

# Maine Economic Indicators

July 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.

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 and Personal Income precede the full onset of COVID-19.**

# 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%
June 2020	Unemployment rate	6.6%*	13.4%*	11.1%*
June 2020	Total private nonfarm employment	473,600	5,653,000	116,526,000
June 2020	Labor Force	665,288	7,561,700	158,227,000
June 2020	Labor Force Participation Rate	59.6%	N/A	60.8%

\*Note that official unemployment estimates are an undercount due to misclassification errors and lower-than-usual response rates. The Maine Center for Workforce Research and Information estimates unofficial unemployment rates to be 12.4% in Maine and 15.0% in the U.S.

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

<b>Real GDP</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1-2020:Q1
Maine	0.6	2.1	1.9	-6.3	-0.8
New England	1.3	2.1	1.8	-5.2	-0.5
United States	2.0	2.1	2.1	-5.0	-0.3
<b>Total Personal Income</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1-2020:Q1
Maine	4.0	3.6	4.6	3.1	3.8
New England	2.6	0.1	3.0	2.4	2.0
United States	4.4	2.8	3.6	2.3	3.3
<b>Per Capita Personal Income</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1-2020:Q1
Maine	3.7	3.1	4.1	2.8	3.4
New England	2.6	-0.1	2.8	2.3	1.9
United States	4.0	2.2	3.1	1.9	2.8
<b>Wages &amp; Salaries</b>	2019:Q2	2019:Q3	2019:Q4	2020:Q1	2019:Q1-2020:Q1
Maine	4.0	3.6	4.3	3.1	2.6
New England	-0.4	-1.2	4.7	0.2	0.8
United States	2.7	1.6	4.9	0.2	2.3

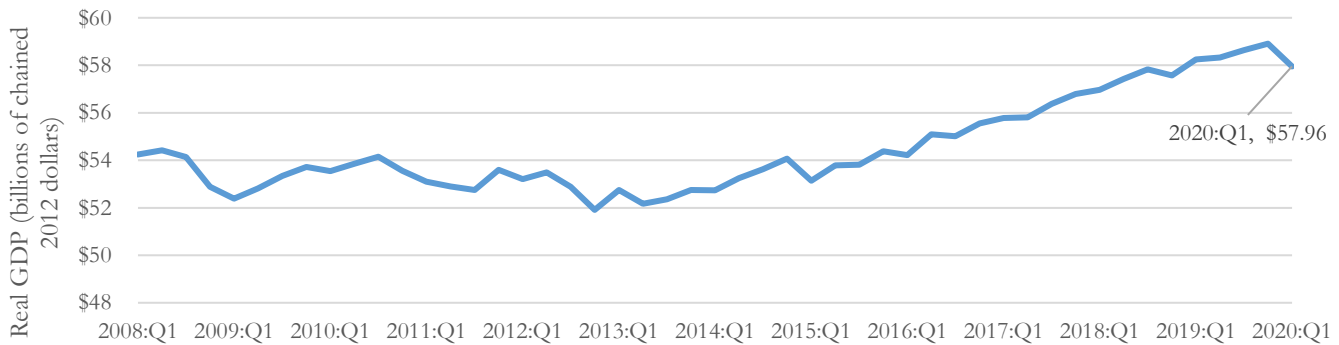
# Monthly and Quarterly Indicators

## 1.1 Gross Domestic Product (GDP)

Real GDP in Maine increased by fell by 6.3 percent from the preceding quarter (2019:Q4 to 2020:Q1), lower than New England (-5.2 percent) and the United States (-5.0 percent) and 45<sup>th</sup> in the country. The industry sectors that contributed the most to Maine’s first quarter decline in GDP were accommodation and food services (-1.22 percentage points); health care and social assistance (-1.16 percentage points); finance and insurance (-0.61 percentage points); retail trade (-0.49 percentage points); arts, entertainment, and recreation (-0.46 percentage points); and durable goods manufacturing (-0.43 percentage points). Three sectors contributed slight gains in GDP: construction (+0.14 percentage points); management of companies and enterprises (+0.04 percentage points); and utilities (+0.01 percentage points).

Reference Period		Maine	United States
2020:Q1	Total GDP (Current dollars)	\$67.8 billion	\$21.5 trillion

Real GDP (billions of chained 2012 dollars) - Maine



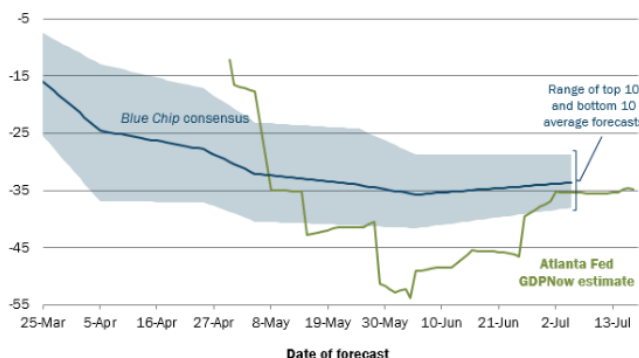
### 1.1.1 GDPNow



**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  
Quarterly percent change (SAAR)



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.

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 (June 26, 2020) estimates that real GDP will **decline by 34.7 percent at an annualized rate** in the second quarter of 2020.

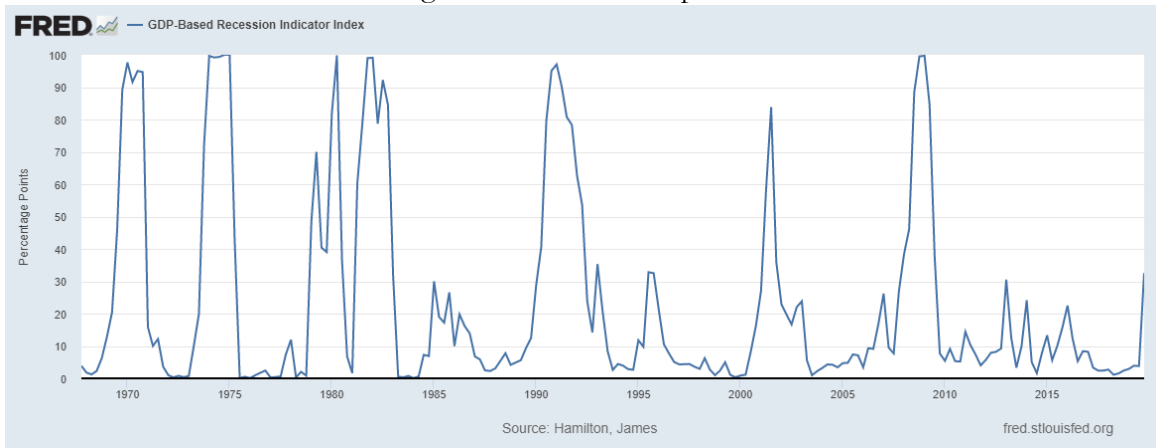
## 1.1.2 Recession Indicators

On June 8, 2020 the National Bureau of Economic Research (NBER) declared that the United States was officially in recession starting in February.

### 1.1.3 GDP-Based Recession Indicator Index (Hamilton)

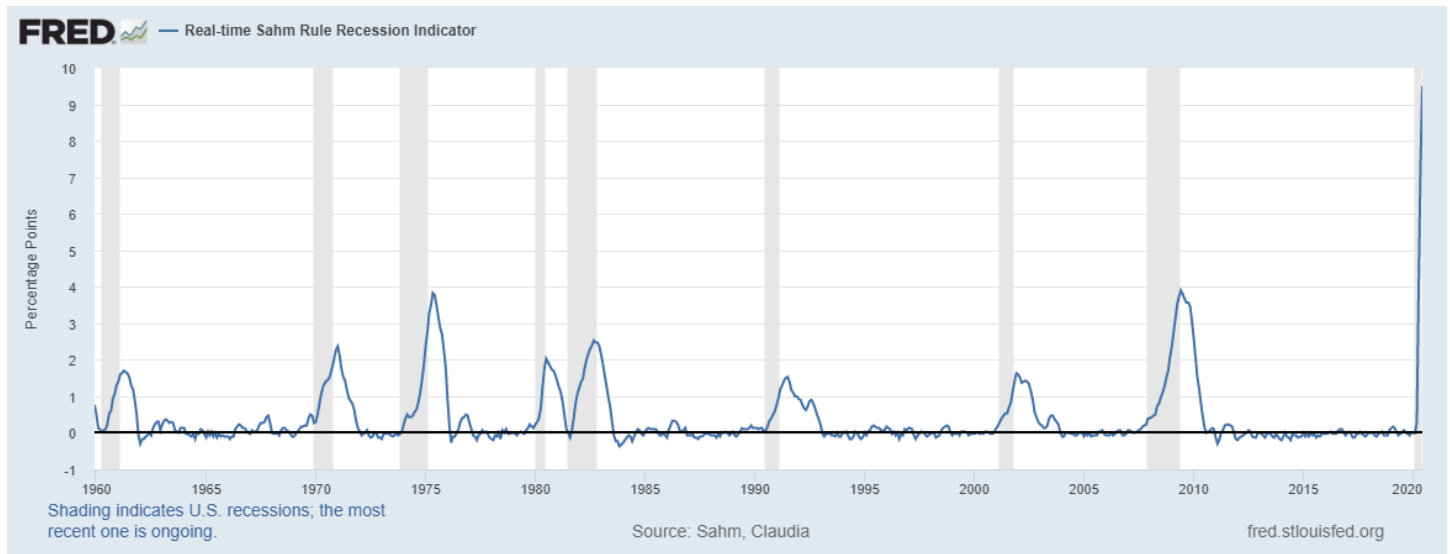
The GDP-Based Recession Indicator Index is 32.5 percentage points (2019:Q4), up significantly from 3.8 points in the previous quarter. This indicates that the national economy remained in an expansionary phase at that time, although probability of recession was much higher than in 2019:Q3.

The index ranges from 0 to 100, and values above 67 provide a historically reliable indicator that the economy is in recession<sup>1</sup>. This method is purely objective in nature, rather than the NBER's subjective recession analysis. This index is calculated with a one quarter lag, which allows for extra insight and accounts for data revisions to make dependable inference. This index does not get revised once it is published.



### 1.1.4 Real-time Sahm Rule Recession Indicator

Additionally, the Real-time Sahm Rule Recession Indicator<sup>2</sup> 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. In June 2020, this indicator showed that the three-month average of national U3 grew by 9.5 percentage points compared to its 12-month low, indicating that the national economy is in recession.



<sup>1</sup> Created by Dr. James Hamilton, University of California San Diego

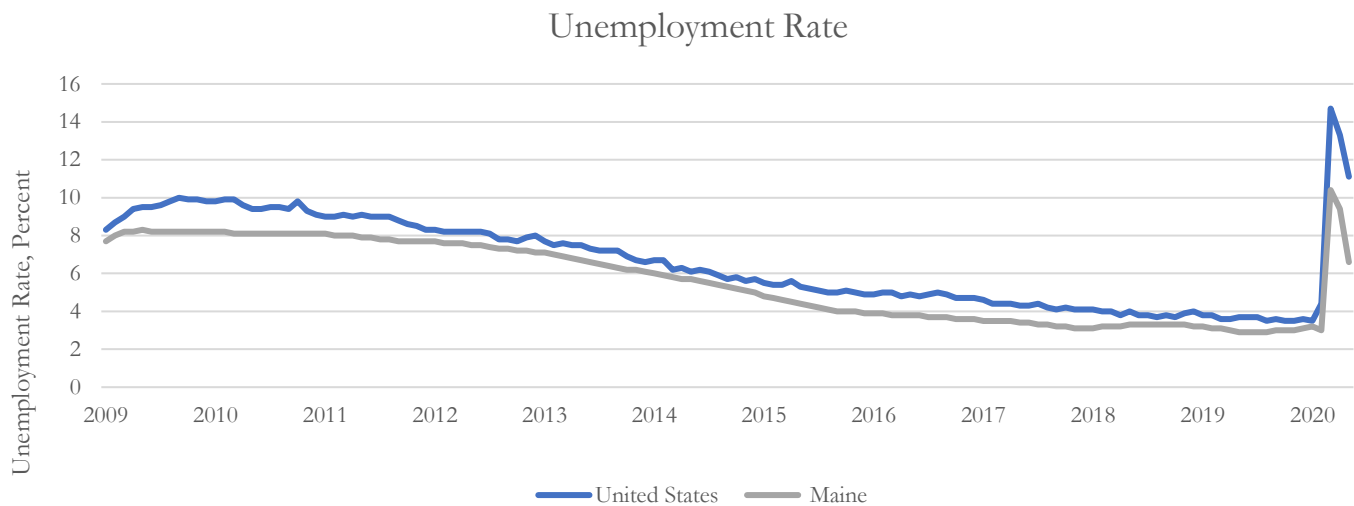
<sup>2</sup> Created by Dr. Claudia Sahm, Federal Reserve Board of Governors

## 1.2 Labor Markets

The data for unemployment rates and labor force are derived from the Local Area Unemployment Statistics (LAUS) program and data for nonfarm payroll jobs are derived from the Current Employment Statistics (CES) program. The numbers presented below are estimates, vary month to month in either direction, and are subject to substantial revision. The Maine Department of Labor cautions users to analyze general trends over several months as opposed to making conclusions based on changes month to month.

### 1.2.1 Unemployment Rate: June 2020 = 6.6%

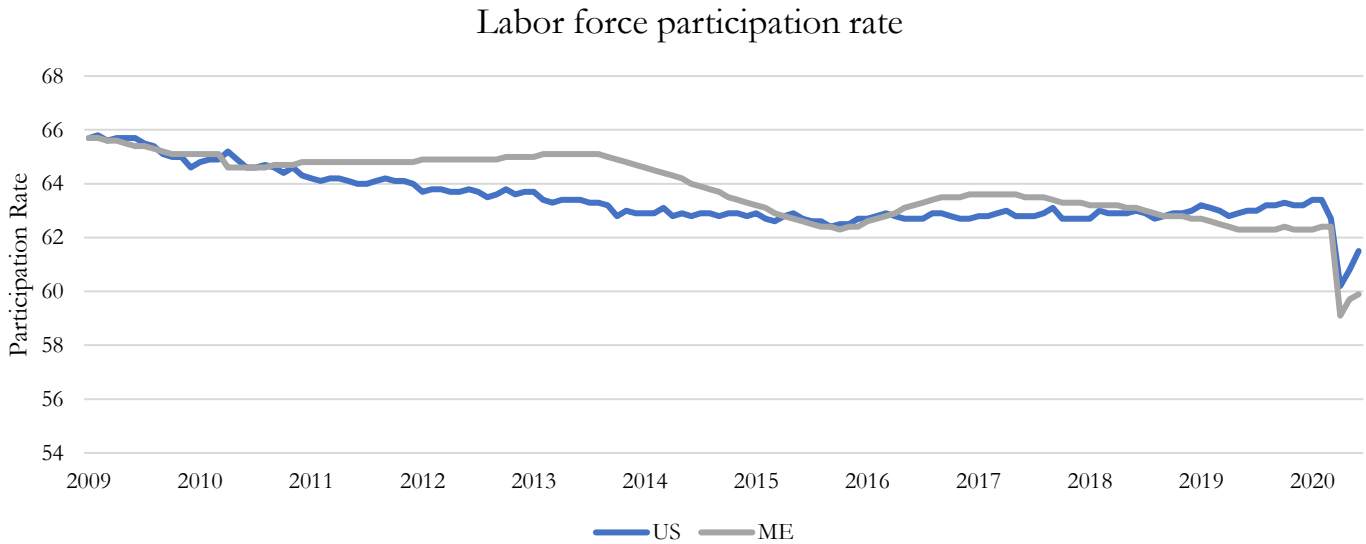
Unemployment rates fell slightly in May, falling to 6.6% in Maine and 11.1% nationwide. Note that this is an underestimate of the true unemployment rate due to low survey response rates and misclassification of unemployed individuals. The Maine Center for Workforce Research and Information estimates that the true unemployment rates in Maine and the U.S. are 12.4% and 15.0%, respectively<sup>3</sup>.



<sup>3</sup> <https://www.maine.gov/labor/cwri/news/release.html>

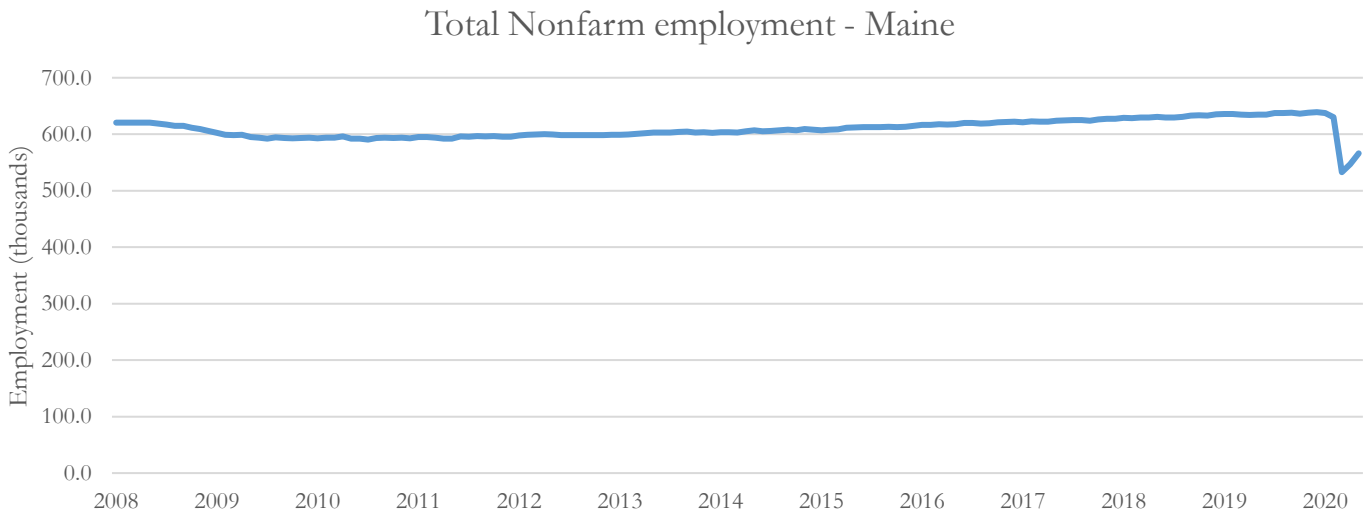
### 1.2.2 Labor Force Participation Rate: June 2020 = 59.9%

Labor force participation slightly rebounded in May, rising to 59.9% in Maine and 61.5% in the United States. This may be partly due to the easing of social distancing restrictions, allowing some who are jobless to return to their job search. Lack of childcare and early retirement both pose risks to labor force recovery.

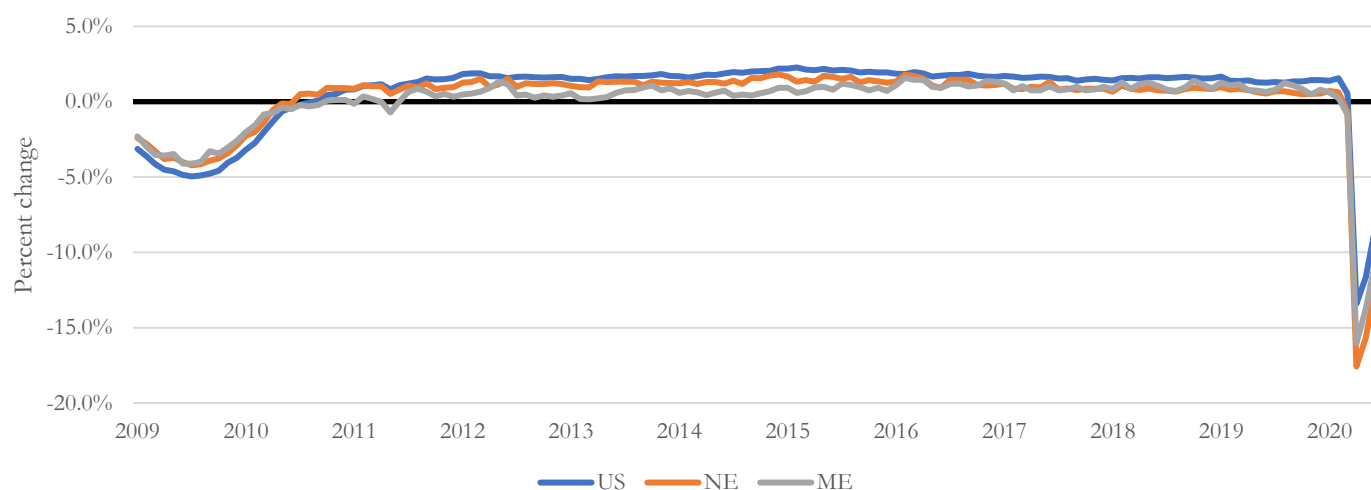


### 1.2.3 Total Nonfarm Payroll Job Estimates: June 2020 = 566,100

Seasonally adjusted total nonfarm employment grew by 19,000 in Maine, 234,000 in New England and 4.8 million nationwide in June. These gains were largely driven by those industries hardest-hit by the pandemic, such as leisure & hospitality, retail, and healthcare & social assistance. However, employment is far from recovered to pre-pandemic levels. Maine remains 10.8% below June 2019 levels, while New England and the U.S. are fall below June 2019 by -12.6% and -8.6%, respectively.



## Percent change, year-over-year in Total Nonfarm Employment



### 1.3 Housing

#### 1.3.1 Sales

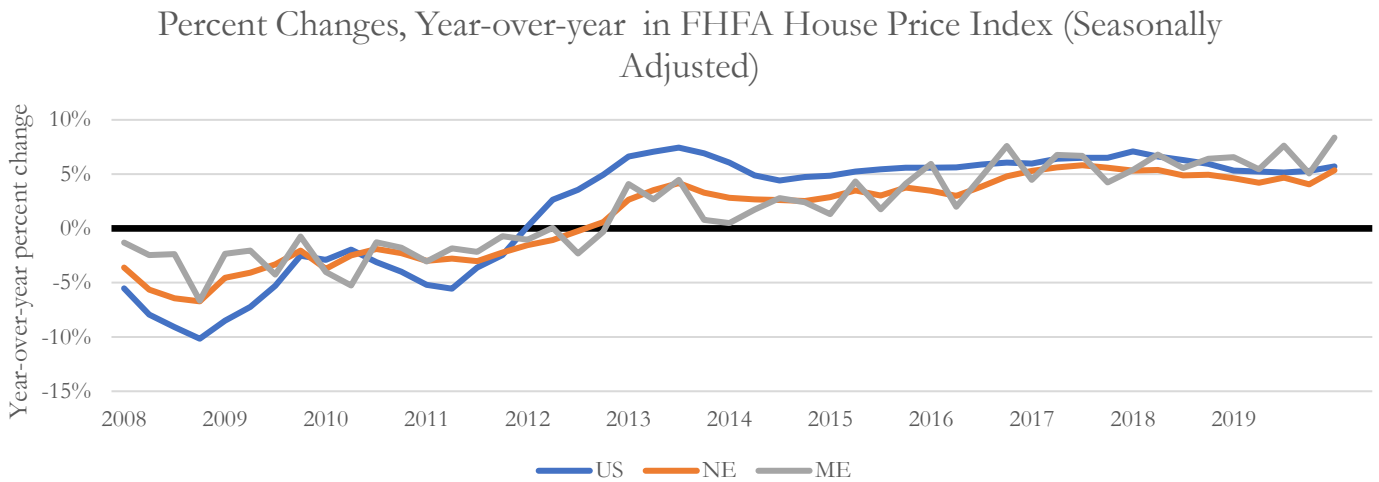
Home sales were down by 4.3% in June 2020 compared to May 2019, after falling 21% in May. Conversely, the median sale price of single-family homes in Maine was 4.7% higher than in June 2019, at \$249,000. Upward price pressure may be caused by high demand driven by low interest rates coupled with short supply as sellers may choose not to sell until conditions improve.

Geography	No. of Units Sold	One Year Change (units)	Median Sale Price	One Year Change (Price)	One Month Change (Price)
Androscoggin	100	-9.9%	\$197,500	6.2%	4.5%
Aroostook	73	7.4%	\$117,000	9.9%	49.6%
Cumberland	344	-23.0%	\$365,000	5.5%	6.2%
Franklin	38	-37.7%	\$172,250	14.8%	-24.8%
Hancock	69	-17.9%	\$238,900	0.8%	-0.5%
Kennebec	195	19.6%	\$205,000	20.7%	18.8%
Knox	52	13.0%	\$238,000	1.0%	-4.8%
Lincoln	49	0.0%	\$275,000	14.6%	10.3%
Oxford	84	15.1%	\$180,573	13.6%	-8.4%
Penobscot	180	11.8%	\$187,000	12.3%	16.9%
Piscataquis	41	10.8%	\$138,000	-8.0%	7.4%
Sagadahoc	51	30.8%	\$275,000	10.0%	2.4%
Somerset	65	18.2%	\$135,000	-5.3%	-8.5%
Waldo	47	-20.3%	\$186,500	3.6%	4.6%
Washington	31	6.9%	\$131,000	10.1%	20.7%
York	301	-4.8%	\$325,000	6.6%	2.8%
<b>Maine</b>	<b>1,720</b>	<b>-4.3%</b>	<b>\$249,000</b>	<b>4.2%</b>	<b>4.7%</b>

### 1.3.2 House Price Index

In the first quarter of 2020, the housing price index (HPI) in Maine, New England, and the U.S. continued to rise. According to the Federal Housing Finance Agency (FHFA), the HPI “measures average price changes in repeat sales or refinancing on the same properties.” Maine’s HPI increased by 4.0 percent from the previous quarter (2019:Q4 to 2020:Q1). Maine’s year-over-year HPI growth rate was significantly higher than both the regional growth rate and the national growth rate at 8.4% compared to 5.4% in New England and 5.7% in the U.S.

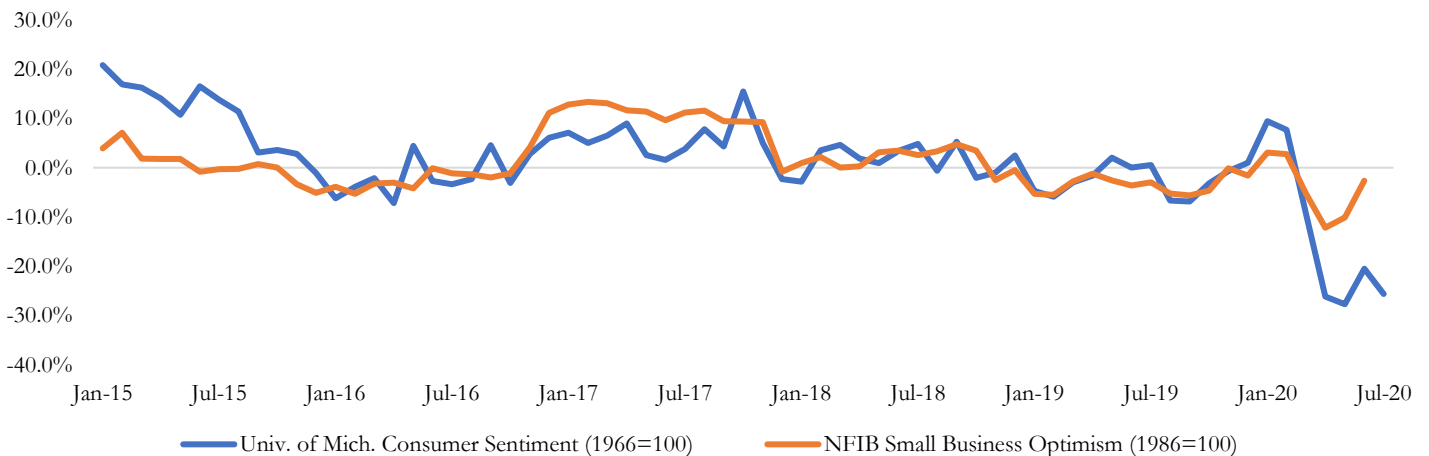
Reference Period		Maine	New England	United States
2019:Q4-2020:Q1	HPI percent change from previous quarter	4.0%	2.0%	1.7%



## 2 Sentiment

The Michigan Survey of Consumers indicates that the index of overall consumer sentiment fell by 6.3% from June to July, coming in 25.6% lower than July of 2019. Consumer sentiment began to tick up in April after falling sharply, though that recovery changed course this month. The National Federation of Independent Business’s Small Business Optimism index shows significant improvement in May and June, while July data is not yet available.

Market Sentiment: Year-Over-Year Change



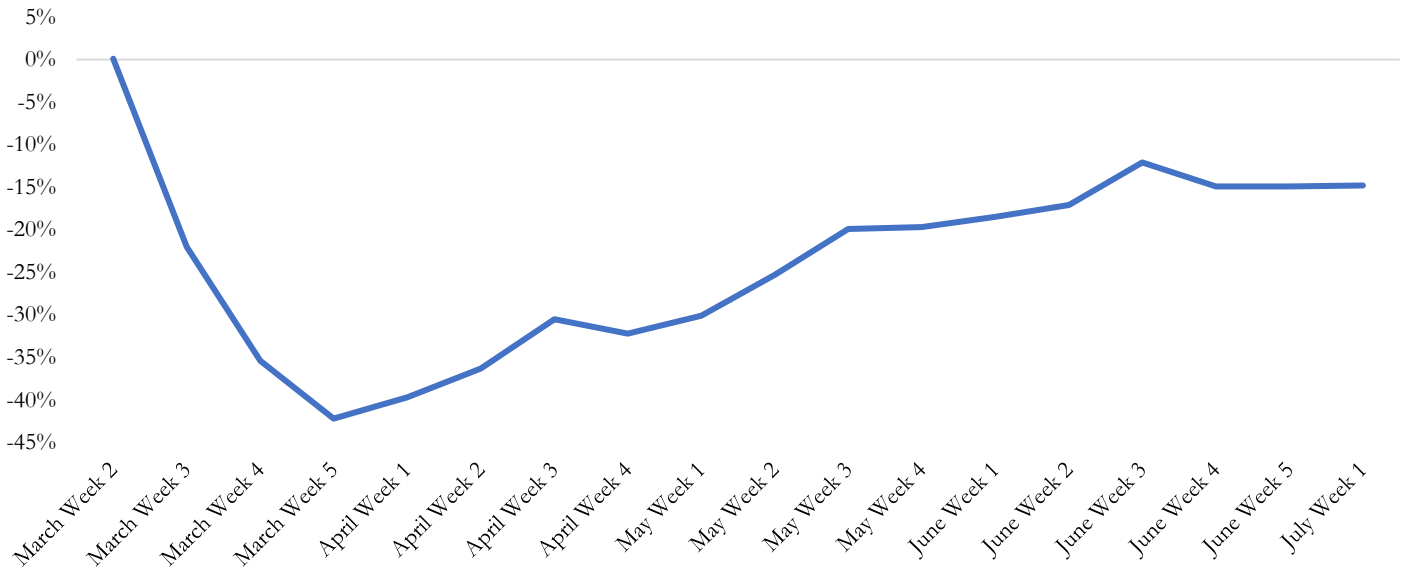


### 3 COVID-19 Indicators

#### 3.1 Traffic changes

Vehicle miles traveled measures the amount of travel that has taken place for all vehicles throughout the state and can be interpreted as the sum of miles traveled by each vehicle. For the first week of July (ending July 11), statewide VMT was 15% lower than it was in the same week of 2019, as it has remained for the past three weeks. VMT maintains the largest gap in Kennebec (-17.3%), Sagadahoc (-17.3%) and Cumberland (-17.1%) counties.

Year-Over-Year % Change in Vehicle Miles Traveled



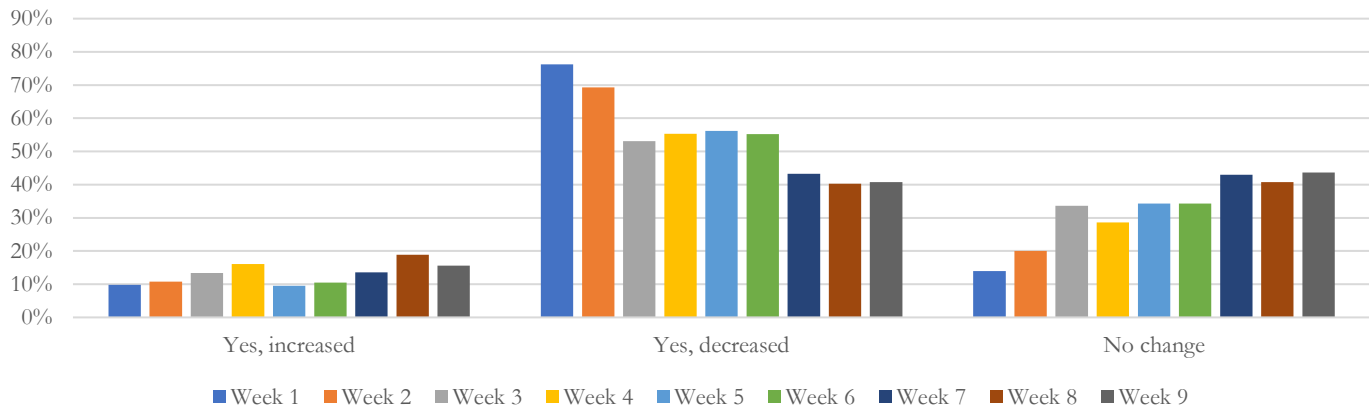
### 3.2 Pulse Surveys

To help understand the precise effects that the COVID-19 pandemic has on households and the economy, the U.S. Census Bureau has implemented two new weekly surveys. The Small Business Pulse Survey and the Household Pulse Survey both collect and disseminate detailed, real-time information about the nation's economy.

#### 3.2.1 Small Business Pulse Survey

Over the nine weeks of data collection ending June 21-June 27, businesses operating revenues slowly improved, although they have plateaued in the past several weeks. In the first week of data collection (4/26 to 5/2) over 70% of small businesses reported that operating revenues fell over the past week, with about 40% reporting so in the ninth week. Over time, more businesses report that revenues haven't changed from week to week.

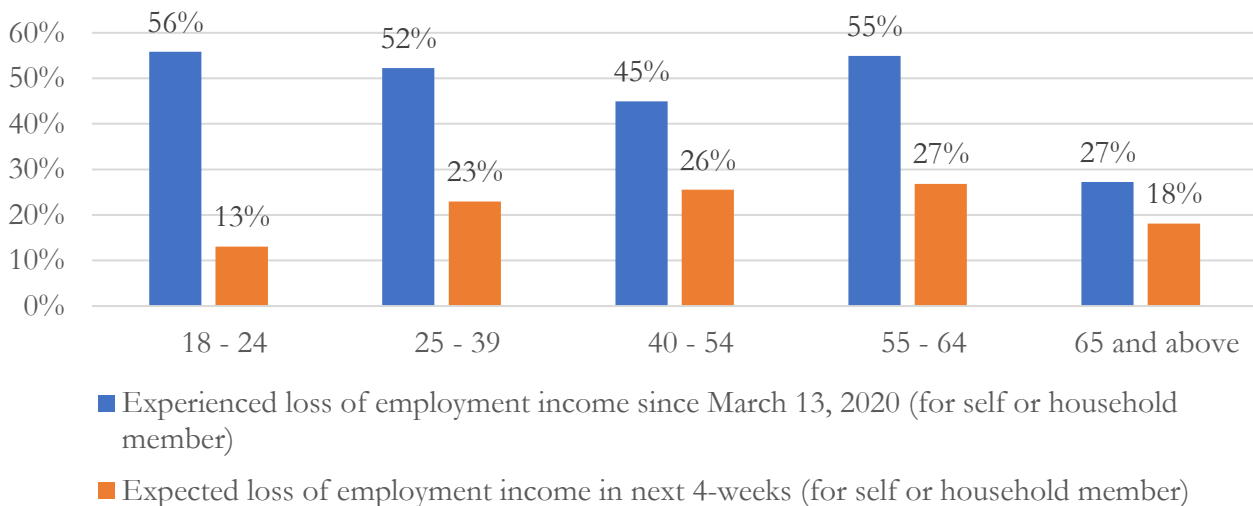
In the last week, did this business experience a change in operating revenues/sales/receipts, not including any financial assistance or loans?



#### 3.2.2 Household Pulse Survey

During the week of July 9-July 14, 45% of Maine households reported experiencing a loss of employment income since March 13, 2020 while 22% report that they expect a loss of employment income to occur in the next 4 weeks. Compared to previous weeks, the incidence of older households experiencing loss of employment income has risen.

Loss of Employment Income by Age & Household Characteristics in Maine, July 9-14, 2020



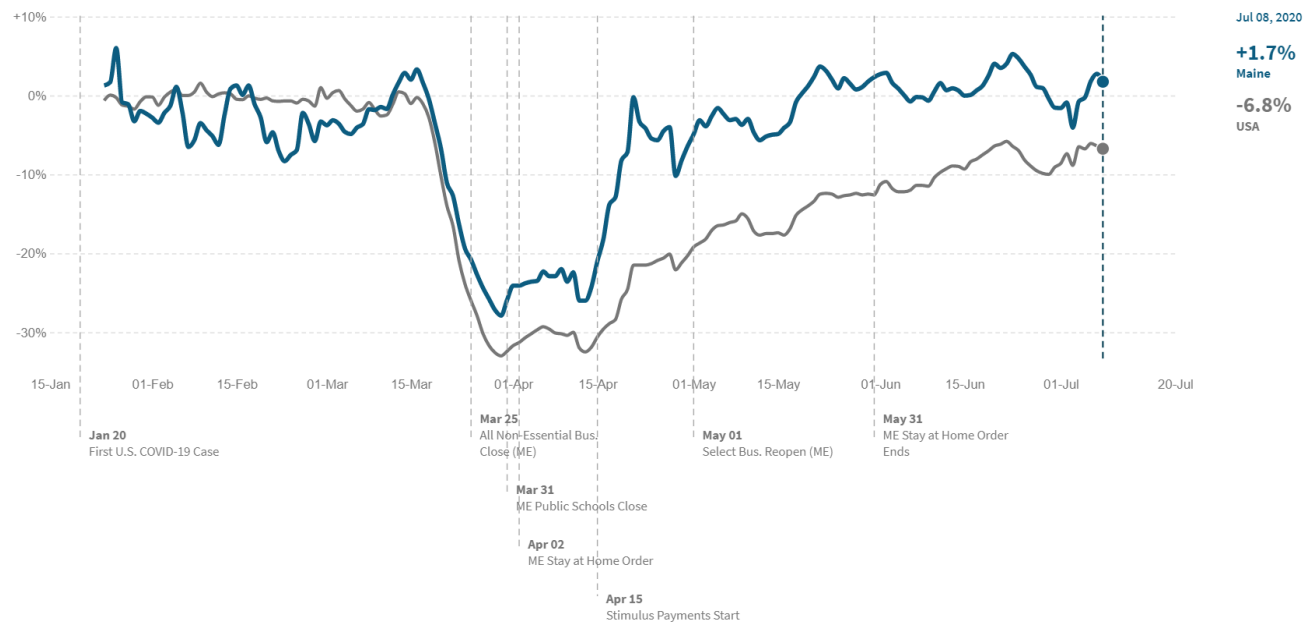
### 3.2.3 Consumer Spending

The Opportunity Insights Economic Tracker compiles credit and debit card spending to measure overall consumer spending in all states in the U.S. This data source shows that consumer spending in Maine as of July 8<sup>th</sup> is 1.7% above the average level of spending in January 2020, compared to -6.8% nationally. This is primarily driven by spending on apparel & general merchandise and spending from low- and middle-income ZIP codes. These data also show that spending picked up quickly after the disbursements of federal stimulus payments.



#### Percent Change in All Consumer Spending\*

In **Maine**, as of July 08 2020, total spending by all consumers increased by **1.7%** compared to January 2020.



\*Change in average consumer credit and debit card spending, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Affinity Solutions.

last updated: July 15, 2020 next update expected: July 21, 2020

visit [tracktherecovery.org](https://tracktherecovery.org) to explore

# Appendix

## 3.3 Data Sources

Indicator	Source	Reference Period	Release Date
<a href="#">Population: estimates and percent change</a>	Census Bureau – Pop. Ests.	2019	December 30, 2019
<a href="#">Net migration: total and percent change</a>	Census Bureau – Pop. Ests.	2019	December 30, 2019
<a href="#">Median age</a>	American Community Survey 1 year	2018	September 26, 2019
<a href="#">Educational attainment</a>	Census Bureau – ACS 1-year	2018	September 26, 2019
<a href="#">Poverty level</a>	Census Bureau – ACS 1-year	2018	September 26, 2019
<a href="#">Income</a>	Census Bureau – ACS 1-year	2018	September 26, 2019
<a href="#">Per capita personal consumption expenditure</a>	U.S. Bureau of Economic Analysis	2018	October 3, 2019
<a href="#">Per capita personal income</a>	U.S. Bureau of Economic Analysis	2020:Q1	June 23, 2020
<a href="#">Average earnings per job</a>	U.S. Bureau of Economic Analysis	2018	September 24, 2019
<a href="#">Gross domestic product</a>	U.S. Bureau of Economic Analysis	2019:Q4	July 7, 2020
<a href="#">GDPNow</a>	Atlanta Fed	2020:Q2	July 17, 2020
<a href="#">GDP-Based Recession Indicator Index</a>	Hamilton, James/FRED	2019:Q4	April 30, 2020
<a href="#">Real-time Sahm Rule Recession Indicator</a>	Sahm, Claudia/FRED	June 2020	July 2, 2020
<a href="#">Personal income: total, per capita, and wages and salaries</a>	U.S. Bureau of Economic Analysis	2020:Q1	June 23, 2020
<a href="#">Unemployment rate</a>	U.S. Bureau of Labor Statistics	June 2020	July 17, 2020
<a href="#">Labor force participation</a>	U.S. Bureau of Labor Statistics	June 2020	July 17, 2020
<a href="#">Nonfarm payroll job estimates</a>	U.S. Bureau of Labor Statistics	June 2020	July 17, 2020
<a href="#">Housing price index</a>	Federal Housing Finance Agency	2019:Q4	February 25, 2020
<a href="#">Housing: Units and Median Sale Price</a>	Maine Association of REALTORS®	May 2020	June 22, 2020
<a href="#">Index of Consumer Sentiment</a>	Michigan Survey of Consumers	July 2020	July 10, 2020
<a href="#">Small Business Optimism Index</a>	National Federation of Independent Businesses	June 2020	July 2020
Vehicle Miles Traveled	Maine Department of Transportation	July 11, 2020	July 14, 2020
<a href="#">Household Pulse Survey</a>	U.S. Census Bureau	July 9-16, 2020	July 22, 2020
<a href="#">Small Business Pulse Survey</a>	U.S. Census Bureau	June 21-June 27, 2020	July 2, 2020
<a href="#">Consumer Spending</a>	Affinity Solutions & Opportunity Insights	July 8, 2020	July 2020

### 3.4 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.