

# Economic Update

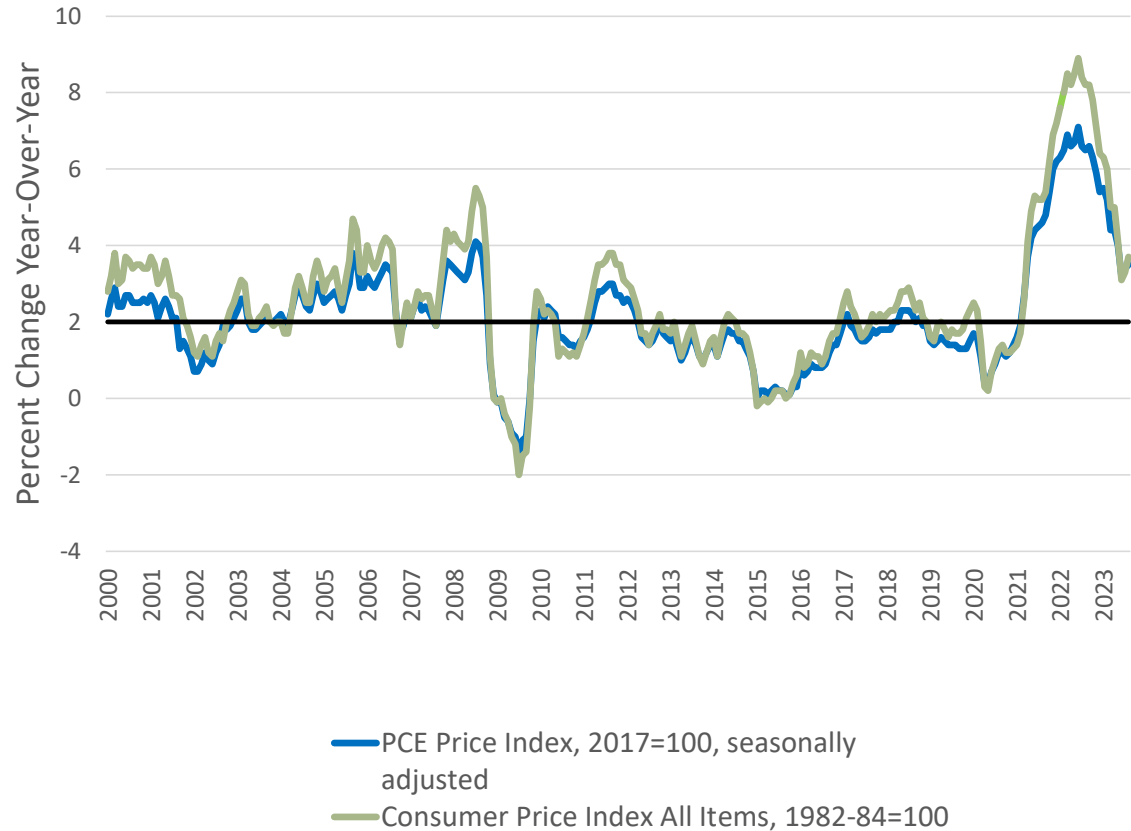
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

CONSENSUS ECONOMIC FORECASTING COMMISSION  
OCTOBER 23<sup>RD</sup>, 2023

# Inflation remains persistent

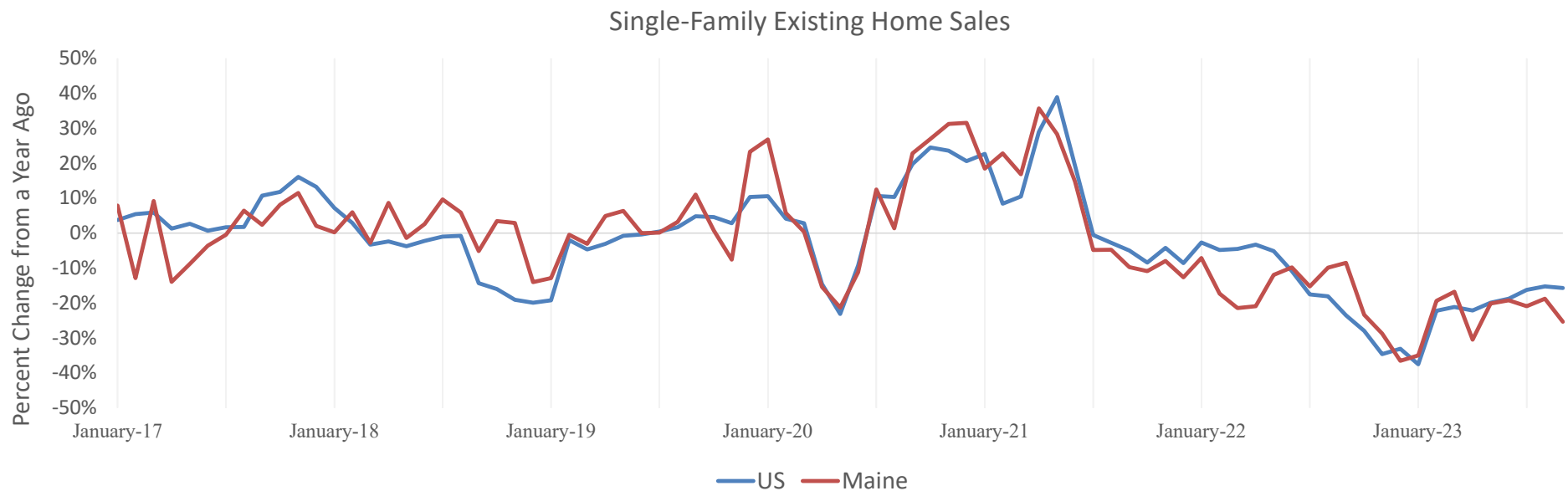
- CPI-U was up 3.7% year-over-year in September
- Shelter costs account for more than half of the all-items index
- Deceleration from peak in June (9.1%), but still above the Fed's target
- Current target range: 5.25% to 5.5%

Measures of Inflation, Year-Over-Year Percent Change



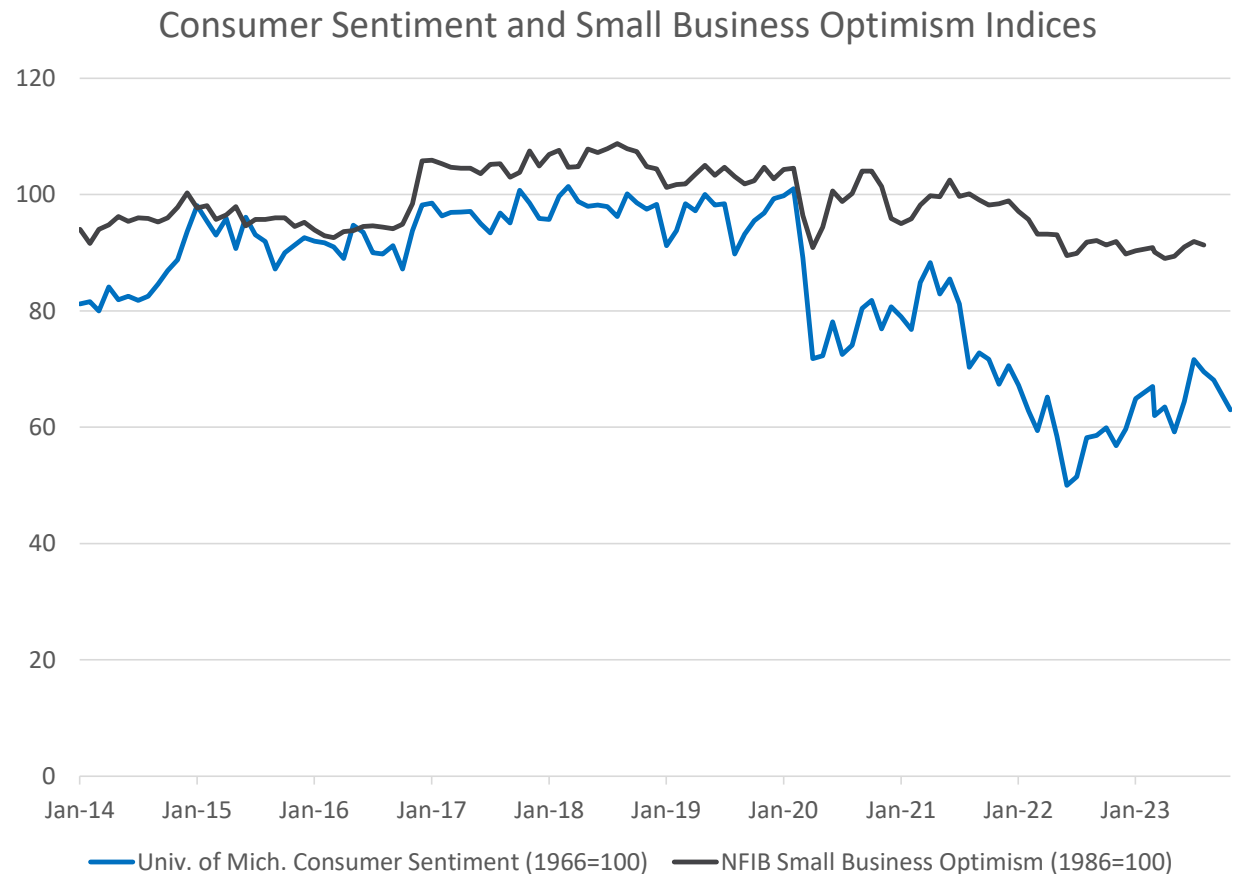
Availability of single-family existing homes remains tight. In Maine, September sales were down 25.4% year-over-year and for-sale inventories are 57% below the pre-pandemic September of 2019.

30-year fixed-rate mortgage averaged 7.6% the week ending Oct. 19 - highest since 2000

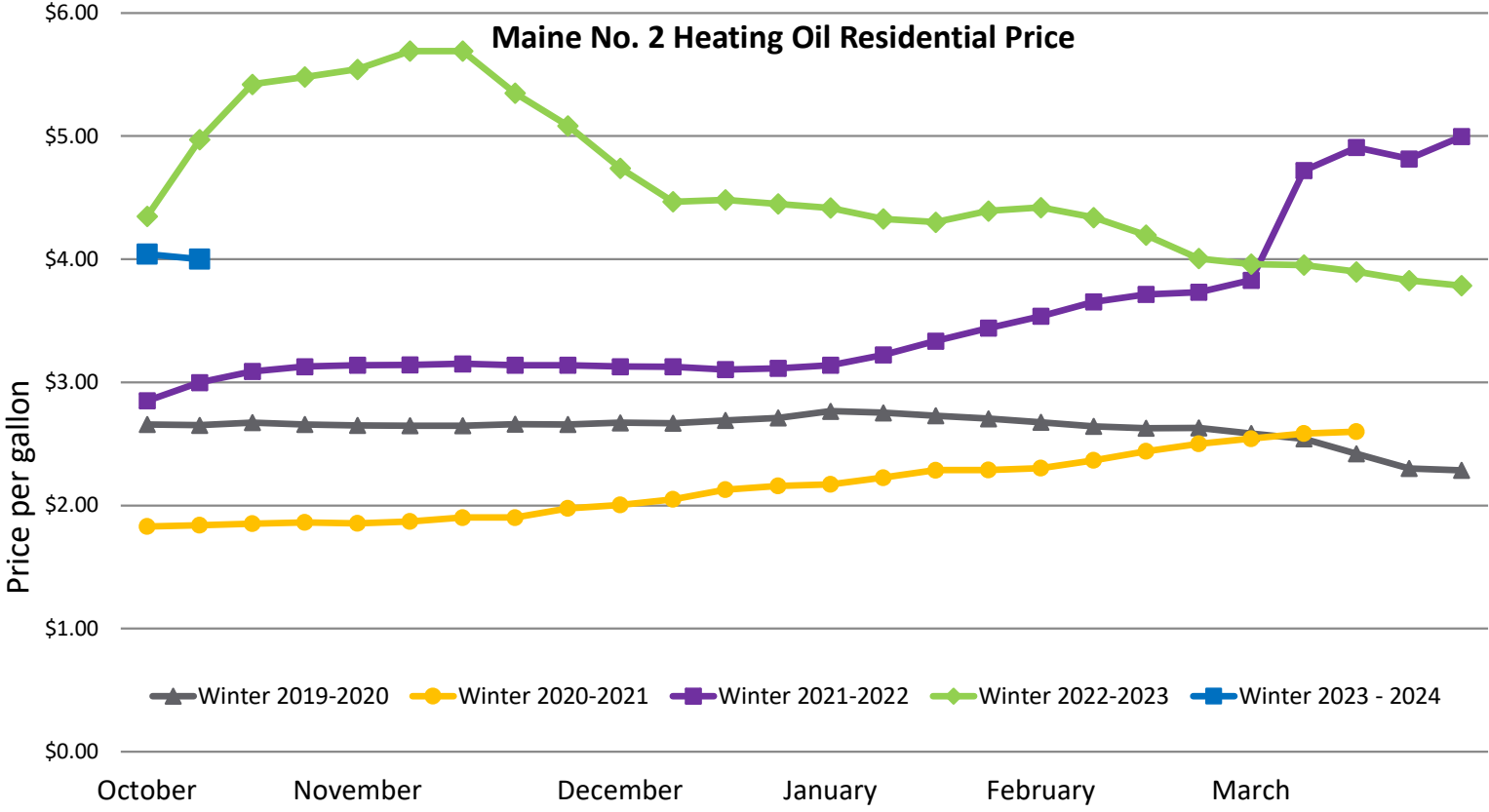


## Consumer Sentiment is still running below pre-pandemic levels

- Consumer sentiment dipped in October 2023 based on concerns about high inflation and erosion of personal finances.
- However, the long-term outlook remains stable

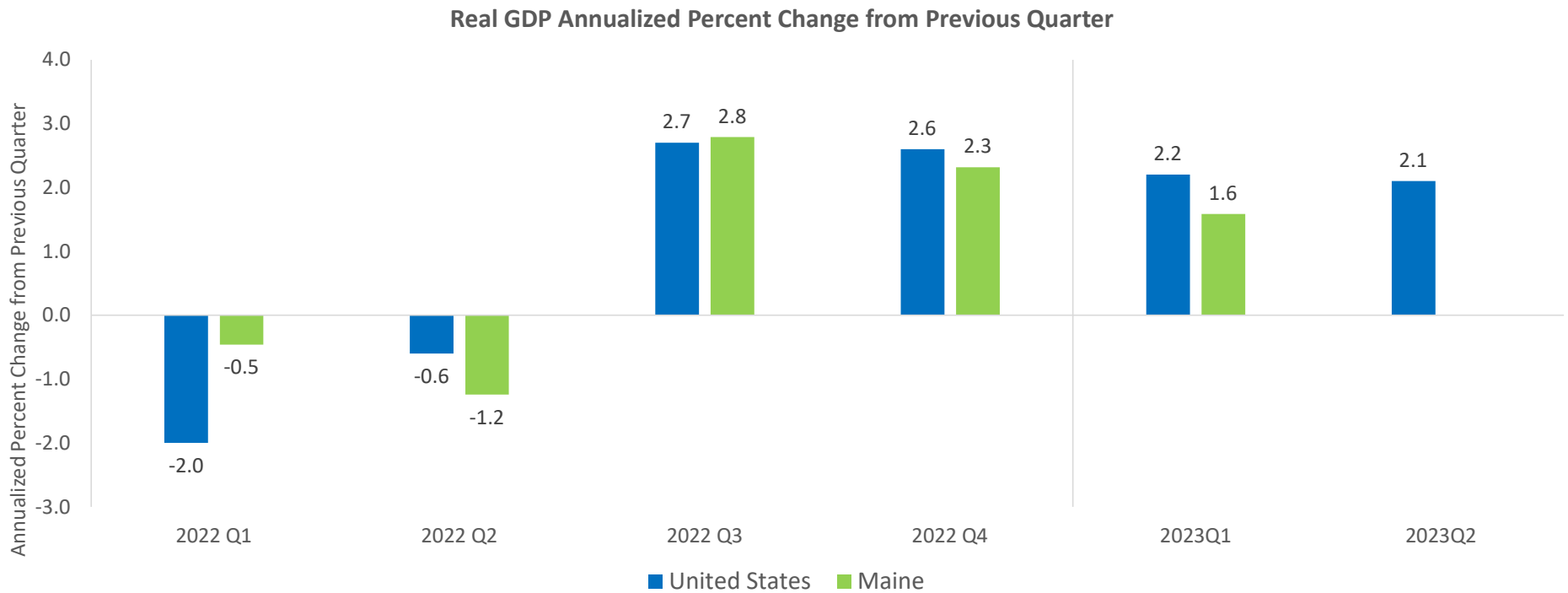


# Heating oil prices back down to levels not seen since February 2022



Source: U.S. Energy Information Administration

GDP declined in the first half of 2022 but we've seen 4 consecutive quarters of growth since then



# Things to keep an eye on:

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Inflation has started slowing, but not quickly – the Federal Reserve raised interest rates in July, will they raise them further?

Housing costs increased sharply as demand far outstripped supply and then interest rate hikes made mortgages more expensive, locking people into lower-rate mortgage – this limits availability for ongoing migration and workforce expansion

Economic uncertainty remains elevated, especially with geopolitical upheaval, the resumption of student loan payments, and the possibility of a federal government shutdown in November