

Economic Update

OFFICE OF THE STATE ECONOMIST

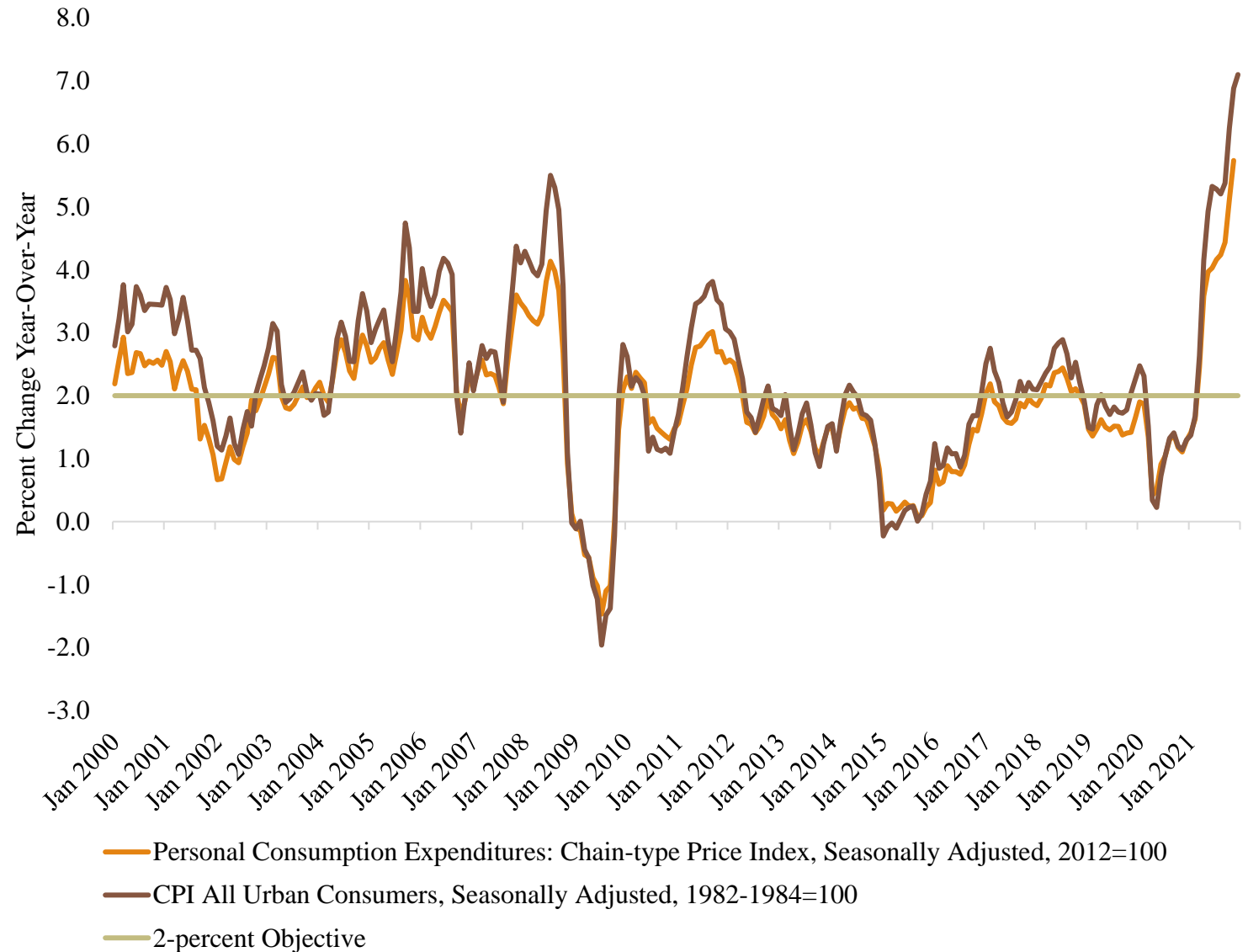
CONSENSUS ECONOMIC FORECASTING COMMISSION MEETING

JANUARY 28, 2022

Inflation remains high

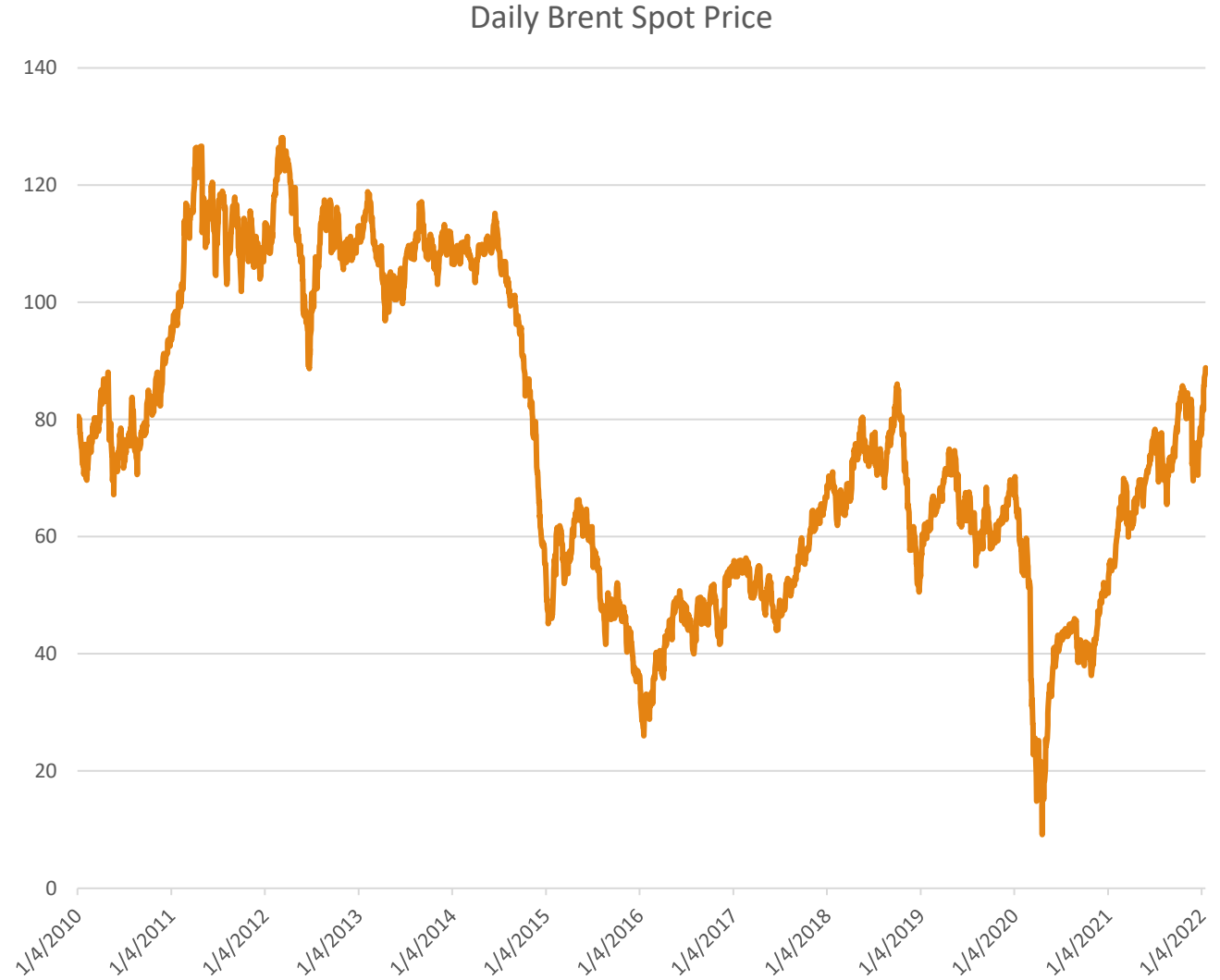
- Price growth continues to accelerate, with the CPI reaching a 40-year high in December at 7.0% year-over-year
- Indexes for shelter and used cars and trucks contributed the most to increases in the all-items index
- Core CPI, which excludes food and energy, rose 5.5%, a 31-year high
- The January FOMC statement indicates that rate hikes will occur “soon” (markets are interpreting this as March)

Measures of inflation, Year-Over-Year Percent Change



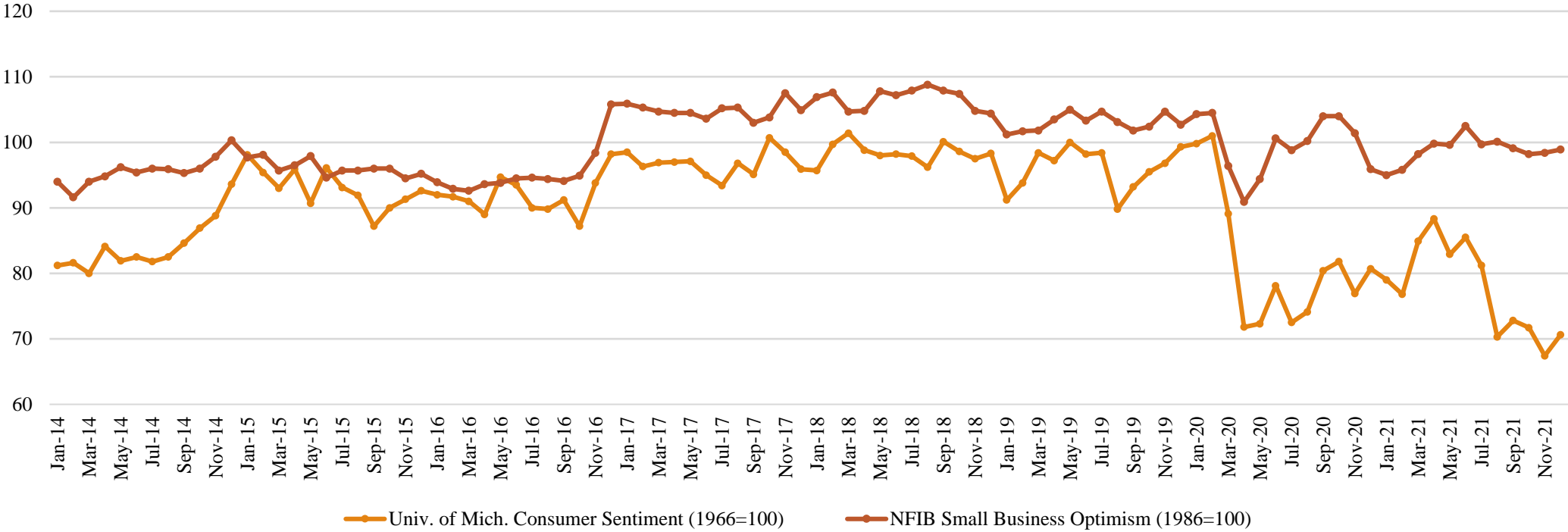
Oil prices surge

- As of January 18, the daily Brent spot price was \$88.83
- Prices have recently reached their highest levels since the late 2014
- Heating oil prices continue to rise and have reached \$3.34 per gallon in Maine, the highest price since Spring 2014.



Consumer sentiment falls once again

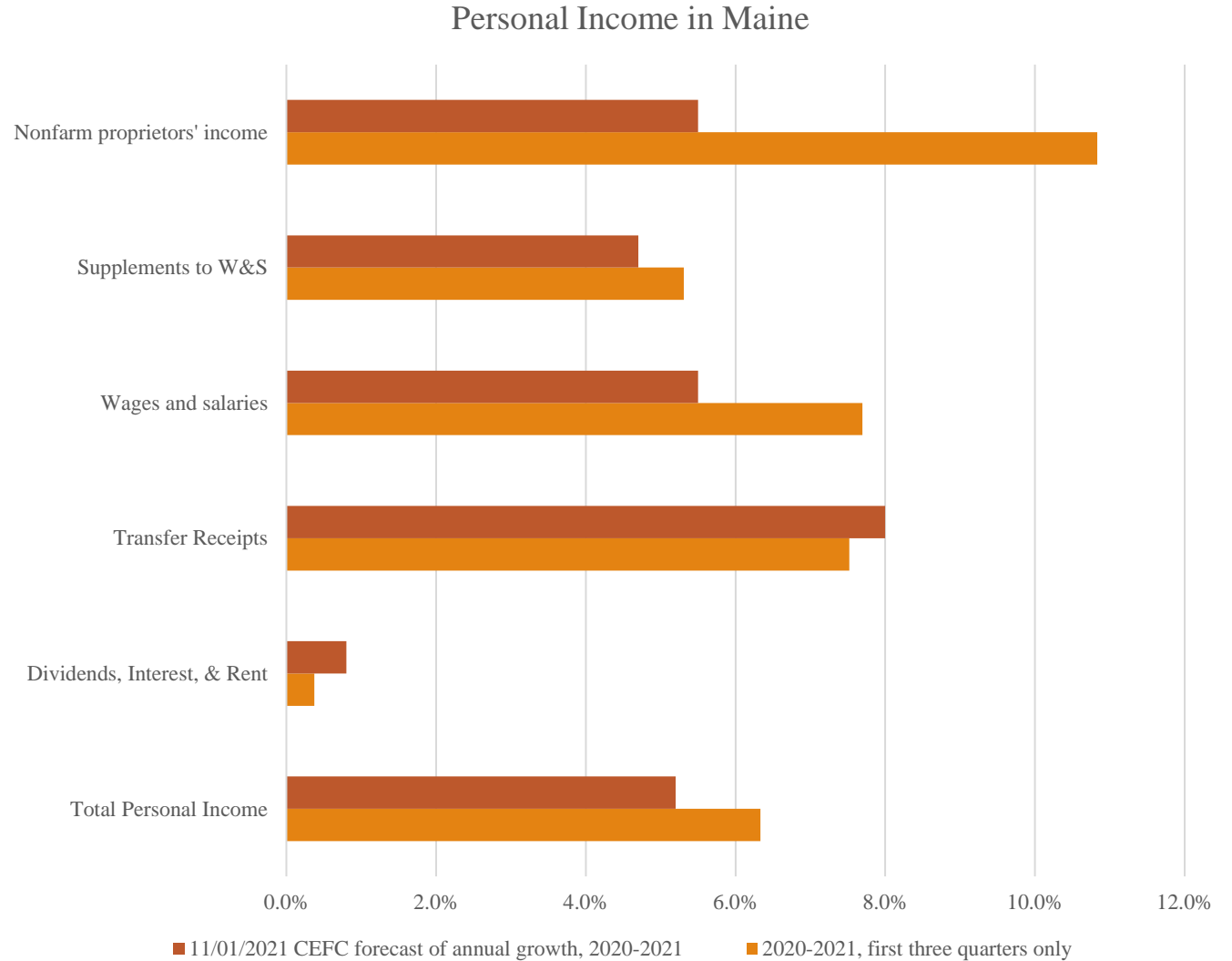
Consumer Sentiment and Small Business Optimism Indexes



Source: University of Michigan Survey of Consumers; NFIB Small Business Optimism Index

Personal Income growth surpasses previous forecast

- In the first three quarters of 2021, Total Personal Income has grown by 6.3% compared to the same period in 2020
- Wage and salary income has grown by 7.7% over the same period in 2020
- Total PI would need to fall by 3.1% (non-annualized) to meet the November 1 forecast, while Wages and Salaries would need to fall by 6.2% to meet the previous forecast.



Appendix: Vehicle Titles in FY21

Type	FY19	FY20	FY21	Change from FY20	Change from FY19
Autos - new	73,301	67,422	74,561	10.6%	1.7%
Autos - used	218,181	204,992	216,993	5.9%	-0.5%
Bus - new	217	221	367	66.1%	69.1%
Bus - used	134	190	158	-16.8%	17.9%
Trucks - new	1,095	1,016	1,362	34.1%	24.4%
Trucks - used	1,721	1,378	1,528	10.9%	-11.2%
Motorcycles - new	1,591	1,521	1,988	30.7%	25.0%
Motorcycles - used	7,117	6,856	8,365	22.0%	17.5%
Trailers - new	18,765	15,425	22,612	46.6%	20.5%
Trailers - used	30,288	29,472	37,545	27.4%	24.0%
Motor Homes - new	180	104	132	26.9%	-26.7%
Motor homes - used	520	571	692	21.2%	33.1%
unknown - new	438	402	573	42.5%	30.8%
unknown - used	956	879	1,085	23.4%	13.5%
Total	354,504	330,449	367,961	11.4%	3.8%