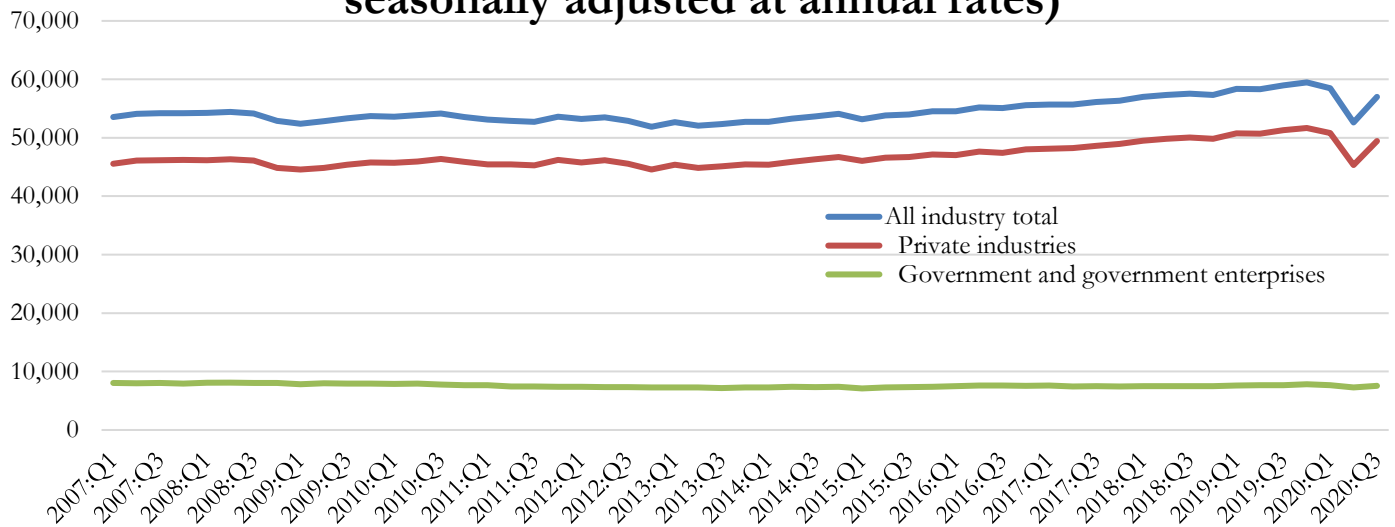
<sup>1</sup> Estimates of net migration from the American Community Survey and Population Estimates Program may differ due to varying methodology of estimation and sample selection.

## 2. State Economy

### Gross Domestic Product (GDP)

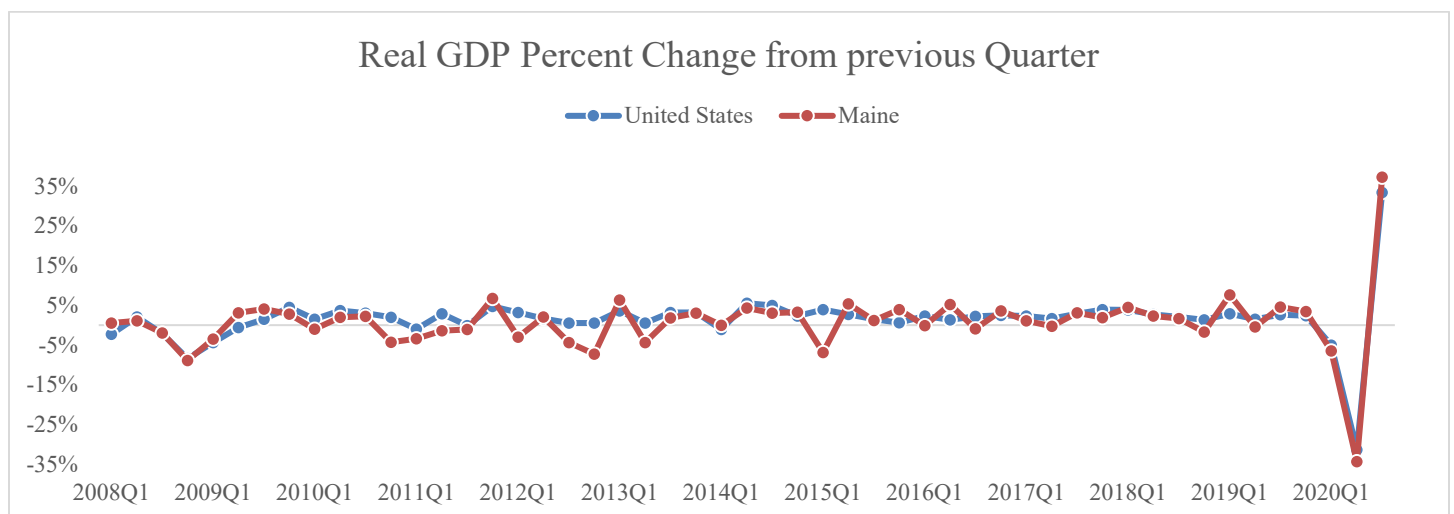
In the third quarter of 2020, Maine's real GDP rose to \$56.0 billion, \$2.0 billion lower than in the same quarter in 2019. \$49.4 billion came from private industries, while \$7.6 billion was from government enterprises.

### Real GDP (in millions of 2012 chained dollars, seasonally adjusted at annual rates)



Source: U.S. Bureau of Economic Analysis, December 23, 2020 release

Maine's annualized growth rate for total real GDP was 37.3% in the third quarter of 2020, compared to 33.4% for the nation. Note that despite record growth rates in the third quarter, both the US and Maine continue to lag pre-pandemic levels.

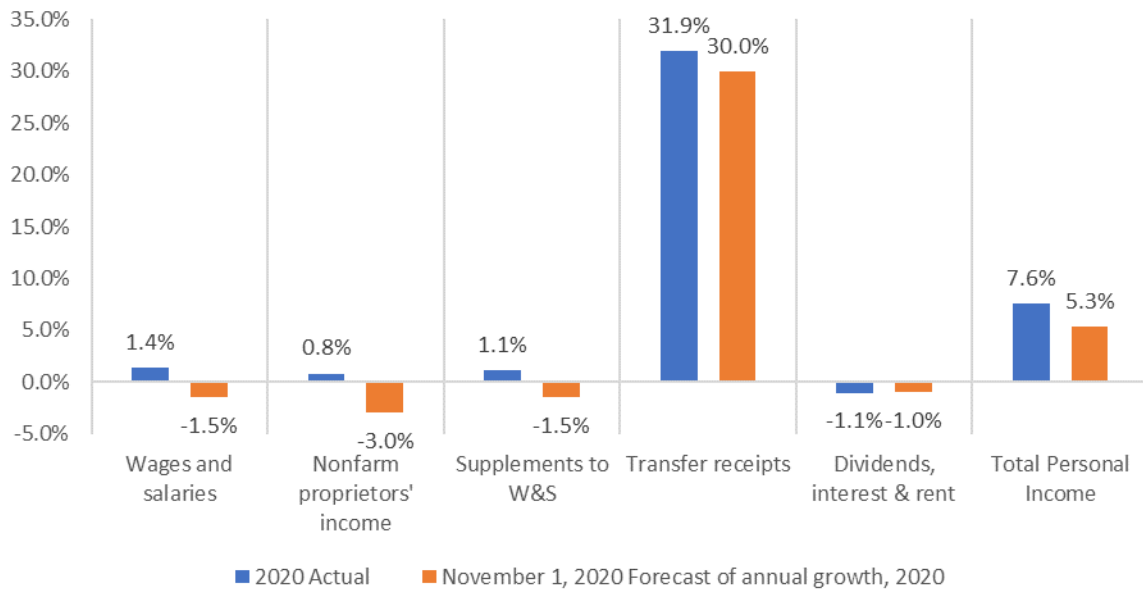


Source: U.S. Bureau of Economic Analysis, December 23, 2020 release

## Personal Income

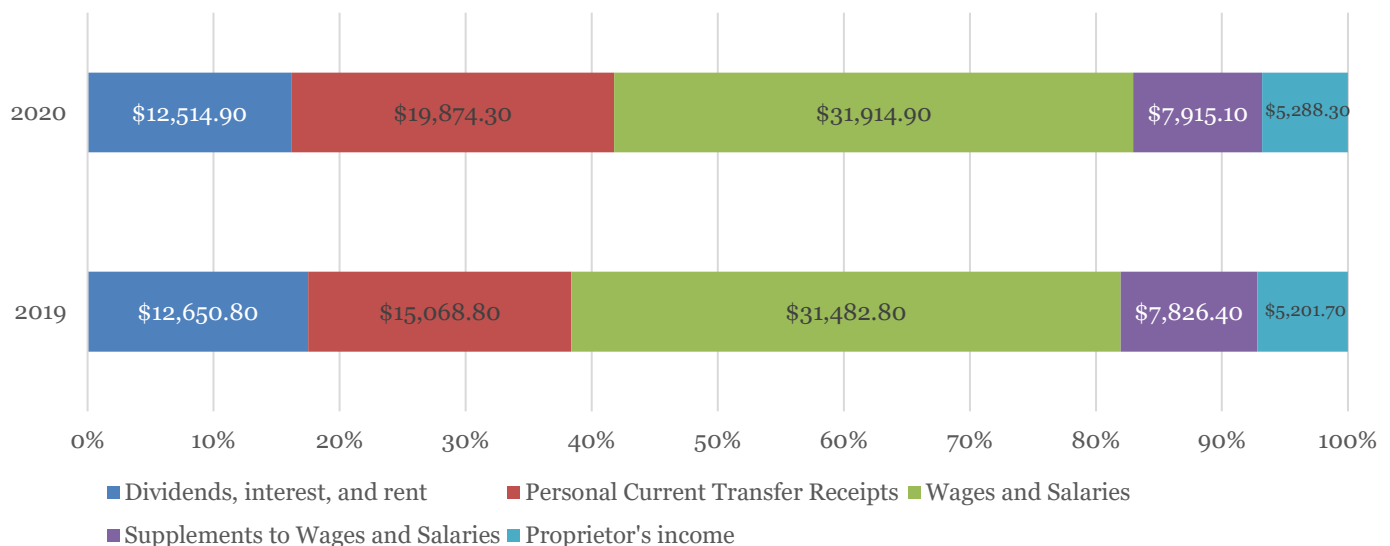
According to the U.S. Bureau of Economic Analysis, total personal income grew by 7.6% in 2020 after a fourth quarter annualized decline of -5.5%. Wage and salary disbursements, the largest component of personal income, averaged \$31.9 billion, 1.4% higher than 2019. Transfer receipts grew by 31.9% in Maine in 2020, compared to 36.6% for the U.S. Growth in transfer receipts was driven primarily by enhanced unemployment benefits and economic impact payments to households, as well as other provisions of the federal aid passed in 2020.

2020 Components of Personal Income:  
CEFC forecast vs. Preliminary Actuals



Source: U.S. Bureau of Economic Analysis, March 24, 2021 release

Major components of personal income: 2020 vs. 2019

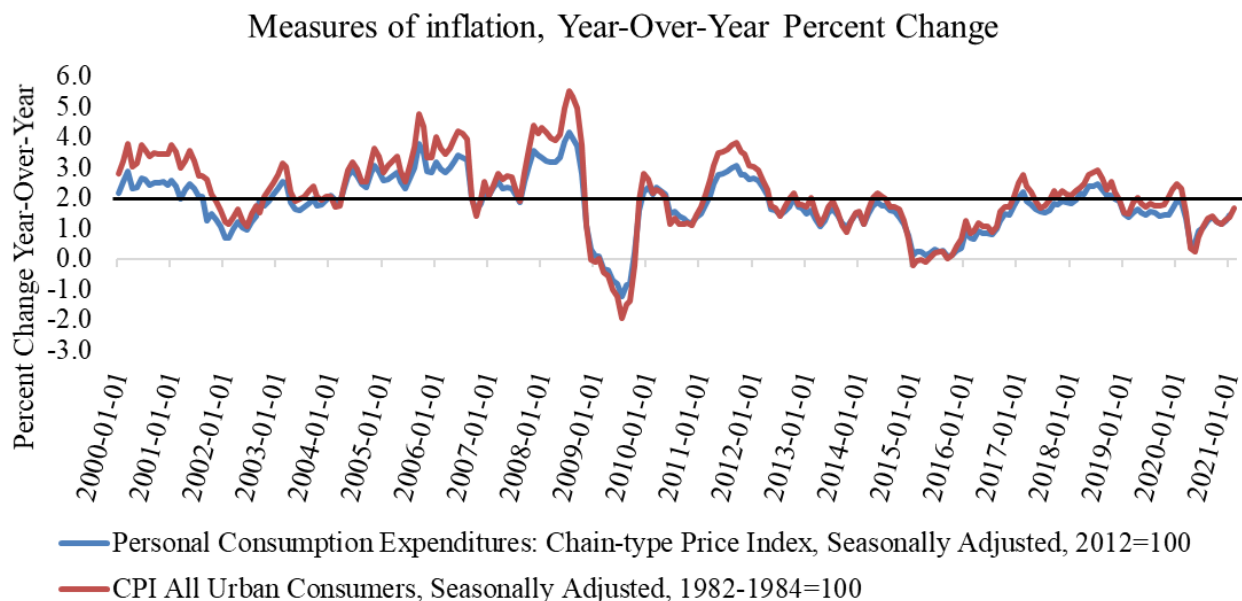


Source: U.S. Bureau of Economic Analysis March 24, 2021 release

### 3. Consumption and Expenditures

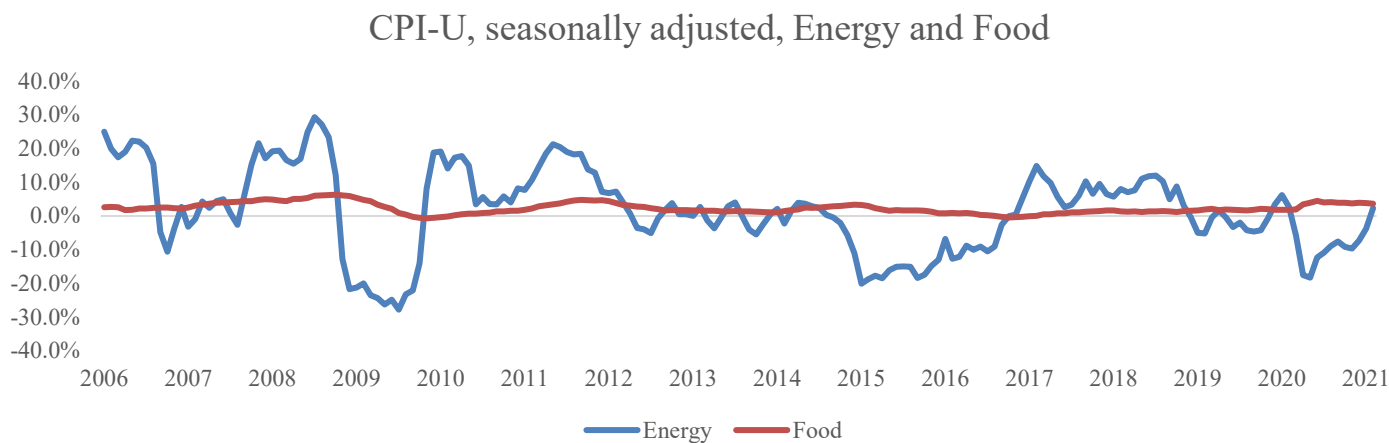
#### Inflation measures

Since the start of COVID-19, inflation has remained well below the Federal Reserve's target of 2.0 percent. In recent months, the gradual recovery in both public health and the economy have led to stronger growth in both the Consumer Price Index and the Personal Consumption Expenditures price index. On March 17, 2021, Jerome Powell, chairman of the Federal Reserve Board of Governors noted that towards the end of CY 2021, as people act on built up demand for services, he expects a period of higher but transitory inflation. He also reiterated that the Federal Reserve is willing to accept inflation levels moderately above 2.0% for some time to achieve an average of 2.0%.



Sources: U.S. Bureau of Economic Analysis February 26, 2021 release; U.S. Bureau of Labor Statistics March 10, 2021 release

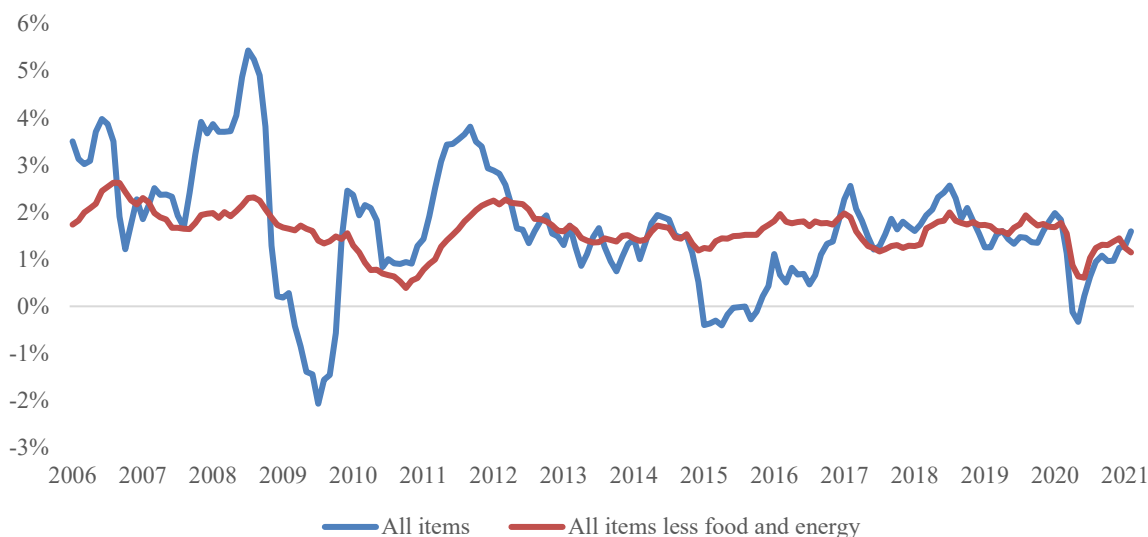
The Consumer Price Index (CPI) was up 1.7% in February 2021 over the previous year. Meanwhile, Chained PCE was up 1.5% in January year over year. Core inflation, which excludes food and energy prices, rose 1.3% over February of last year. Prices of energy have grown substantially in recent months and showed positive year-over-year change in February for the first time since March 2020. Prices of food remain elevated—at 3.6% year-over-year—though this is the lowest year-over-year growth since March 2020.



Source: U.S. Bureau of Labor Statistics, March 10, 2021 release

The Chained Consumer Price Index (Chained CPI) rose 1.6% in February compared to a year ago. Core inflation rose 1.1% over the same period. Chained CPI allows for substitutions in the basket of goods and services being measured.

### Chained Consumer Price Index - All US Urban

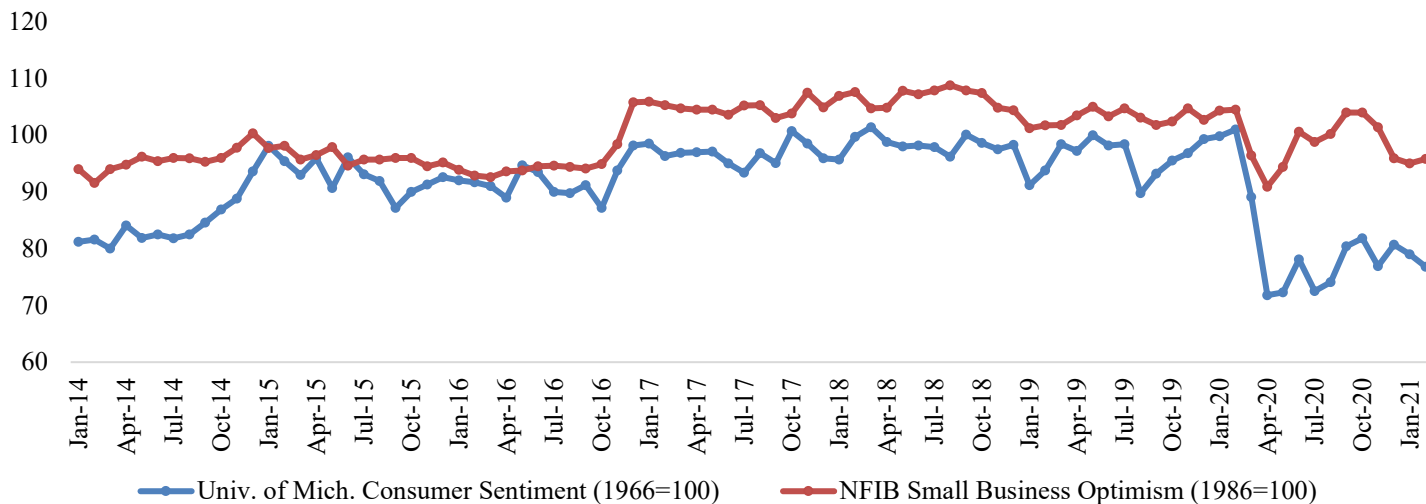


Source: U.S. Bureau of Labor Statistics, March 10, 2021 release

### Consumer Sentiment and Small Business Optimism

In February 2021, the survey-based University of Michigan Consumer Sentiment Index was down 24.0% over February 2020. The survey-based National Federation of Independent Business (NFIB) Small Business Optimism Index was down 8.3% in February 2021 from a year ago. Both have been trending downwards after initial upticks over the summer and fall.

### Consumer Sentiment and Small Business Optimism Indexes



Source: University of Michigan, March 2021 release; National Federation of Independent Business, March 2021 release

## Vehicles

There was significant growth in titling in FY 2020, including a 7.0% increase in the titling of new cars and 125.7% growth in the titling of used cars. Anecdotally, this may have been tied to individuals selling vehicles during the earlier months of the recession in order to pay rent and other expenses. While there is typically a decline during the winter months through the end of the year, no such decline occurred in FY 2020. In total, there was a 19.2% jump in the number of titles administered in FY 2020 compared to FY 2019.

Maine Bureau of Motor Vehicles Title Information					
	FY17	FY18	FY19	FY20	FY19- FY20 Change
Autos- new	71,442	37,904	85,838	91,829	7.0%
Autos - used	199,950	141,222	113,570	256,383	125.7%
Bus-new	203	141	194	147	-24.2%
Bus-used	186	100	109	133	22.0%
Trucks - new	3,038	2,807	2,346	5,022	114.1%
Trucks - used	5,771	4,821	5,935	8,283	39.6%
Motorcycles - new	1,960	1,685	1,523	1,918	25.9%
Motorcycles - used	6,777	6,904	6,518	8,157	25.1%
Trailers - new	8,514	47,476	67,660	65,596	-3.1%
Trailers- used	18,465	82,703	194,399	133,847	-31.1%
Motor Homes - new	139	160	1,235	126	-89.8%
Motor homes - used	494	580	373	81	-78.3%
Unknown - new	86	195	40	92	130.0%
Unknown - used	278	279	186	283	52.2%
<b>Total</b>	<b>317,303</b>	<b>326,977</b>	<b>479,926</b>	<b>571,897</b>	<b>19.2%</b>

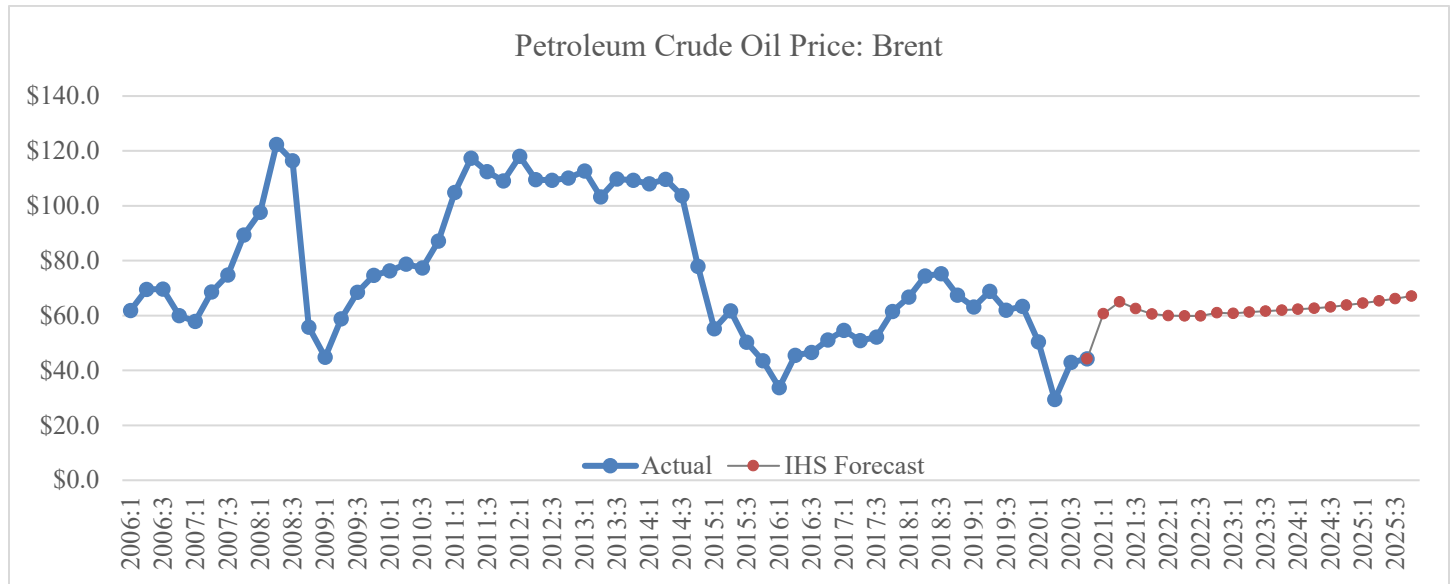
Source: Maine Bureau of Motor Vehicles

## 4. Energy Sector

In its March 2021 Short-term Energy Outlook, the Energy Information Administration (EIA) projects Brent crude oil prices will rise to an average of \$65-70 per barrel in March and April before subsiding to \$58 per barrel in the second half of 2021. It also forecasts that higher expected crude oil prices will contribute to higher production than February's forecast, 11.1 million barrels per day in 2021 and 12.0 million barrels per day in 2022.

### Crude Oil

The price of Brent crude oil in the fourth quarter of 2020 was 3.1% higher than the previous quarter. The price per barrel as of March 18, 2021, was \$62.11.

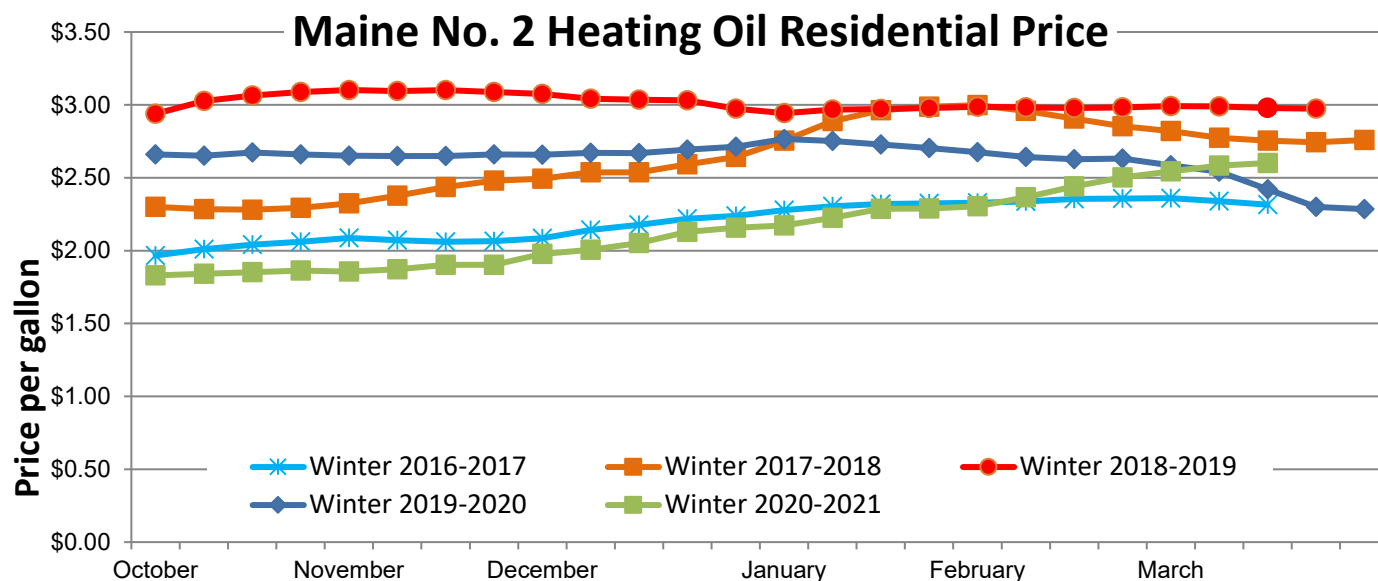


Source: IHS, March 2021 release; EIA March 18, 2021 release



## Heating Oil

The statewide average cash price of No. 2 heating oil in Maine was \$2.60 in the twenty-fourth week (March 15<sup>th</sup>) of the 2020-2021 heating oil season, 18.1 cents lower than the same week of last year. Prices were at their lowest in several years at the beginning of the season but have steadily increased in the latter half of the winter.

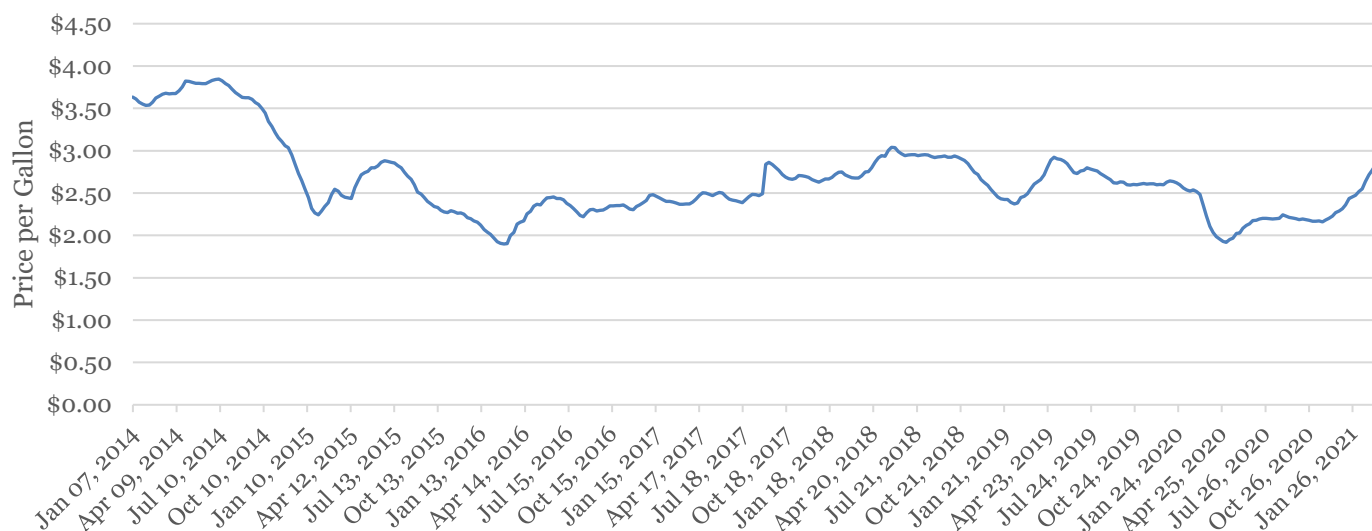


Source: U.S. Energy Information Agency, March 15, 2021 release

## Gasoline

The price of gasoline in New England averaged \$2.83 the week of March 15, 2021, about 7 cents higher than the previous week and 47 cents higher than a year ago. The average price of gasoline for the year through the third week of March 2021 was \$2.55 per gallon, equal to the same period of 2020.

Weekly New England (PADD 1A) All Grades All Formulations Retail  
Gasoline Prices (Dollars per Gallon)

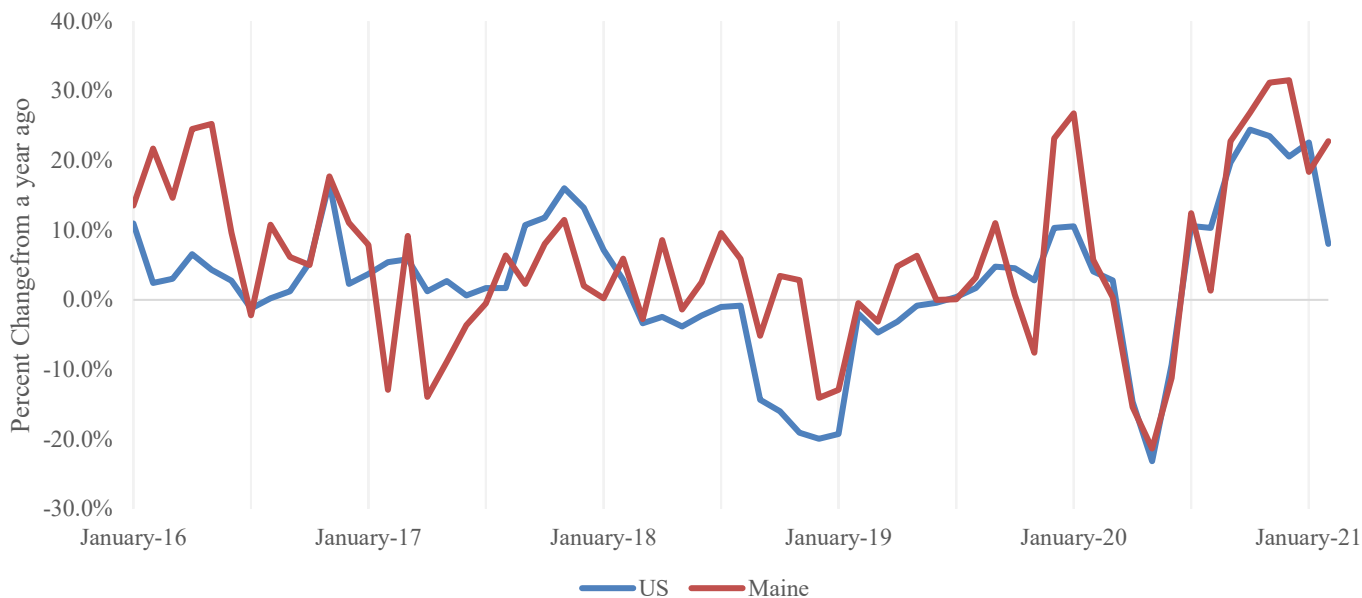


Source: U.S. Energy Information Agency, March 15, 2021 release

## 5. Housing

Single family existing-home sales in Maine in February 2021 were up 22.8% compared to February 2020, while the median sales price increased 12.9% from a year prior (to \$244,900 statewide). Total single-family sales nationwide were up 8.0% compared to a year prior and had a median price of \$313,000, 16.2% over last year. More rural areas of the state saw the largest growth in home sales in 2020, with Washington, Aroostook and Piscataquis all seeing sales volume growth above 30%.

### Single Family Existing-Home Sales



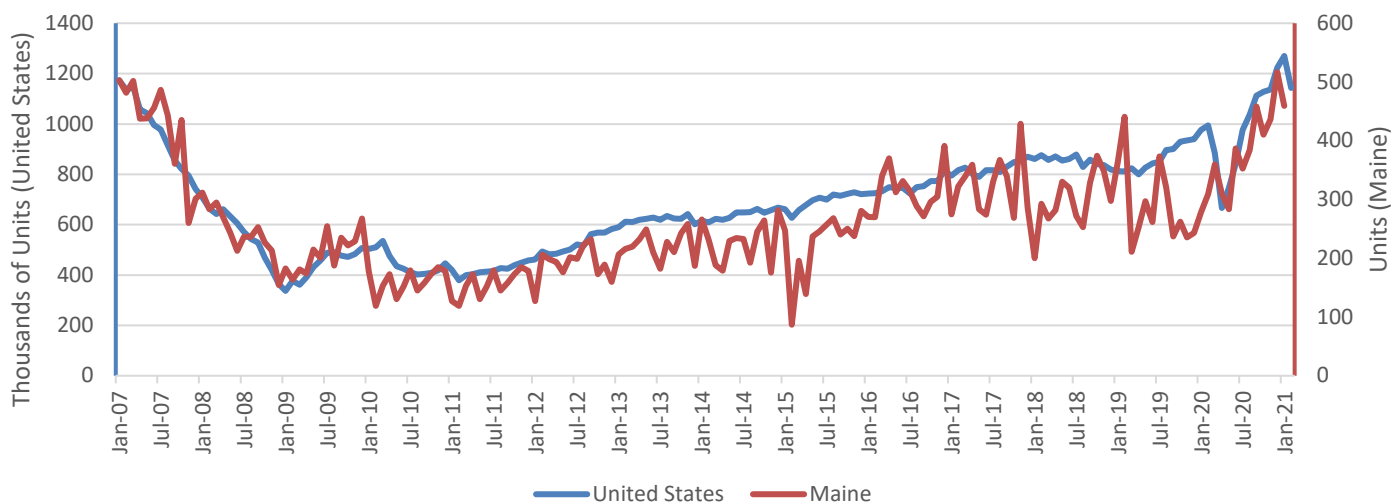
Sources: National Association of REALTORS and Maine Association of REALTORS, monthly releases

	2019		2020		Percent change	
	Total Home Sales	Median Sale Price	Total Home Sales	Median Sale Price	Total Home Sales	Median Sale Price
Androscoggin	1,171	\$175,000	1,223	\$205,000	4.4%	17.1%
Aroostook	621	\$95,000	838	\$105,000	34.9%	10.5%
Cumberland	4,086	\$325,000	4,130	\$365,000	1.1%	12.3%
Franklin	507	\$145,000	562	\$189,950	10.8%	31.0%
Hancock	855	\$227,500	1,048	\$273,316	22.6%	20.1%
Kennebec	1,599	\$170,000	1,745	\$198,000	9.1%	16.5%
Knox	562	\$236,125	694	\$268,250	23.5%	13.6%
Lincoln	594	\$228,250	686	\$301,500	15.5%	32.1%
Oxford	858	\$165,950	995	\$199,900	16.0%	20.5%
Penobscot	1,873	\$154,600	1,905	\$170,000	1.7%	10.0%
Piscataquis	344	\$122,750	453	\$129,900	31.7%	5.8%
Sagadahoc	471	\$245,000	501	\$275,000	6.4%	12.2%
Somerset	591	\$125,000	734	\$143,750	24.2%	15.0%
Waldo	492	\$181,500	615	\$224,000	25.0%	23.4%
Washington	396	\$129,000	551	\$149,900	39.1%	16.2%
York	3,120	\$295,000	3,241	\$337,000	3.9%	14.2%
Maine	18,140	\$225,000	19,921	\$256,000	9.8%	13.8%

Source: Maine Association of Realtors

In the U.S., single-unit housing permits were up 30.0% in February 2020 over the previous year and 3.8% over the previous month. In Maine, the recovery has been more pronounced in recent months, with 65% year-over-year growth in February but -11.1% month-over-month.

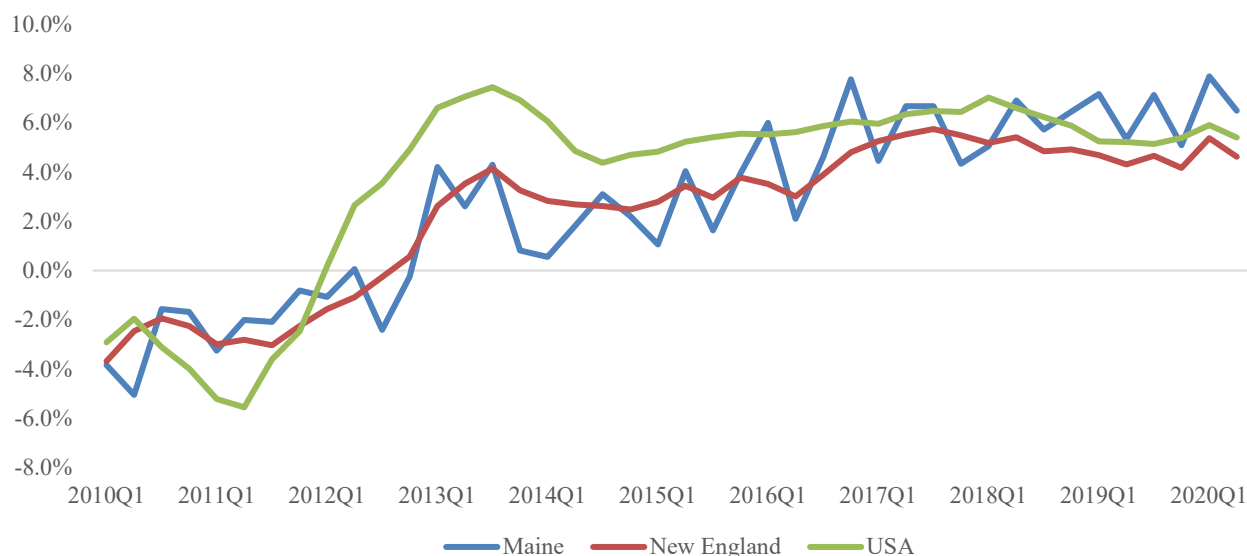
### New Private Single-Unit Housing Permits, Seasonally Adjusted



Source: US Census Bureau, March 2021 release, via Federal Reserve Bank of St. Louis

According to the Federal Housing Finance Agency (FHFA), the House Price Index “measures average price changes in repeat sales or refinancing on the same properties.” Maine’s house price index increased substantially, by 13.5% in the fourth quarter of 2020 over the previous year. Maine’s year-over-year growth was higher than the U.S. and region, with New England growing by 12.6% and the U.S. by 10.8%. Maine’s Metropolitan Statistical Areas - Bangor, Lewiston-Auburn, and Portland-South Portland – all saw substantial increases in the fourth quarter, at 6.6%, 8.0% and 8.7%, respectively, over the same quarter last year.

### Purchase-Only House Price Index, Seasonally Adjusted

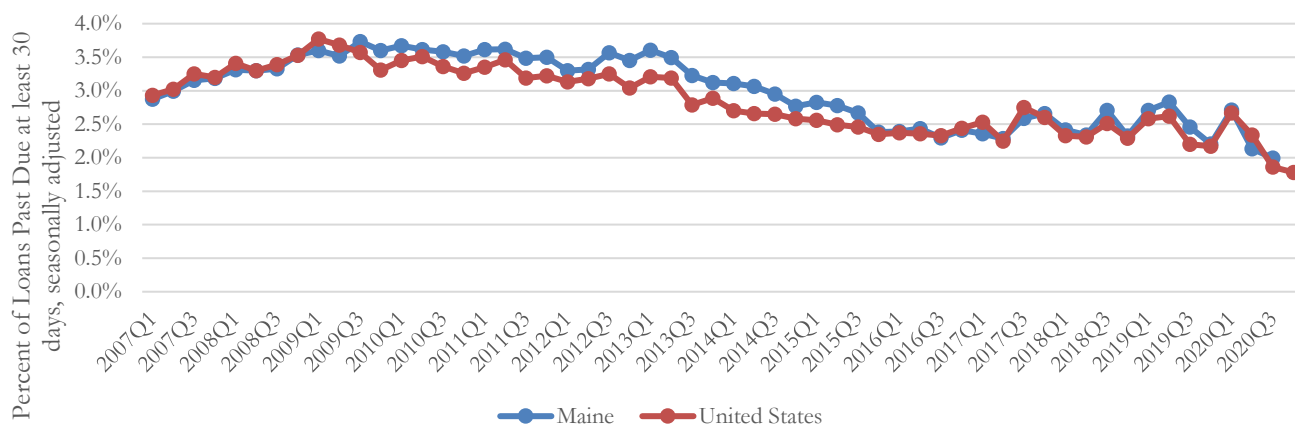


Source: Federal Housing Finance Agency, February 23, 2021 release

## 6. Borrowing

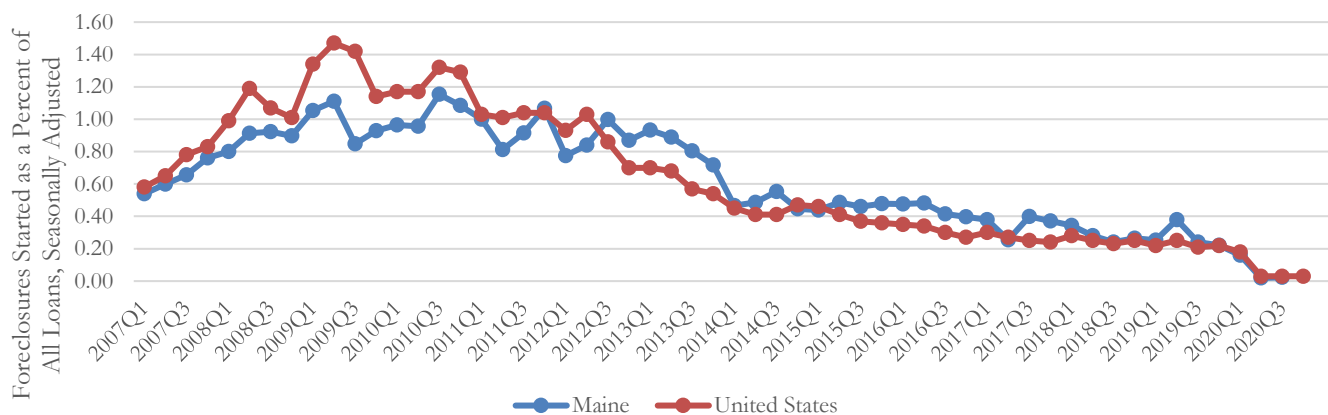
The share of mortgages in Maine that are delinquent 30 days or more was 2.0% in the third quarter of 2020. Maine's foreclosure rate was 0.02% in the third quarter of 2020 compared to 0.03% in the U.S. Foreclosure starts remained near zero at the end of 2020 due to a federal moratorium in response to COVID-19.

MBA Mortgage Delinquencies



Source: Mortgage Bankers Association, via Moody's Analytics March 8, 2021 release

MBA Foreclosure Starts



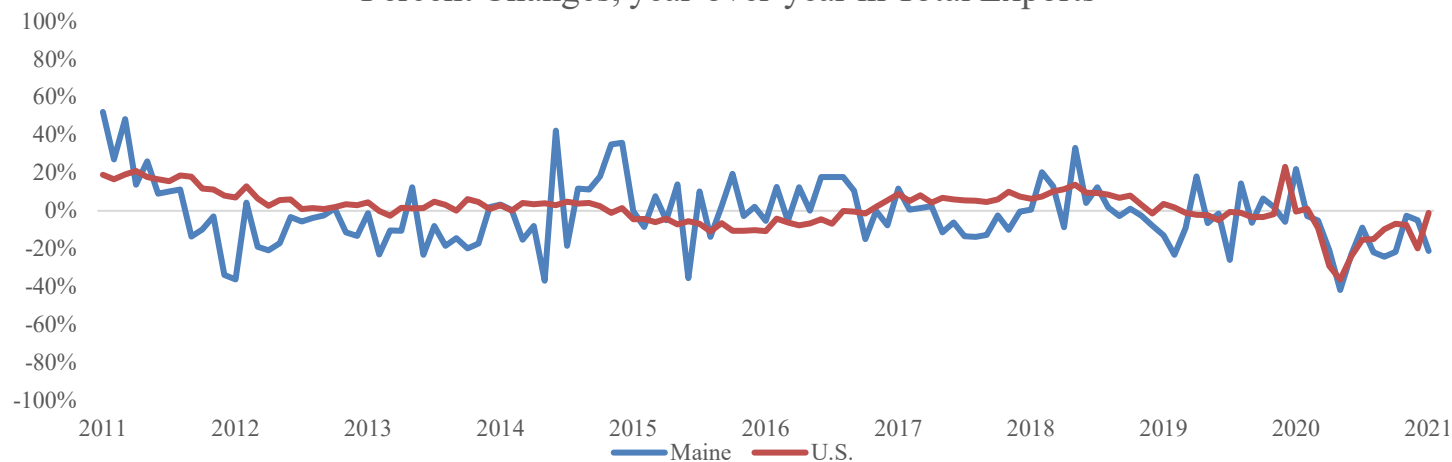
Source: Mortgage Bankers Association, via Moody's Analytics March 8, 2021 release

## 7. Trade Outlook

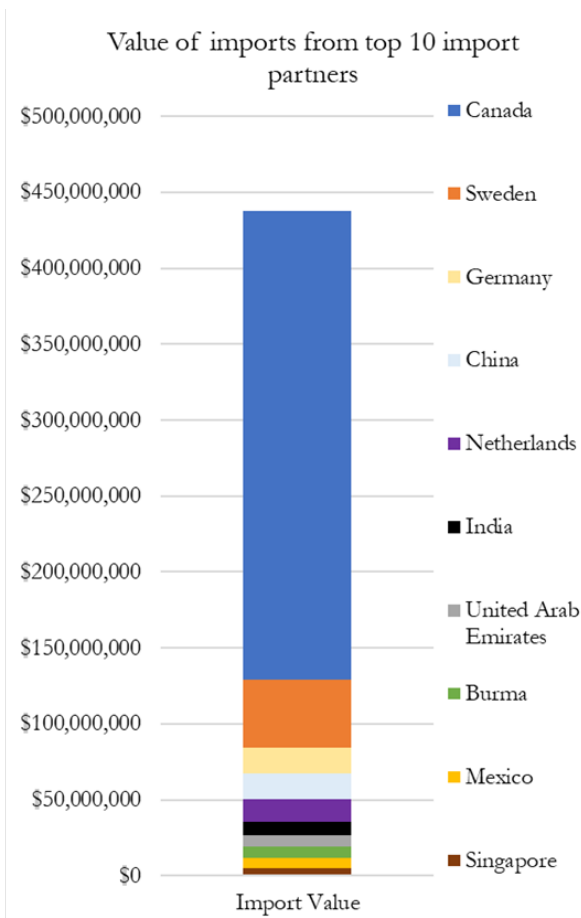
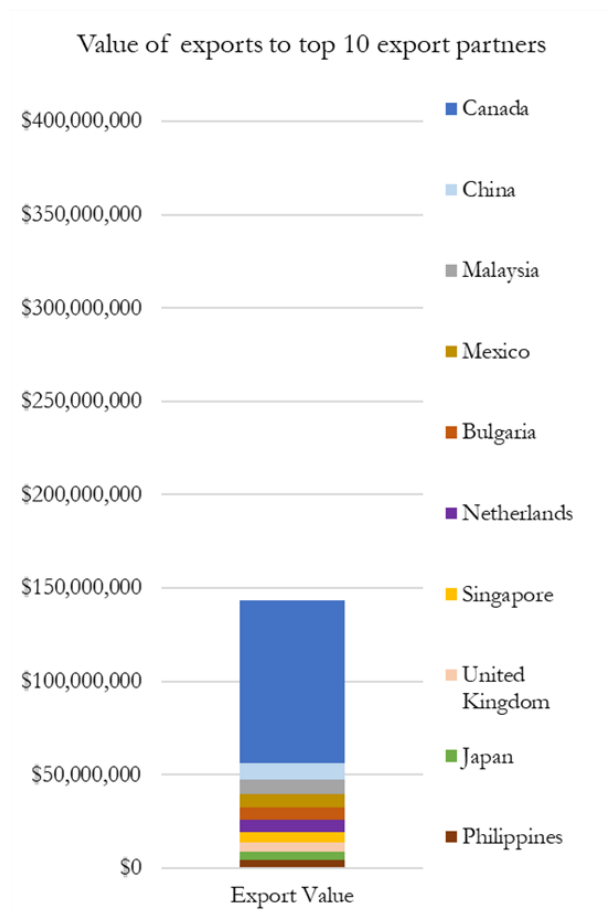
### Exports

Total exports in Maine decreased by 21.1% year-over-year in January 2021. In CY 2020, exports fell 14.1%. Total exports from Maine totaled \$181.8 million in January, while imports totaled \$510 million. Nationwide, exports were down 1.1% year-over-year in January and -14.5% for CY 2020. In January, Canada was Maine's top trade partner, with 48% of exports and 60% of imports.

Percent Changes, year-over-year in Total Exports



Source: USA Trade Online, March 5, 2021 release

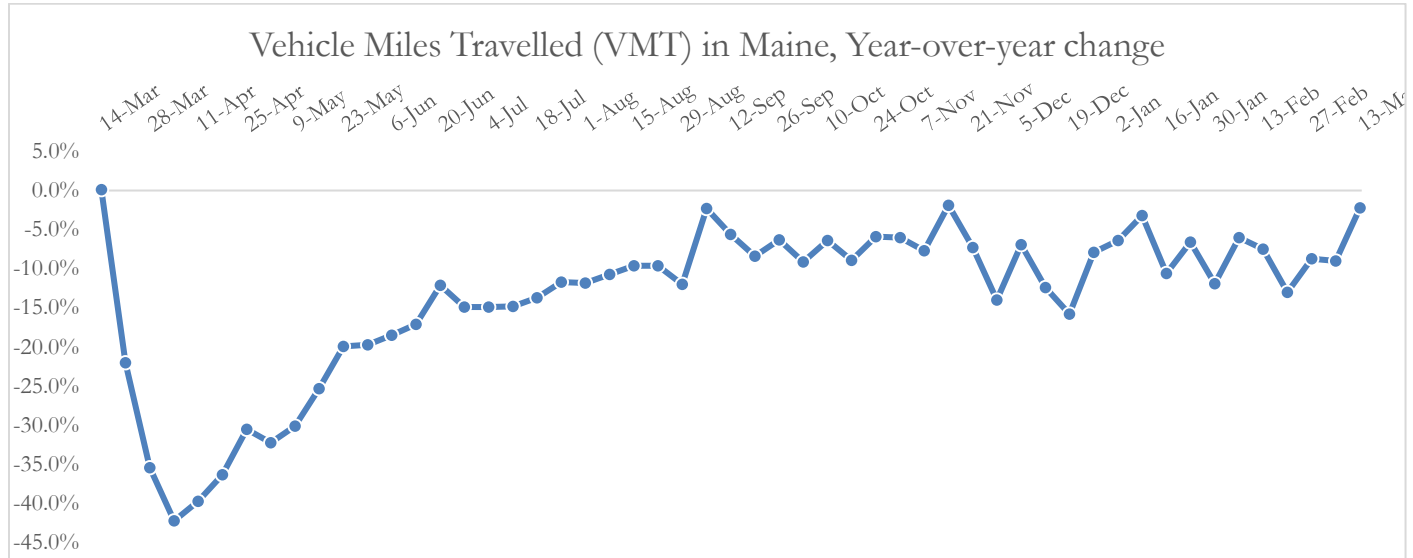


Source: USA Trade Online, March 5, 2021 release

## 8. COVID-19 real-time indicators

### Traffic reductions

Vehicle miles traveled have made a greater rebound as Maine has had warmer weather, with only a 2.2% gap year-over-year in the week ending March 13<sup>th</sup>. Traffic began to see historic declines in the third week of March of 2020, the week ending March 21<sup>st</sup>. Since then, Maine has seen gradual recovery, with some hiccups during winter weather.



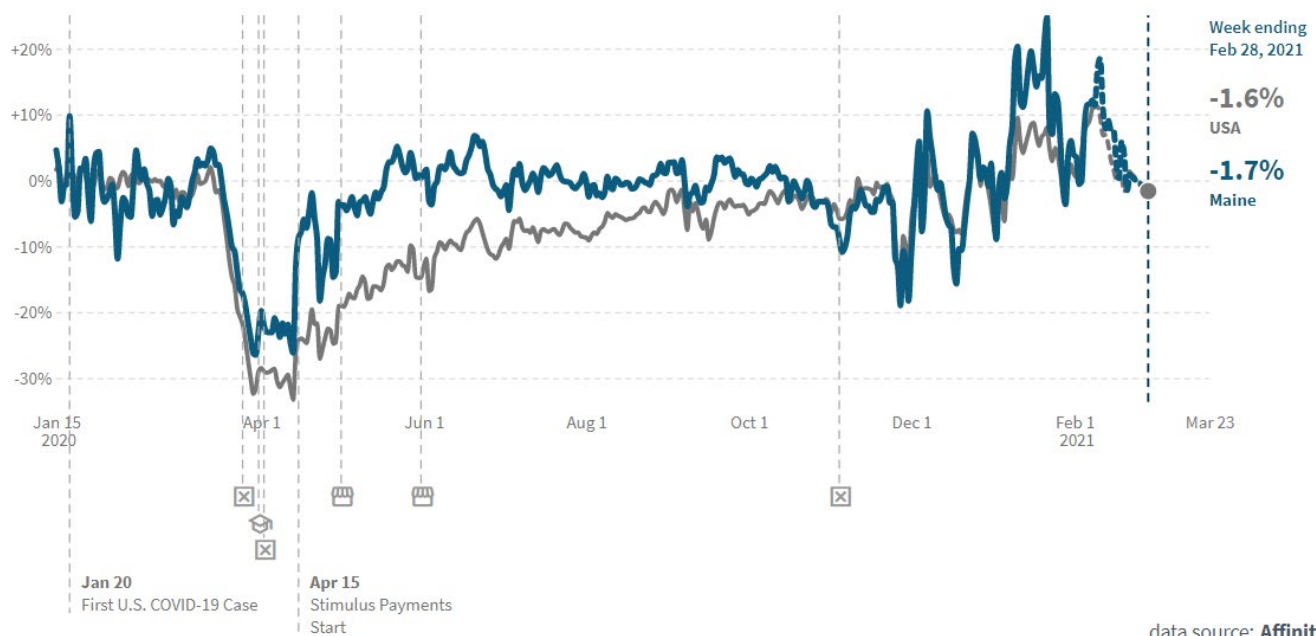
Source: Department of Transportation, March 17, 2021

### Consumer Spending

Credit and debit card purchase data as of February 28 show that consumer spending got a boost in January as a second federal stimulus was delivered to individuals. The most recent data available show that total spending is down by 1.7% in Maine compared to pre-pandemic levels, on par with the nation (-1.6%).

In **Maine**, as of February 28, 2021, total spending by all consumers decreased by **1.7%** compared to January 2020.

[DOWNLOAD CHART](#)



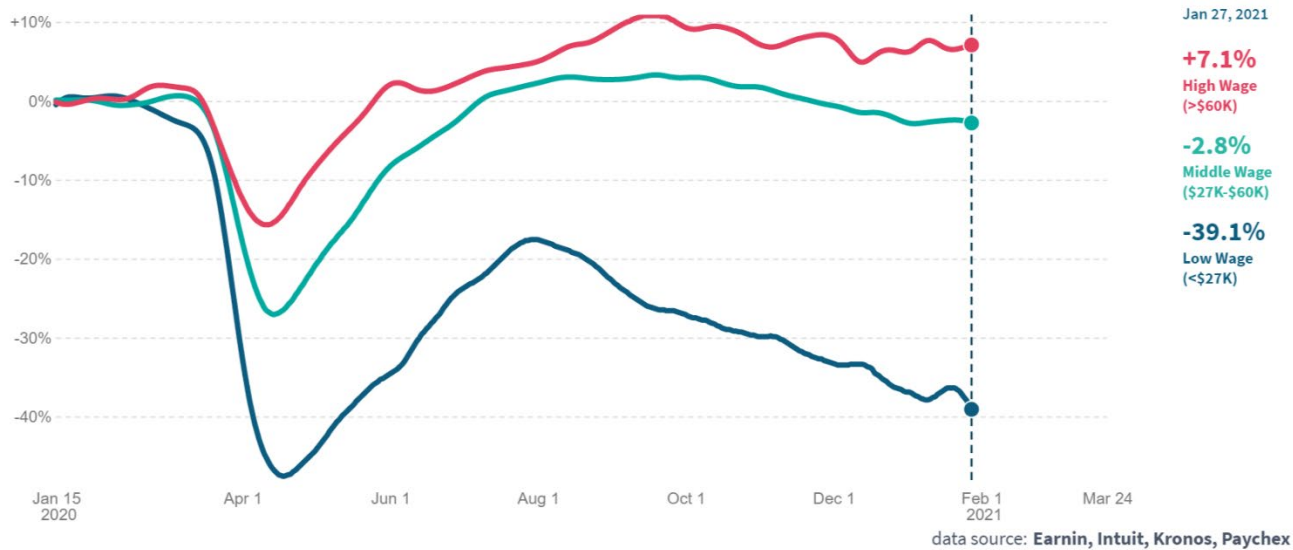
Source: Affinity Solutions, Opportunity Insights Economic Tracker

## Disproportionate employment recovery

In Maine as of the end of January, low-wage workers have seen a much different recovery than those of middle- and high-wage workers. The lowest wage jobs in Maine are down 39.1%, seeing a steady decline starting in August following a summer rebound. Meanwhile, high-wage jobs are now 7.1% above pre-pandemic levels and middle-wage jobs are only 2.8% down compared to pre-pandemic.

### Percent Change in Employment\*

In **Maine**, as of **January 27, 2021**, employment rates among workers in the bottom wage quartile **decreased by 39.1%** compared to January 2020 (not seasonally adjusted).



\*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.

last updated: **March 20, 2021** next update expected: **March 26, 2021**