

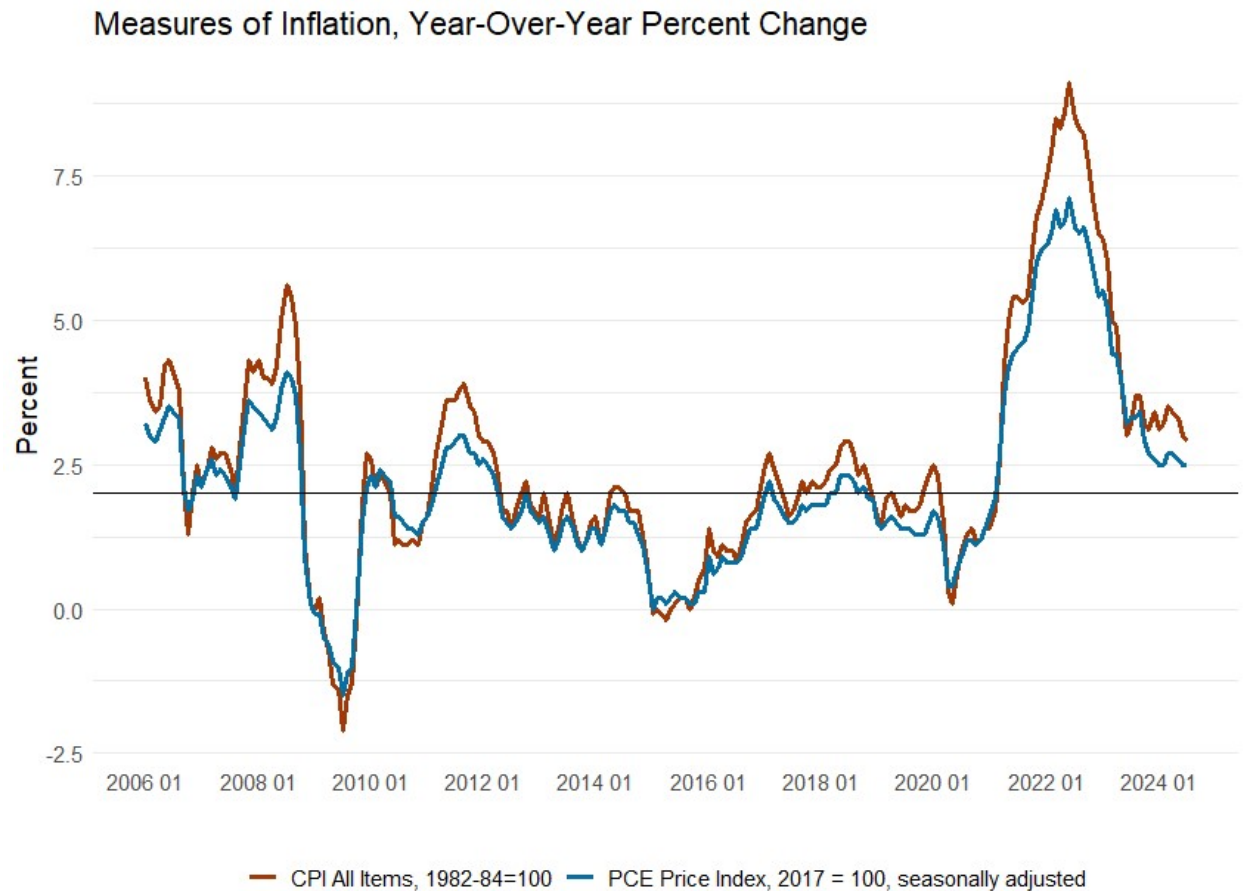
Economic Update

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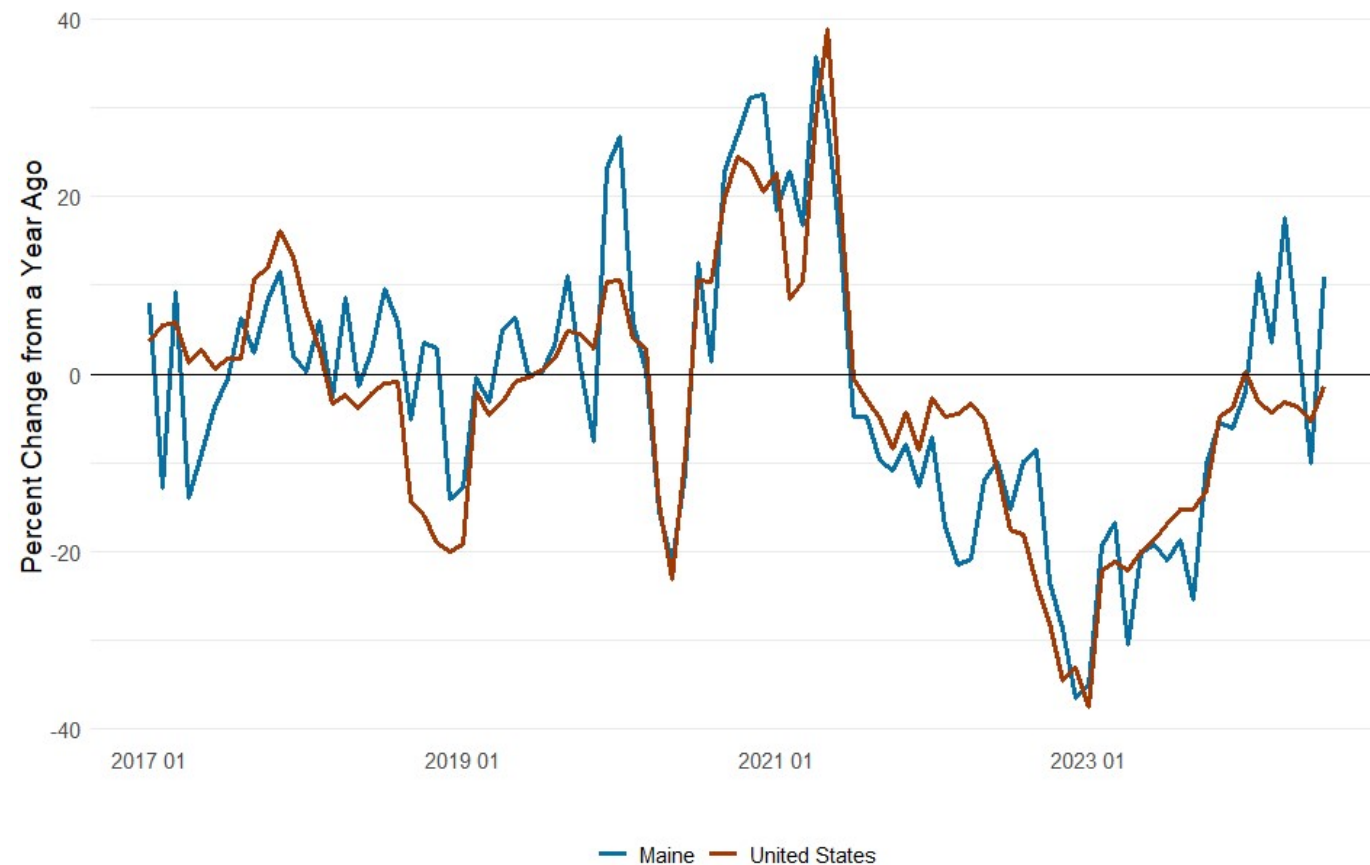
CEFC / RFC RETREAT
SEPTEMBER 6, 2024

Growth in both indices has decelerated considerably; FOMC likely to cut rates in September

- PCE grew 2.5% YoY in July, unchanged from June.
- CPI all-items grew 2.9% in July, first time YoY increase has dropped below 3% since March of 2021



Single-Family Existing Home Sales

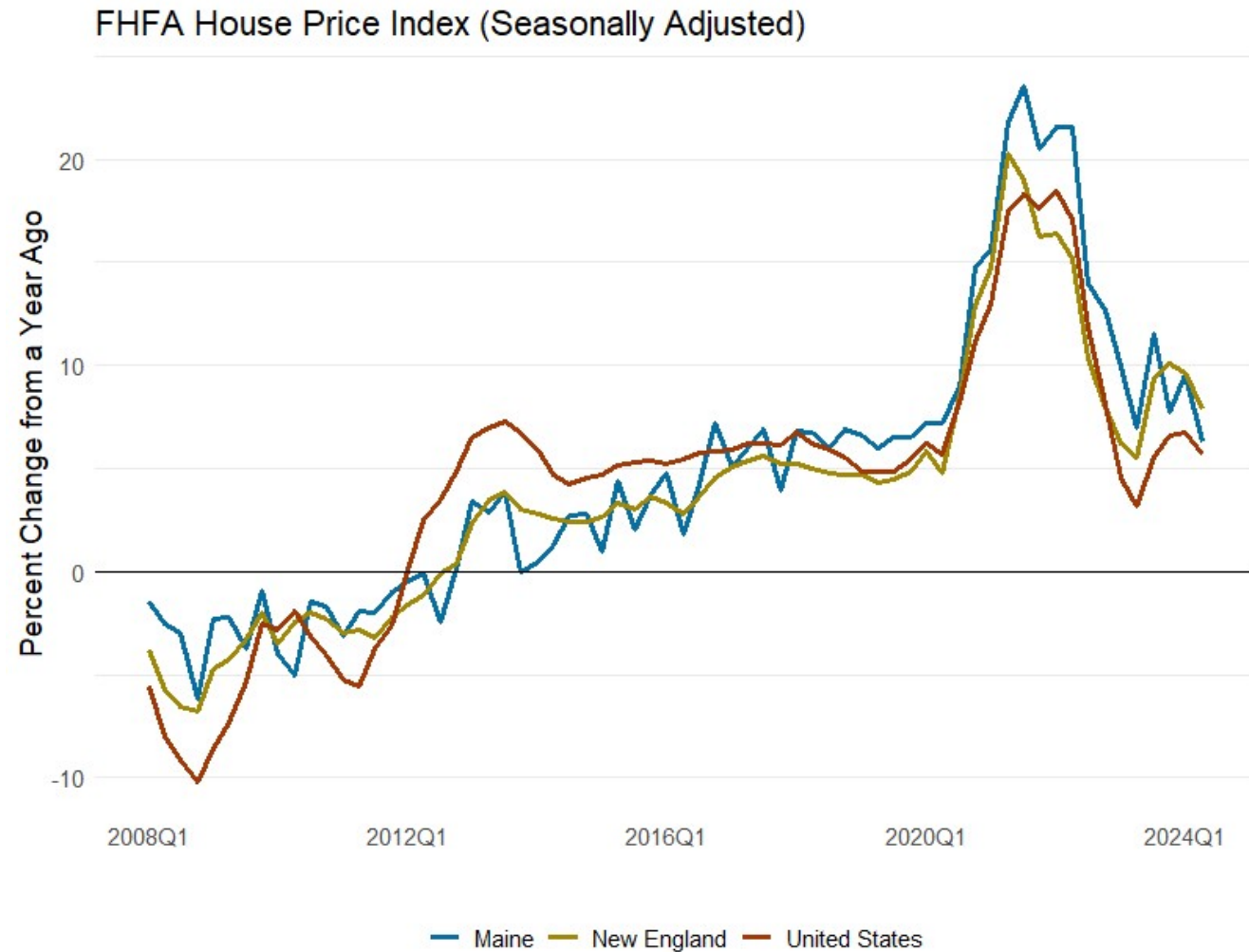


Maine's single-family home sales were up nearly 11% YoY in July

- July saw the largest number of homes for sale in Maine since October of 2020
- Median sales price increased 5.07% YoY to \$399,250

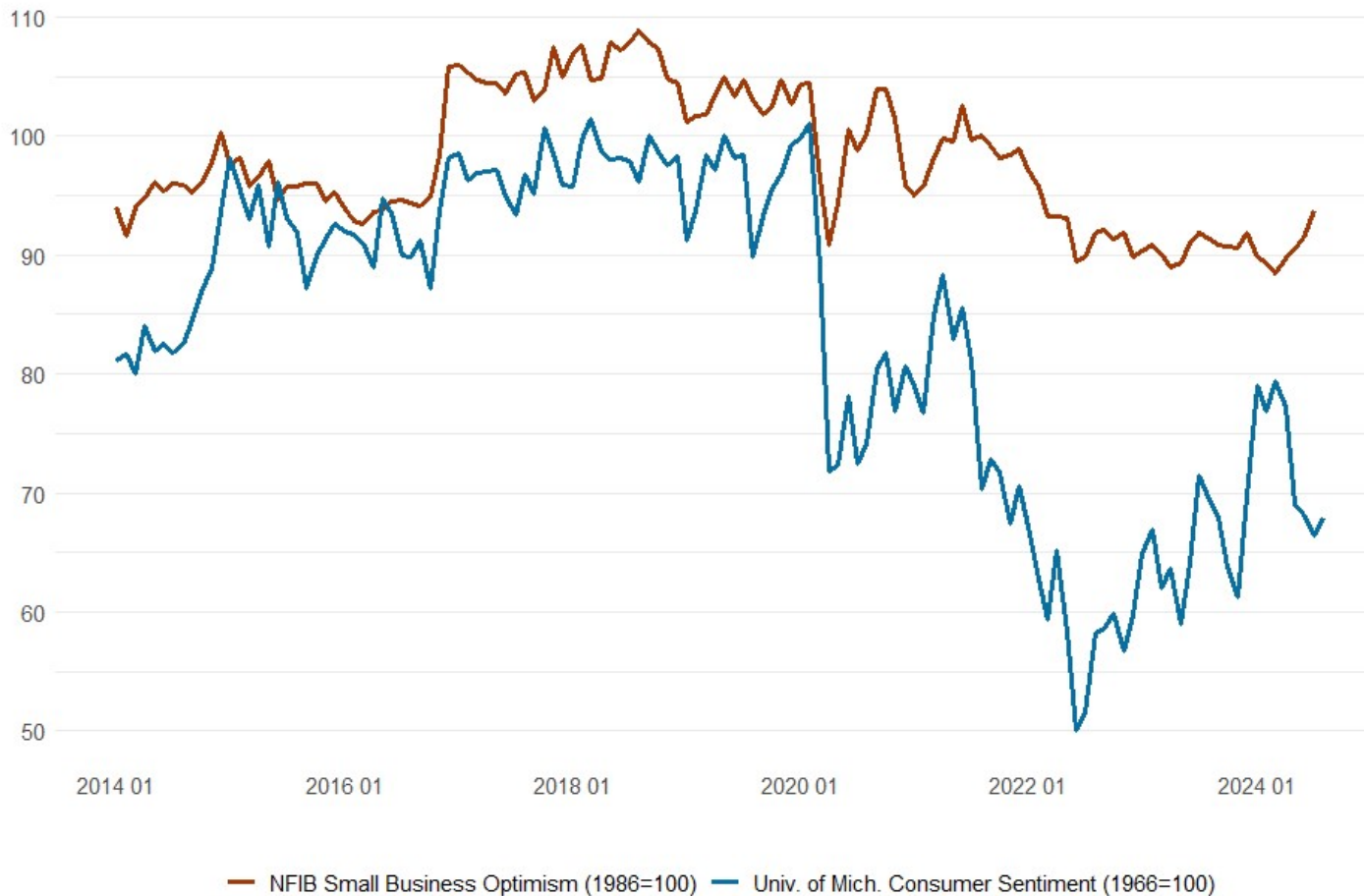
In 2024 Q2, Maine's YoY growth in the HPI was 6.3%

- 23rd in the US and last in New England
- Maine and New England have both had faster YoY growth than the US for more than a year.



Source: Federal Housing Finance Agency, FHFA House Price Index

Consumer Sentiment and Small Business Optimism



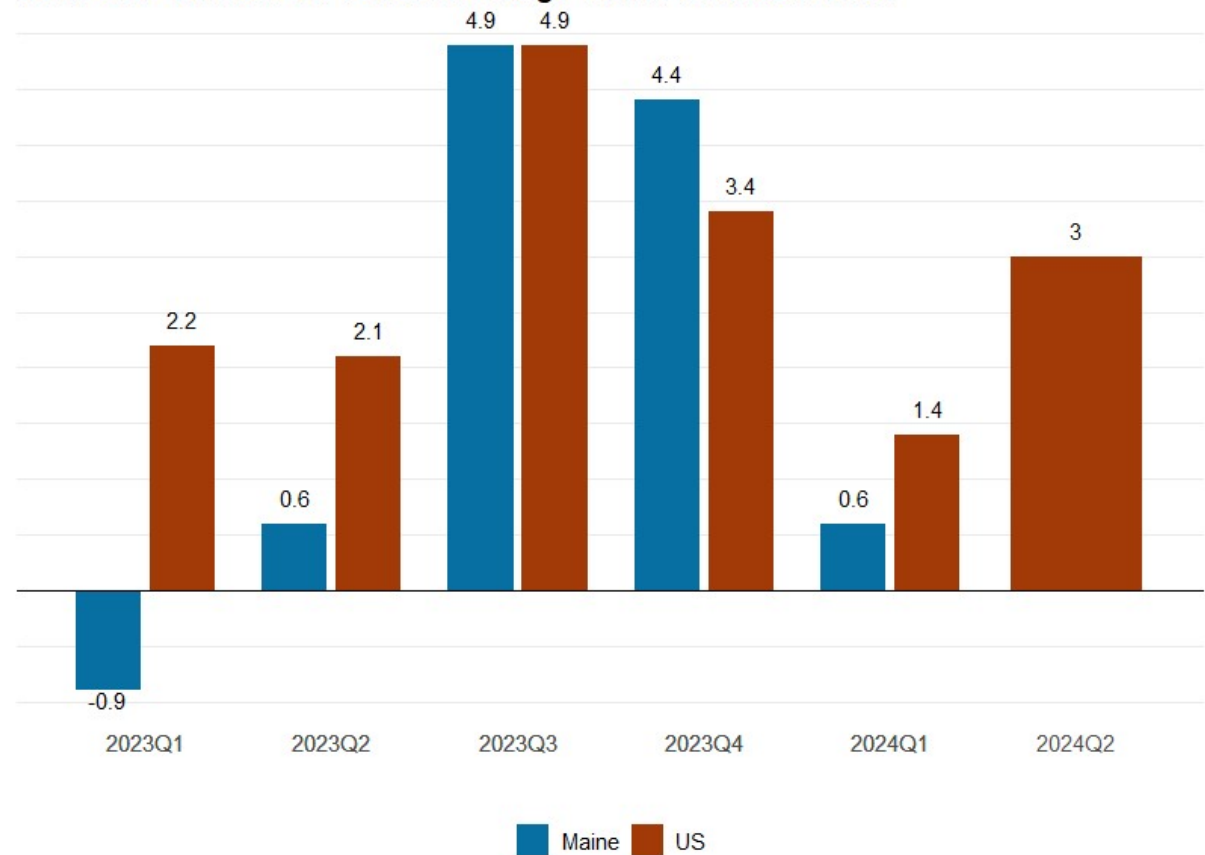
Slight improvement
in sentiment reflects
positive perceptions
of short – and long-
run economic
outlook

- Sentiment inched up 1.5 index points in August; currently 36% above the all-time historic low from June 2022
- Small Business Optimism was up 2.4% in July and at its highest level since Feb. of 2022

Maine's real GDP grew 0.6% in Q1 of 2024

- 36th in the US and last in New England (growth of 1%)
- Contributions to growth:
 - Health care and social assistance (+0.60 pp) and retail trade (+0.27 pp)
 - Educational services (-0.28 pp), and durable goods manufacturing (-0.23 pp)
- Atlanta Fed's GDPNow (as of September 4th) estimates US GDP will increase 2.1% in Q3

Real GDP Annualized Percent Change from Previous Period



Dr. Michailat's newly proposed “two-sided” recession rule

- A “Sahm-like” indicator that looks at both the unemployment and vacancy rates
- Perfect track record back to 1930 & detects a recession earlier than the Sahm Rule
- As of July, probability that the US economy is now in recession is 40%

