

Maine Economic Indicators

April 2020



Maine Department of Administrative and Financial Services

Office of the State Economist

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Maine Economic Indicators is a monthly report assembled by the Office of the State Economist that provides a synopsis of current economic trends and indicators for the state in comparison to New England and the United States. The intent of this report is to provide the public with a single document containing data aggregated from different sources typically used to track current economic and demographic conditions in the state.

This report is an abridged version of previous monthly indicators reports, and has been updated to reflect the most timely and relevant data reflecting the COVID-19 economic impacts as possible. The appendix provides comprehensive information related to the data presented herein. Data included in this report are assembled from various sources, subject to frequent revision, and provided in this report “as is” at the time of publication. Therefore, data presented in this report are subject to change over time.

It is important to note that some data, such as GDP, Personal Income, and the unemployment rate precede the onset of COVID-19. This report has been reformatted to reflect the new and ongoing economic situation related to the COVID-19 pandemic.

1 Snapshot

Indicators in this section provide a summary of Maine's current economic status. Figures for Maine are compared to New England and the United States. Sources are given in the appendix.

| Reference Period | | Maine | New England | United States |
|------------------|---|-----------|-------------|---------------|
| 2019 | Total population | 1,344,212 | 14,845,063 | 328,239,523 |
| 2018-2019 | Annual population percent change | 0.4% | 0.1% | 0.5% |
| 2010-2019 | Cumulative population percent change | 1.2% | 2.8% | 6.3% |
| 2018 | Average earnings per job | \$50,247 | \$69,987 | \$62,321 |
| 2017-2018 | Average earnings per job percent change | 2.9% | 2.8% | 2.9% |
| March 2020 | Unemployment rate | 3.2% | 3.2% | 4.4% |
| March 2020 | Total private nonfarm employment | 532,300 | 6,511,000 | 129,027,000 |

Annualized Percent Change from the previous quarter and Compound Annual Growth Rate (CAGR)

| Real GDP | 2019:Q1 | 2019:Q2 | 2019:Q3 | 2019:Q4 | 2019 Annual |
|----------------------------|---------|---------|---------|---------|-------------|
| Maine | 4.8 | 0.6 | 2.1 | 1.9 | 1.9 |
| New England | 4.8 | 1.3 | 2.1 | 1.8 | 2.3 |
| United States | 3.1 | 2.0 | 2.1 | 2.1 | 2.3 |
| Total Personal Income | 2019:Q1 | 2019:Q2 | 2019:Q3 | 2019:Q4 | 2019 |
| Maine | 8.8 | 3.9 | 3.1 | 3.1 | 4.6 |
| New England | 8.6 | 2.6 | 0.0 | 2.8 | 4.1 |
| United States | 6.2 | 4.4 | 2.8 | 3.0 | 4.4 |
| Per Capita Personal Income | 2019:Q1 | 2019:Q2 | 2019:Q3 | 2019:Q4 | 2019 |
| Maine | 8.5 | 3.5 | 2.7 | 2.7 | 4.2 |
| New England | 8.6 | 2.5 | -0.2 | 2.5 | 3.9 |
| United States | 5.8 | 4.0 | 2.2 | 2.5 | 3.9 |
| Wages & Salaries | 2019:Q1 | 2019:Q2 | 2019:Q3 | 2019:Q4 | 2019 |
| Maine | 13.5 | 0.9 | 3.6 | 3.2 | 4.6 |
| New England | 14.9 | -0.5 | -1.3 | 3.4 | 4.2 |
| United States | 10.2 | 2.7 | 1.6 | 3.7 | 4.6 |

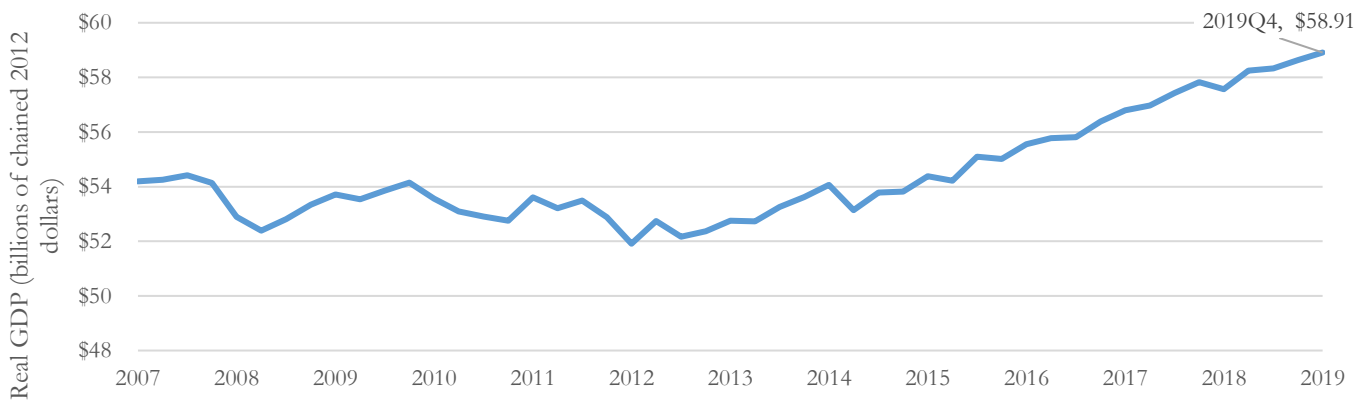
2 Monthly and Quarterly Indicators

2.1 Gross Domestic Product (GDP)

Real GDP in Maine increased by 1.9 percent from the preceding quarter (2019:Q3 to 2019:Q4), lower than New England's and the United States' rates of 2.4 percent and 34th in the country. In 2019:Q4, the industries that contributed the most to GDP growth were Retail Trade (0.58 points), Government (0.37 points), Utilities (0.34 percent), and Finance and Insurance (0.32 points). Annually, Real GDP grew by 1.9 percent. Real GDP for the U.S. fell by 5.8% in the first quarter of 2020, largely driven by losses in the latter half of March due to the onset of COVID-19 related closures.

| Reference Period | | Maine | United States |
|------------------|-----------------------------|------------------|-------------------|
| 2019 Annual | Total GDP (current dollars) | \$58.528 billion | \$19.073 trillion |

Real GDP (billions of chained 2012 dollars) - Maine



2.1.1 GDPNow

GDPNow, which is reported by the Atlanta Fed, is “a running estimate of real GDP growth based on available data for the current quarter.” This model uses a similar methodology to the one used by Bureau of Economic Analysis in their official GDP estimates and is revised each time the monthly source data is updated. The latest forecast (April 30, 2020) estimates that real GDP growth for the first quarter of 2020 is -12.1 percent.

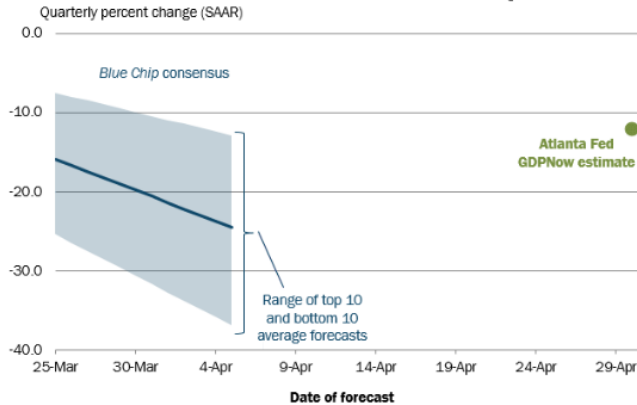


GDPNow™

GDPNow is not an official forecast of the Atlanta Fed. Rather, it is best viewed as a running estimate of real GDP growth based on available data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

In particular, **it does not capture the impact of COVID-19** beyond its impact on GDP source data and relevant economic reports that have already been released. It does not anticipate the impact of COVID-19 on forthcoming economic reports beyond the standard internal dynamics of the model.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2020: Q2



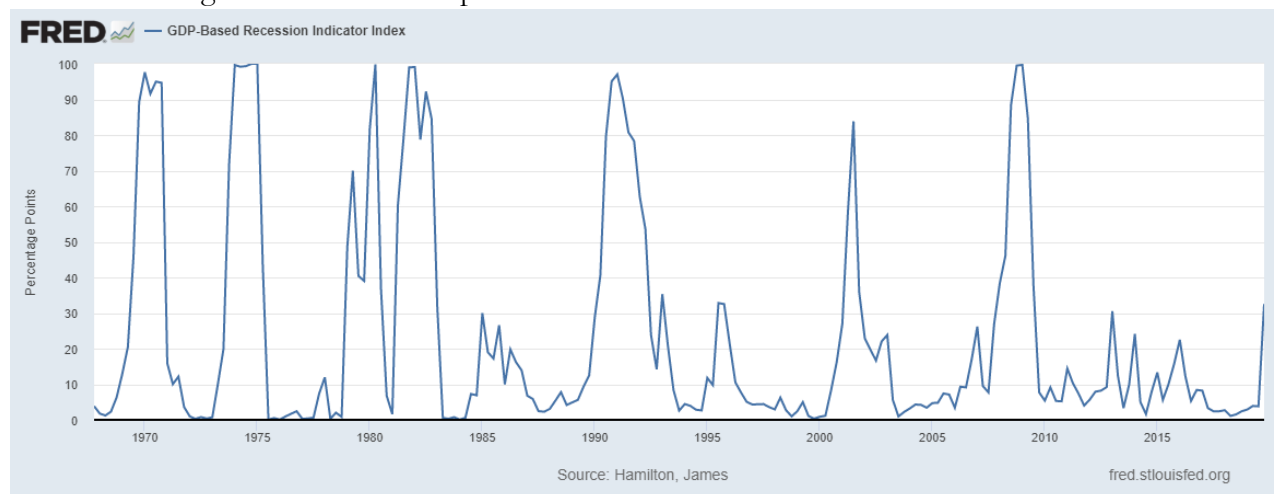
Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

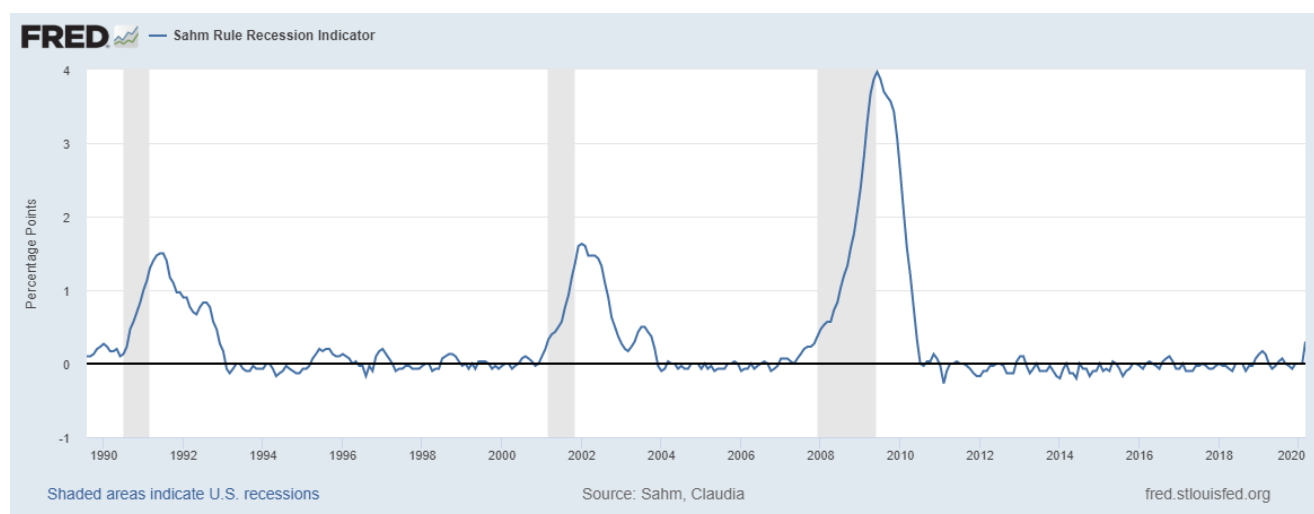
2.1.2 Recession Indicators

The GDP-Based Recession Indicator Index is 32.5 percentage points (2019:Q4), up significantly from 3.8 points in the previous quarter. This indicates that the national economy remains in an expansionary phase, although probability of recession is much higher than in 2019:Q3. It is likely that the incorporation of 2020:Q1 data will indicate a recession.

The index ranges from 0 to 100, and values above 67 provide a historically reliable indicator that the economy is in recession¹. Compared to National Bureau of Economics Research (NBER)'s subjective method of announcing recessionary periods, this method is purely mathematical. In addition, this index is calculated with a one quarter lag, which allows for extra insight and accounts for data revisions to make dependable inference. Therefore, the index does not get revised once it is published.



Additionally, the Real-time Sahm Rule Recession Indicator² signals a recession when the 3-month moving average of the national unemployment rate (U3) rises by at least 0.5 percentage points relative to its low in the previous 12 months. This is revised each year at the beginning of January, when the BLS revises its unemployment rate each year. In March 2020, this indicator showed that the three-month average of national U3 grew by 0.3 percentage points compared to its 12-month low.



¹ Created by Dr. James Hamilton, University of California San Diego

² Created by Dr. Claudia Sahm, Federal Reserve Board of Governors

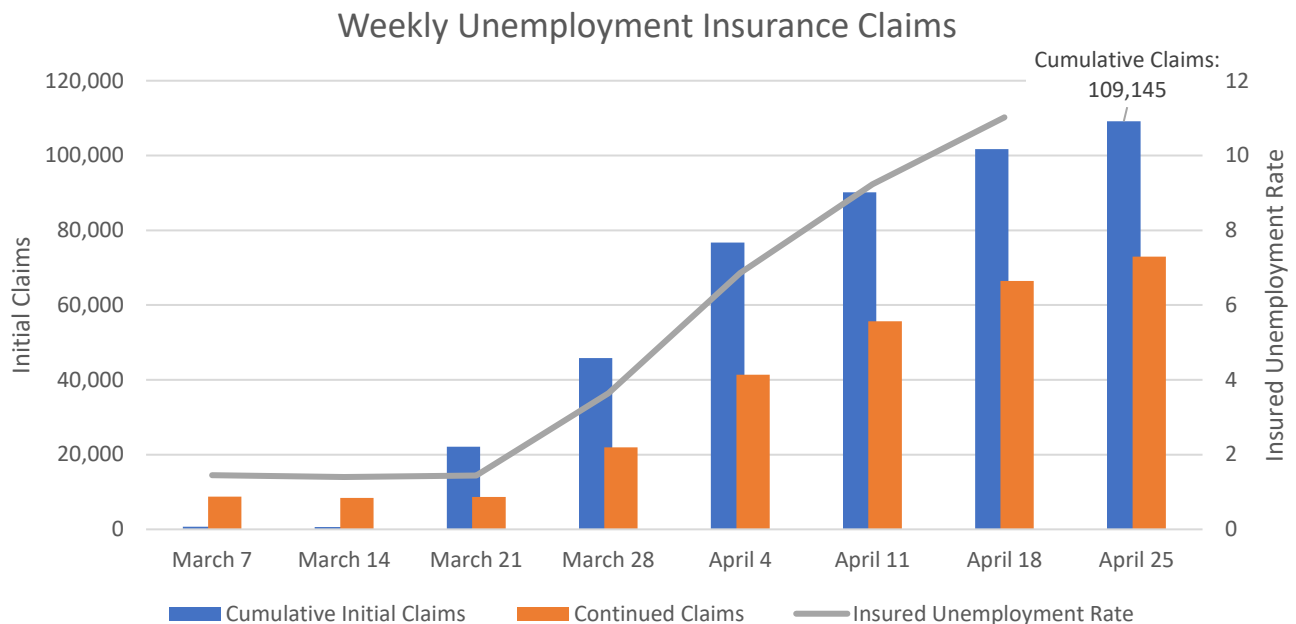
2.2 Personal Income: Total and Per Capita

State total personal income in Maine increased by 3.4 percent from the preceding quarter (2019:Q2 to 2019:Q3) and grew by 4.3% on an annualized basis. The annualized growth rate ranks 31st nationally and is the highest in New England, tied with New Hampshire. Maine’s total personal income ranks 42nd nationally. In terms of per capita income, Maine ranks 30th in the United States.

| Reference Period | | Maine | New England | United States |
|------------------|----------------------------|-----------------|-------------------|---------------------|
| 2019:Q3 | Total personal income | \$68.77 billion | \$1055.72 billion | \$18,723.38 billion |
| 2019:Q3 | Per capita personal income | \$51,242 | \$70,823 | \$56,832 |

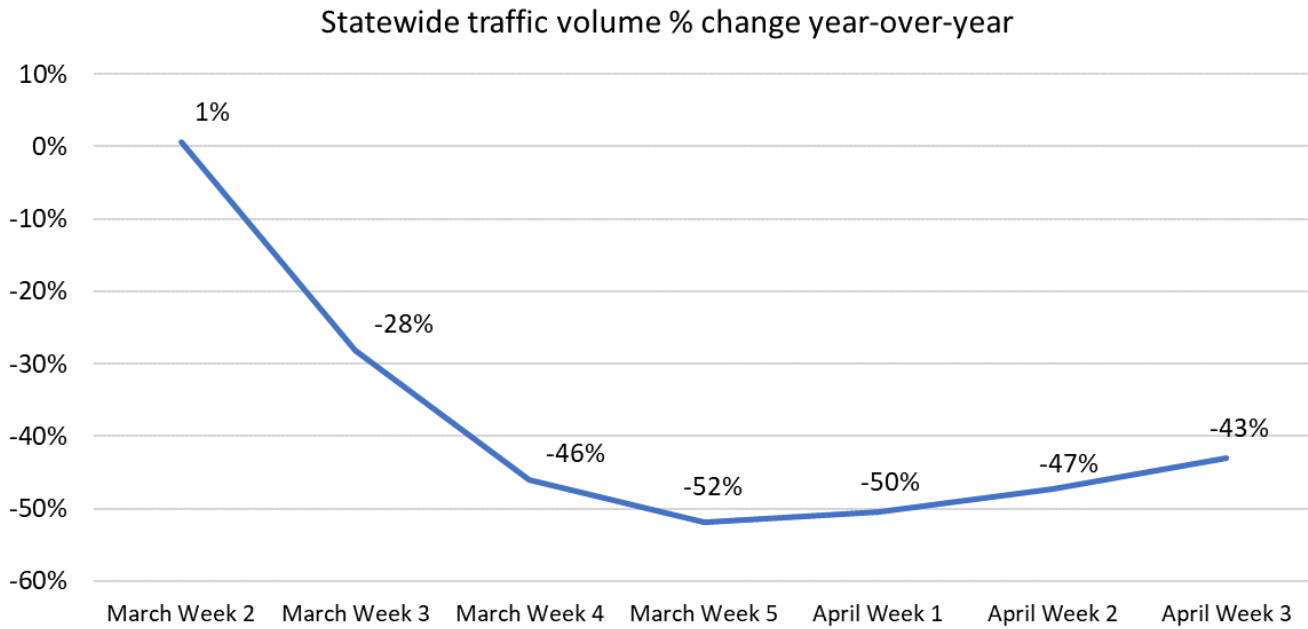
3 Physical Distancing Measures

Physical distancing measures have led to the closures of many businesses nationwide. Since the onset of these closures, over 108,000 workers have filed for unemployment insurance in Maine, about 16% of the civilian labor force. For the week ending April 18, 2020, the insured unemployment rate in Maine was 11.0%. This is lower than the nationwide rate of 12.4%, and ranks 22nd in the US.



3.1 Traffic changes

Social distancing measures have led to significant reductions in traffic across the state. These reductions were greatest in the Fifth week of March, which was the week that Governor Mills' initial Stay Healthy at Home order went into effect. Since then, it has leveled off slightly and has remained at -44% year-over-year for the past two weeks. Reductions were greatest in the last week of April in Cumberland (-53%) and York (-44%) Counties.



Appendix

3.2 Data Sources

| Indicator | Source | Reference Period | Release Date |
|--|------------------------------------|----------------------------|--------------------|
| Population: estimates and percent change | Census Bureau – Pop. Ests. | 2019 | December 30, 2019 |
| Per capita personal income | U.S. Bureau of Economic Analysis | 2019:Q3 | December 18, 2019 |
| Average earnings per job | U.S. Bureau of Economic Analysis | 2018 | September 24, 2019 |
| Gross domestic product | U.S. Bureau of Economic Analysis | 2019:Q3 | January 10, 2020 |
| GDPNow | Atlanta Fed | 2019:Q4 | December 29, 2019 |
| GDP-Based Recession Indicator Index | Hamilton, James/FRED | 2019:Q3 | January 27, 2020 |
| Real-time Sahm Rule Recession Indicator | Sahm, Claudia/FRED | December 2019 | January 10, 2020 |
| Personal income: total, per capita, and wages and salaries | U.S. Bureau of Economic Analysis | 2019:Q3 | December 18, 2019 |
| Initial Unemployment Claims Data | U.S. Department of Labor | Week ending April 25, 2020 | April 30, 2020 |
| Traffic Data | Maine Department of Transportation | Week Ending May 2, 2020 | May 4, 2020 |

3.3 Glossary

Average earnings per job: Total earnings, which is the sum of wages and salaries, supplements to wages and salaries, and proprietors' income, divided by total full-time and part-time employment.

$$\text{Compound Annual Growth Rate:} = \left(\frac{\text{Final Value}}{\text{Initial Value}} \right)^{\frac{1}{\text{No. of Periods}}} - 1$$

Gross Domestic Product: The measure of the market value of all final goods and services produced within a state in a particular period of time. GDP by state differs from national GDP for the following reasons: GDP by state excludes and national GDP includes the compensation of federal civilian and military personnel stationed abroad and government consumption of fixed capital for military structures located abroad and for military equipment, except office equipment. **Real GDP**: Real GDP by state is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state. The real estimates of gross domestic product (GDP) by state are measured in chained (2012) dollars.

Personal Income: Income that persons residing in the area receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. *Per capita personal income*: The personal income of a given area divided by the resident population of the area. *Per capita disposable personal income*: The income available to persons for spending or saving (personal income less personal current taxes) of a given area divided by the resident population of the area.

Wages and Salaries: Remuneration receivable by employees (including corporate officers) from employers for the provision of labor services, measured before deductions such as social security contributions, union dues, and voluntary employee contributions to defined contribution pension plans.