

Economic Update

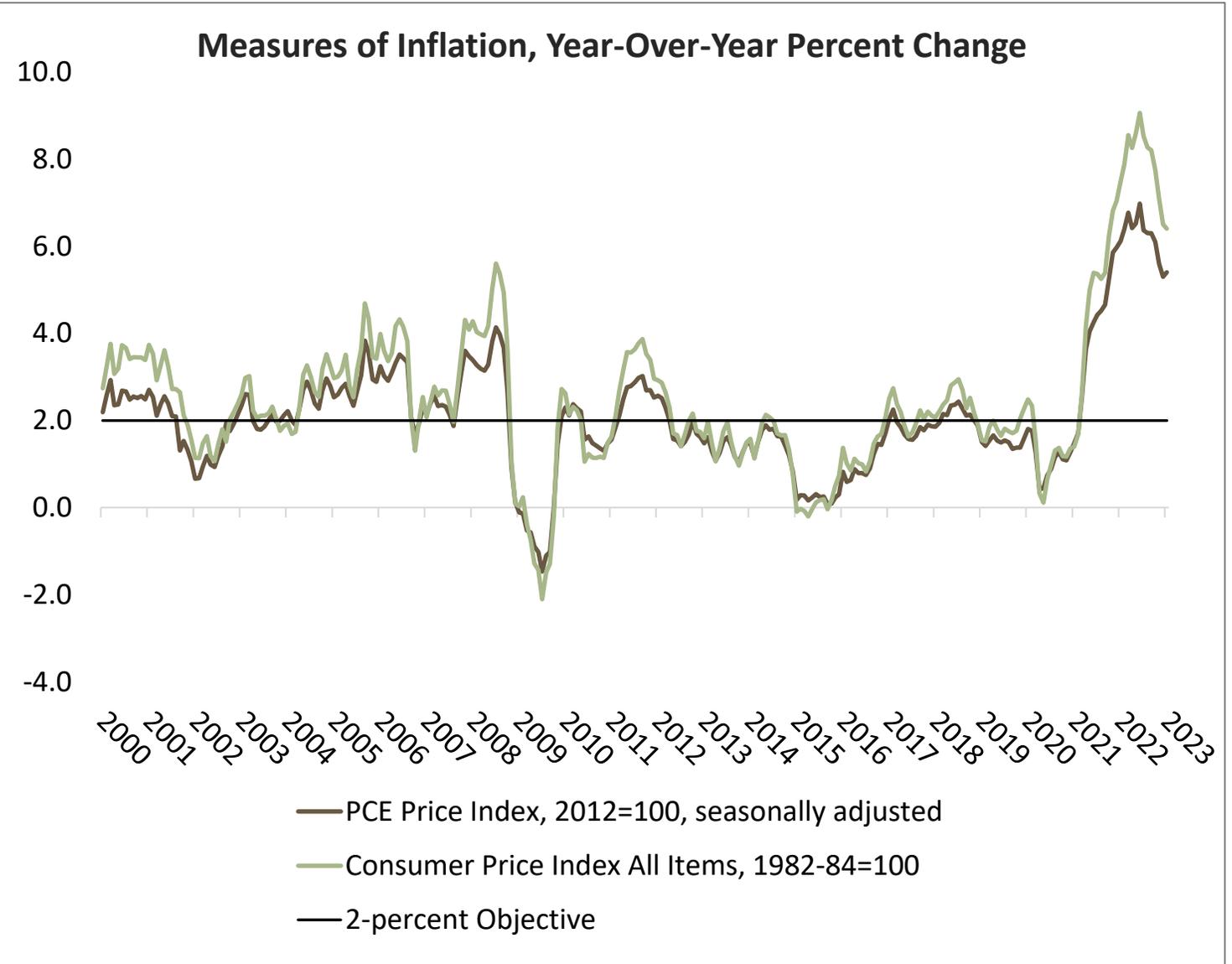
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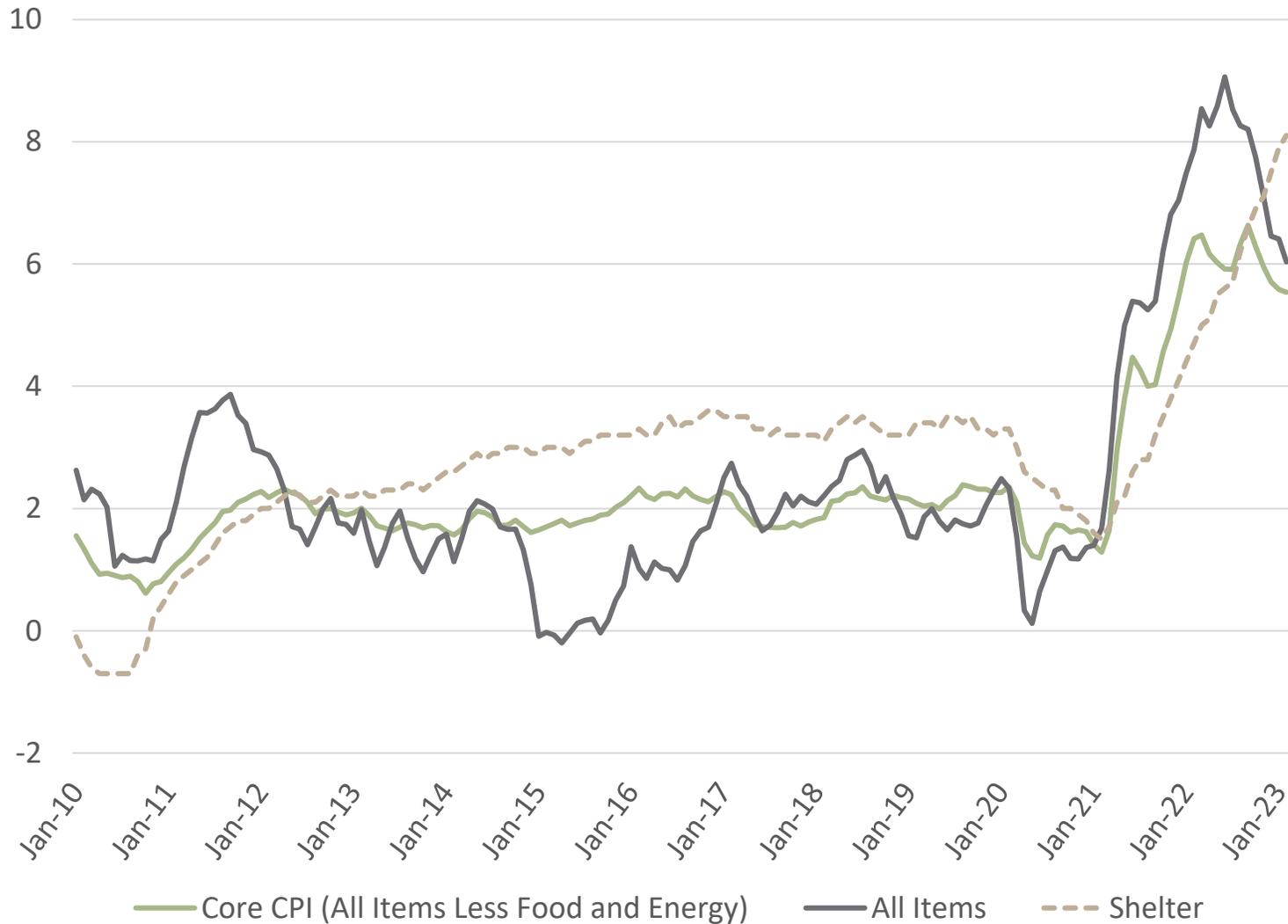
MARCH 31, 2023

Inflation remains persistent

- CPI-U was up 6% year-over-year in February
- Smallest increase since September of 2021 (5.4%)
- Deceleration from peak in June (9.1%), but still three times the Fed's target



Year-over-Year Percent Change in Consumer Price Index

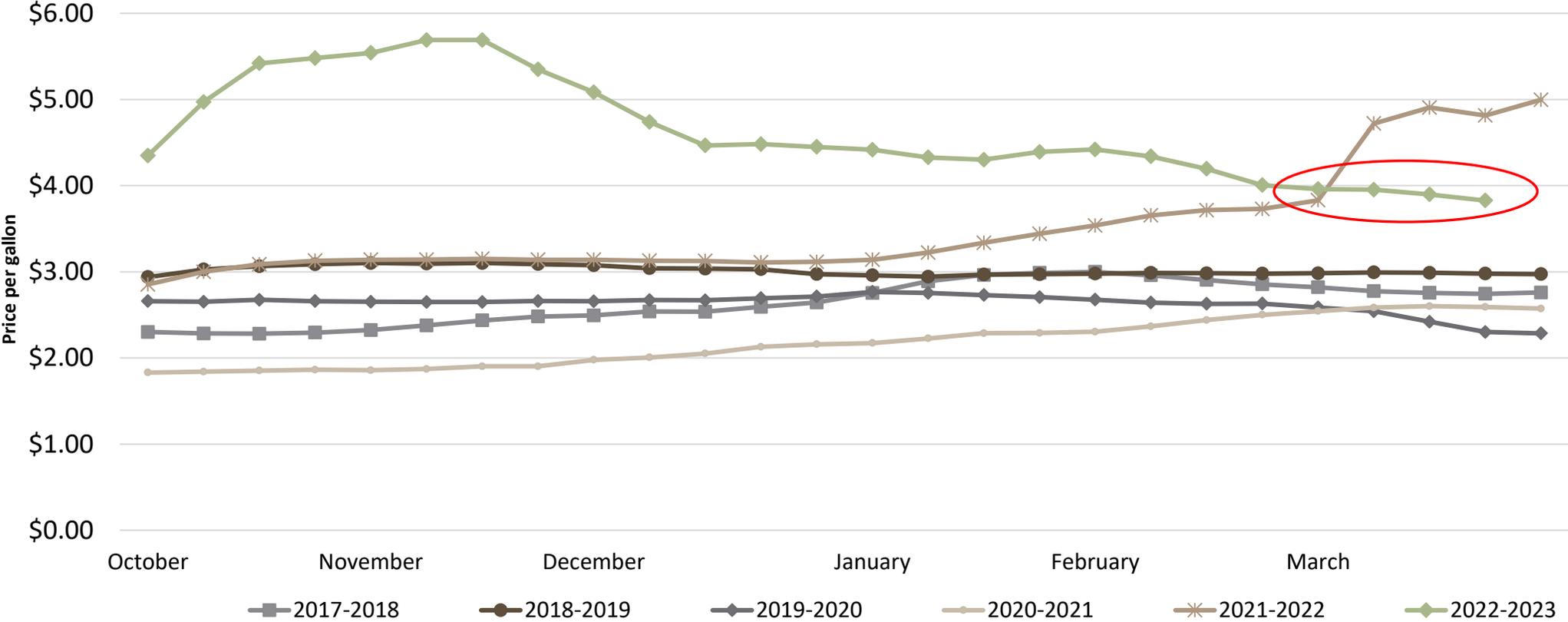


Shelter was largest contributor to the all items index

- Shelter costs account for more than 70% of the increase
- Food index is up 9.5% and is still running higher than the all items index

Heating oil prices back down to levels not seen since February 2022

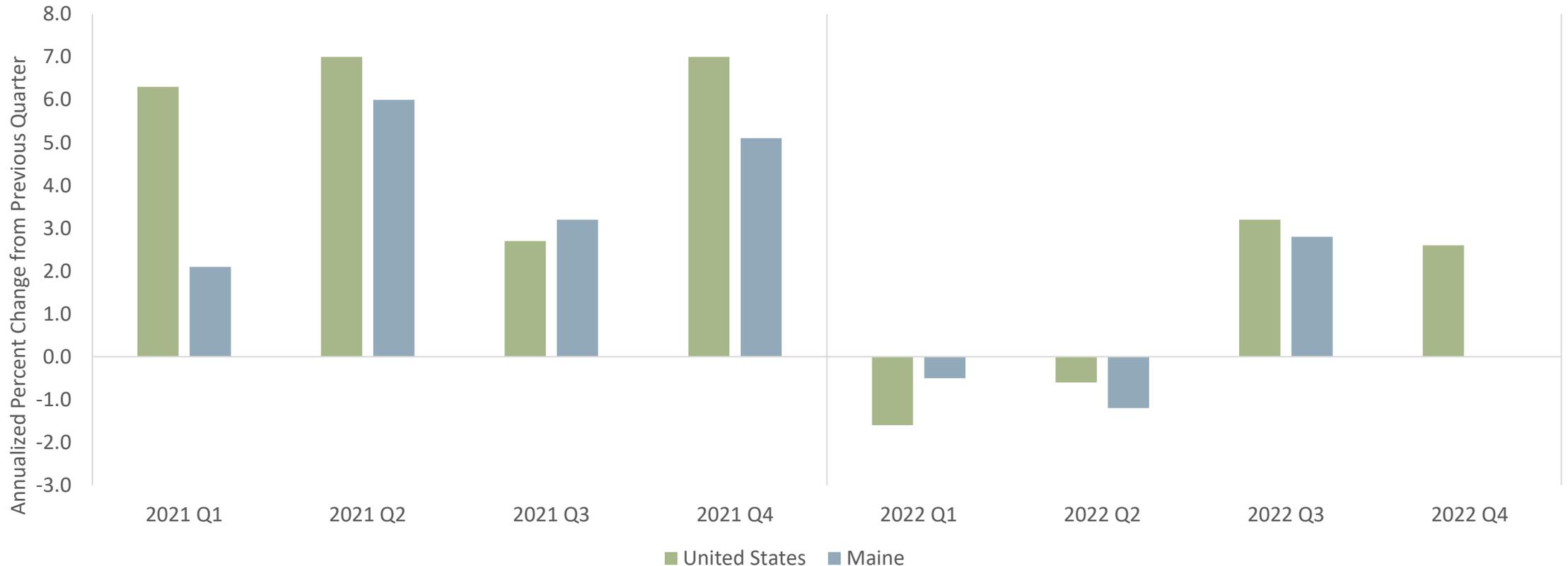
Maine No. 2 Heating Oil Residential Price



Source: U.S. Energy Information Administration

GDP declined in the first half of 2022, up in Q3 both nationally (3.2%) and in Maine (2.8%) – US up 2.6% in Q4

Real GDP Percent Change from Previous Quarter



Recent Bank Failures

“The impact of the bank failures on the economic outlook should be **modest**, though this is highly uncertain given how quickly events are unfolding. The biggest hit to growth will come from **further tightening in bank lending standards and resulting weaker credit growth.**”

– Mark Zandi, Moody’s Analytics (03/17/23)