

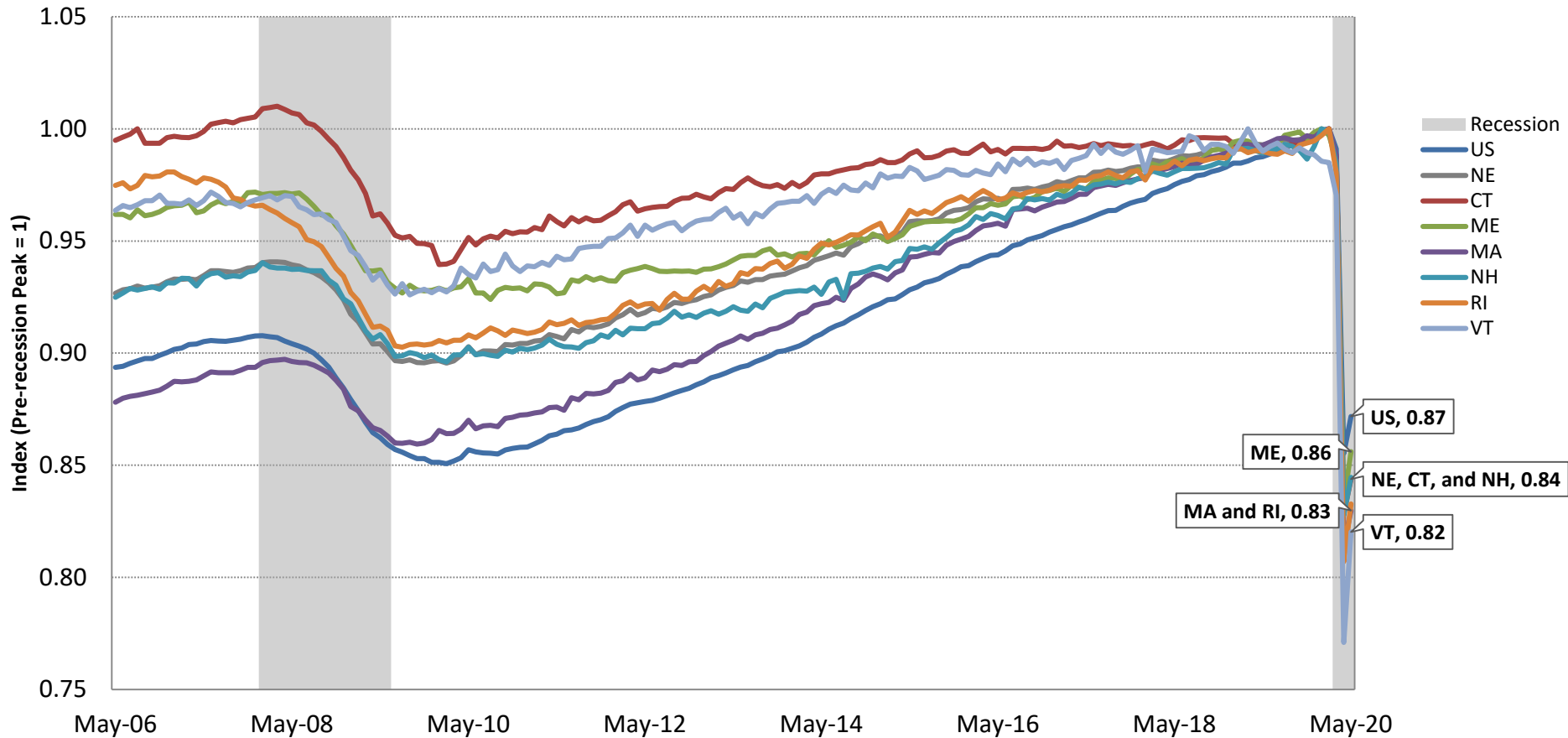
Economic Update: Maine, New England, and US

Presented to the Maine Consensus Economic Forecasting Commission
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Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

Non-Agricultural Employment

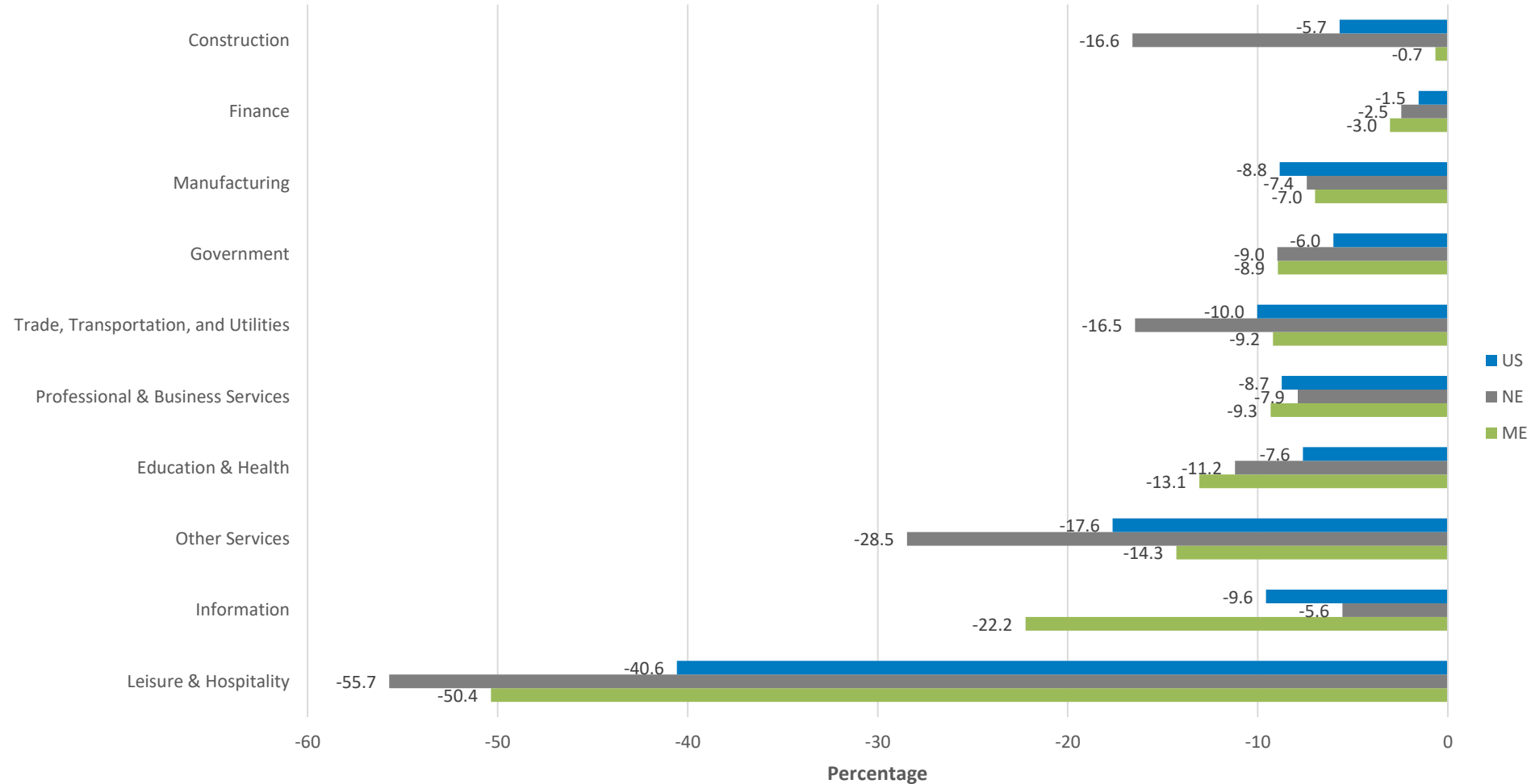


Source: Bureau of Labor Statistics, NBER, Haver Analytics

Note: Peak values are determined after the recession of 2008-2009; they may differ for each region.

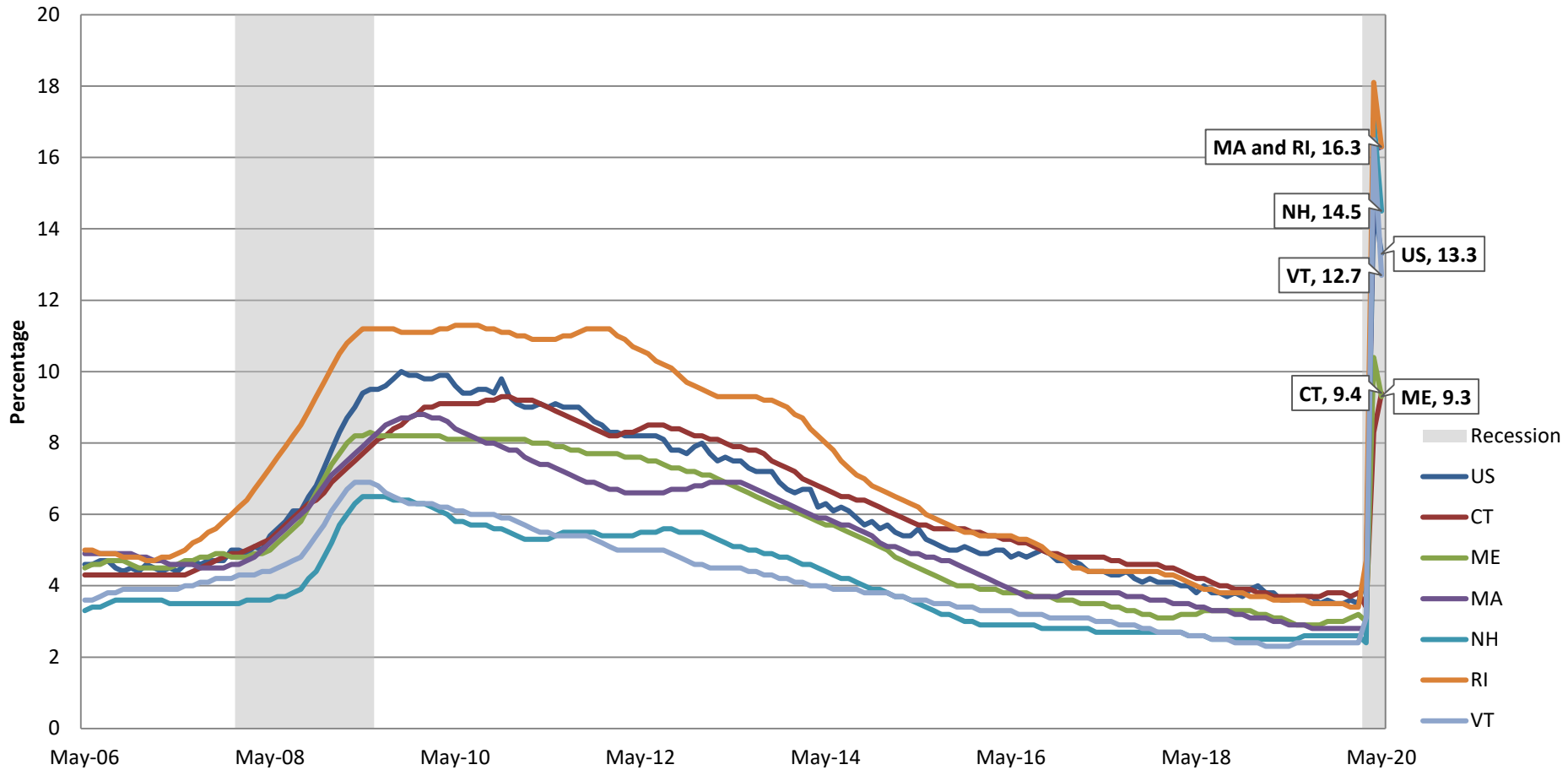
Employment Growth by Industry

Percent Change, May 2019 - May 2020



Source: Bureau of Labor Statistics, Haver Analytics

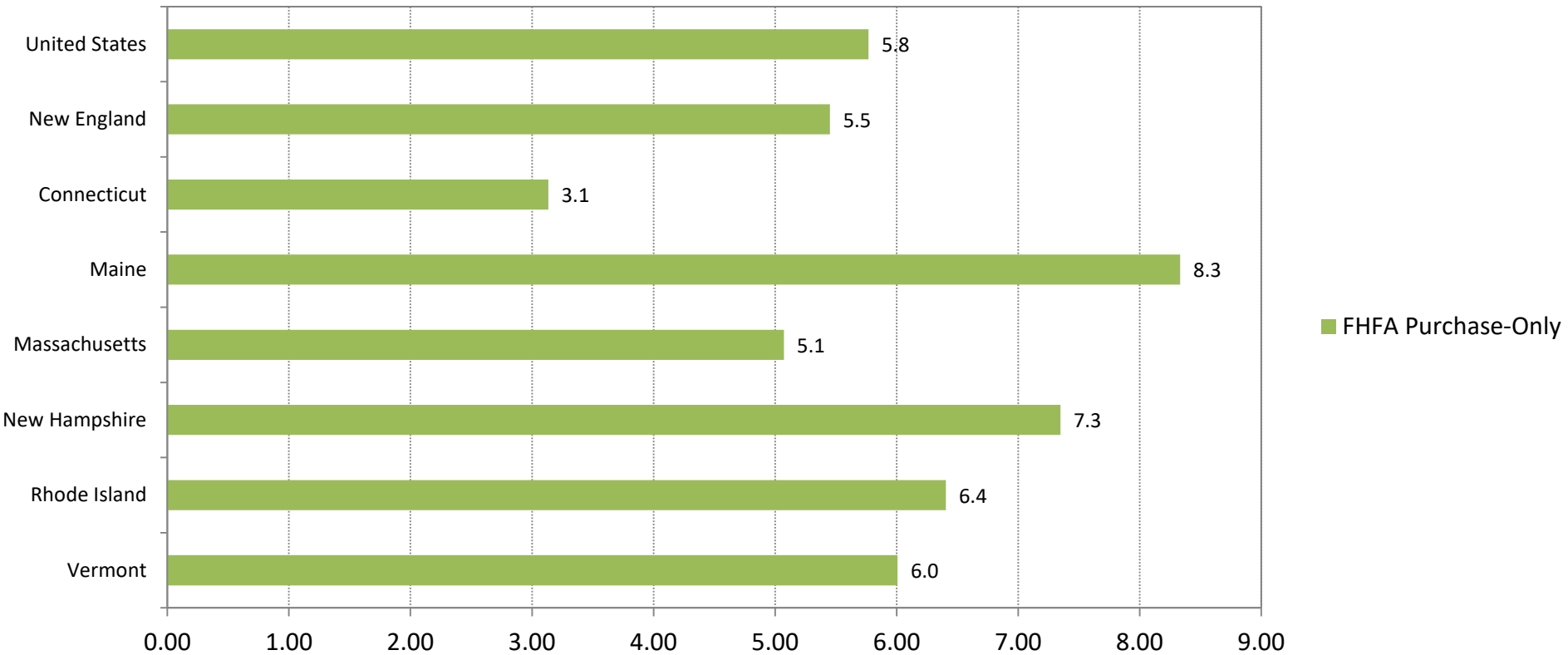
Unemployment Rates



Source: Bureau of Labor Statistics, NBER, Haver Analytics

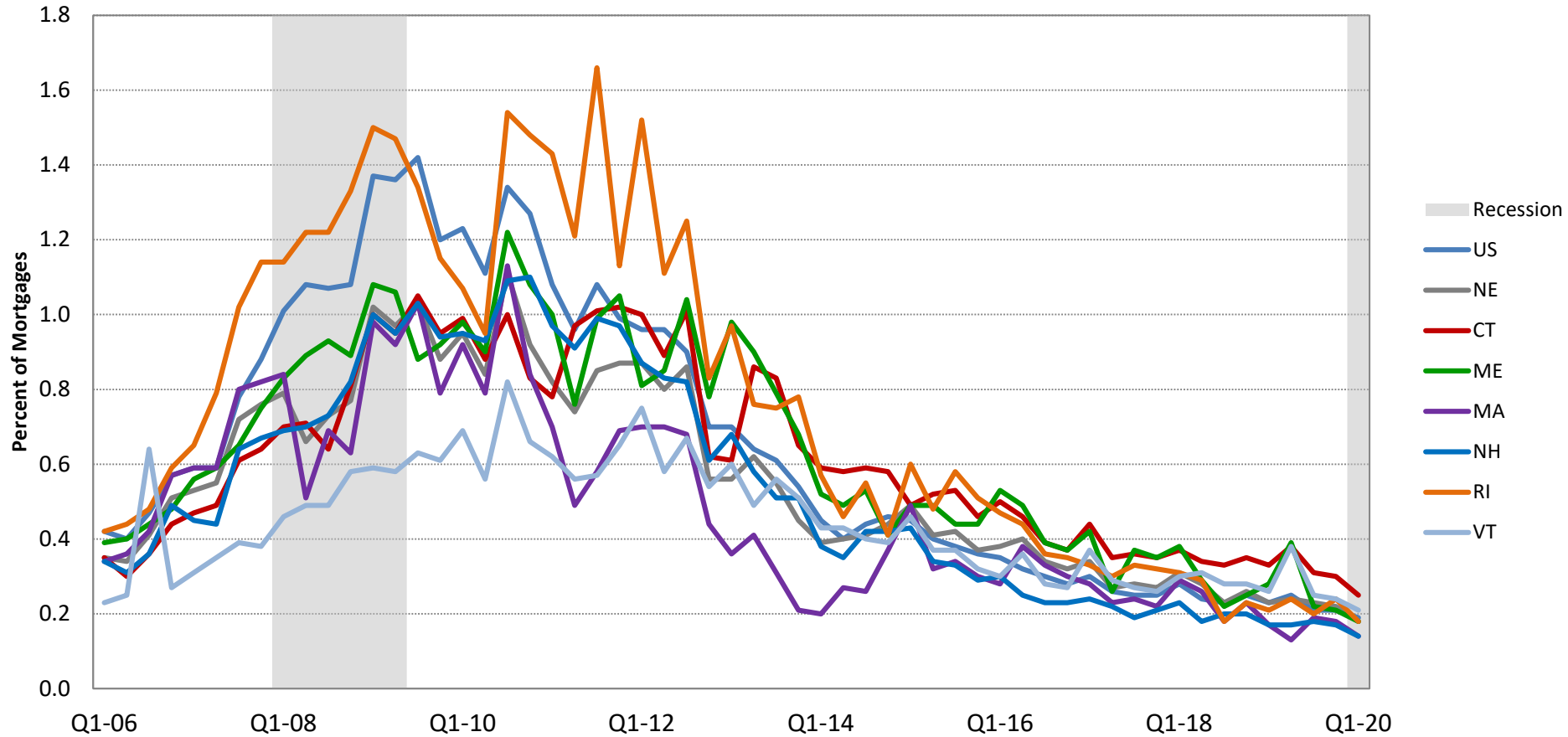
House Price Changes

Percent Change, Q1 2019 - Q1 2020



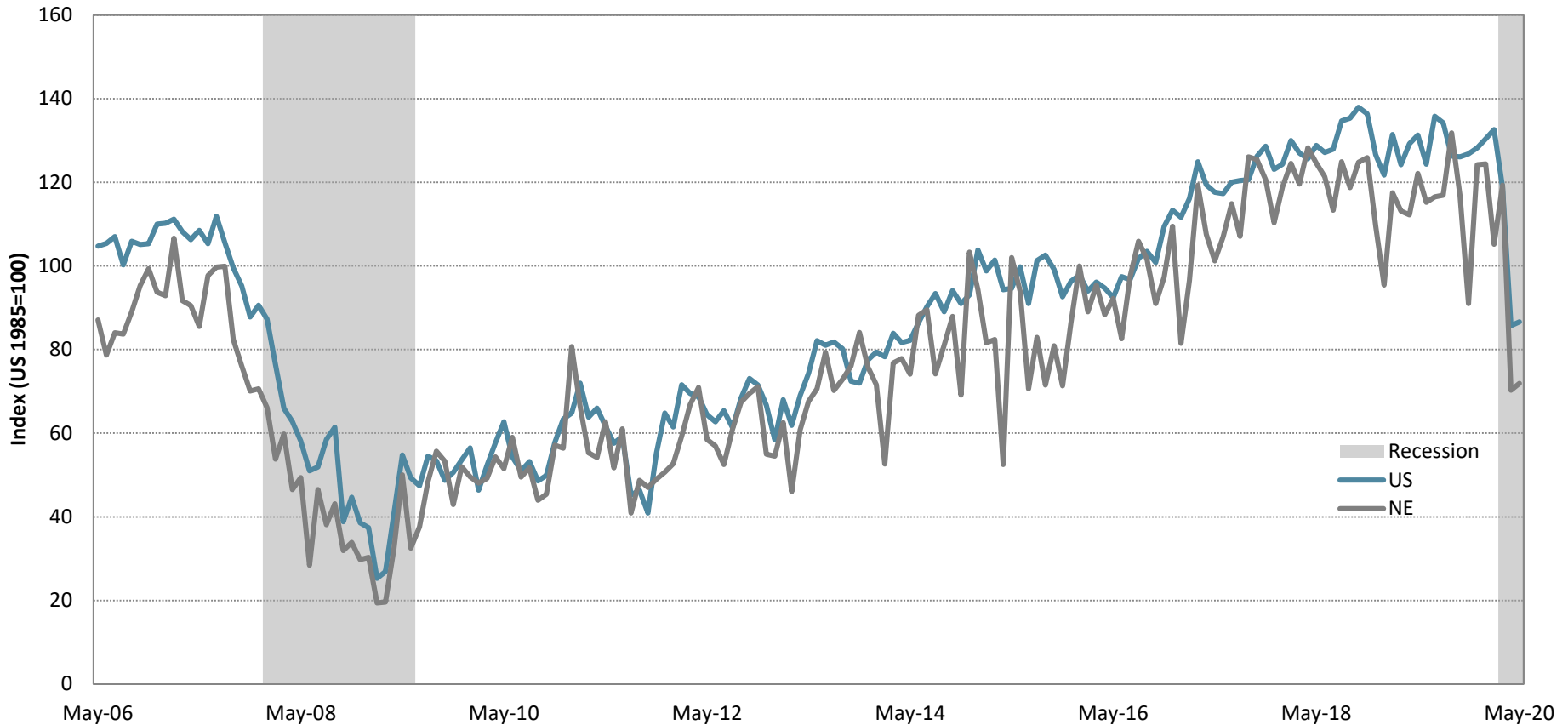
Source: FHFA, S&P/Case-Shiller, Haver Analytics

Foreclosures Started



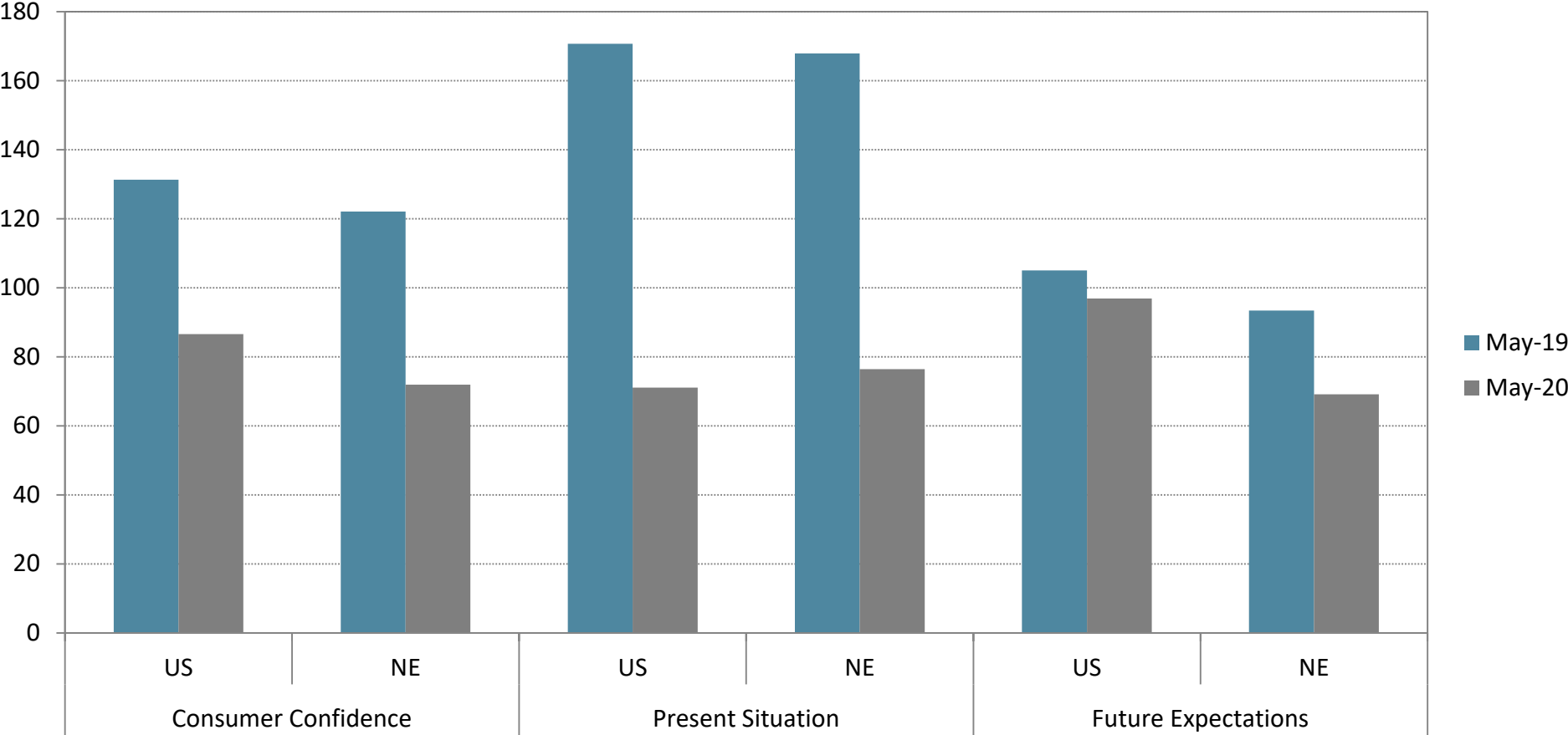
Source: Mortgage Bankers Association, NBER, Haver Analytics

Consumer Confidence



Source: The Conference Board, Haver Analytics

Consumer Confidence



Source: The Conference Board, Haver Analytics

Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents

June 2020

Variable	Median Projections (Percent)			
	2020	2021	2022	Longer run
Change in real GDP	-6.5	5.0	3.5	1.8
Unemployment rate	9.3	6.5	5.5	4.1

Source: FOMC June 2020 Meeting

CBO's Economic Projections for 2020 and 2021

Variable	2020				Annual Rate	
	Actual, Q1	Q2	Q3	Q4	2020	2021
Growth of real GDP (annual rate)	-4.8	-37.7	21.5	10.4	-5.6	4.2
Unemployment rate	3.8	15.1	15.8	11.5	11.5	9.3

Source: Congressional Budget Office

Note: The value of the unemployment rate for the fourth quarter of 2021 is projected to be 8.6 percent.

Concluding Observations

- ▶ COVID-19 pandemic has induced a sharp decline in employment and a surge in job losses
- ▶ Industries requiring in-person contact have been negatively impacted most
- ▶ While home prices are higher than a year ago and foreclosure rates are low, it is too early to tell the impact of the pandemic on the housing market
- ▶ There is high uncertainty ahead, with future path largely depending on the public health situation

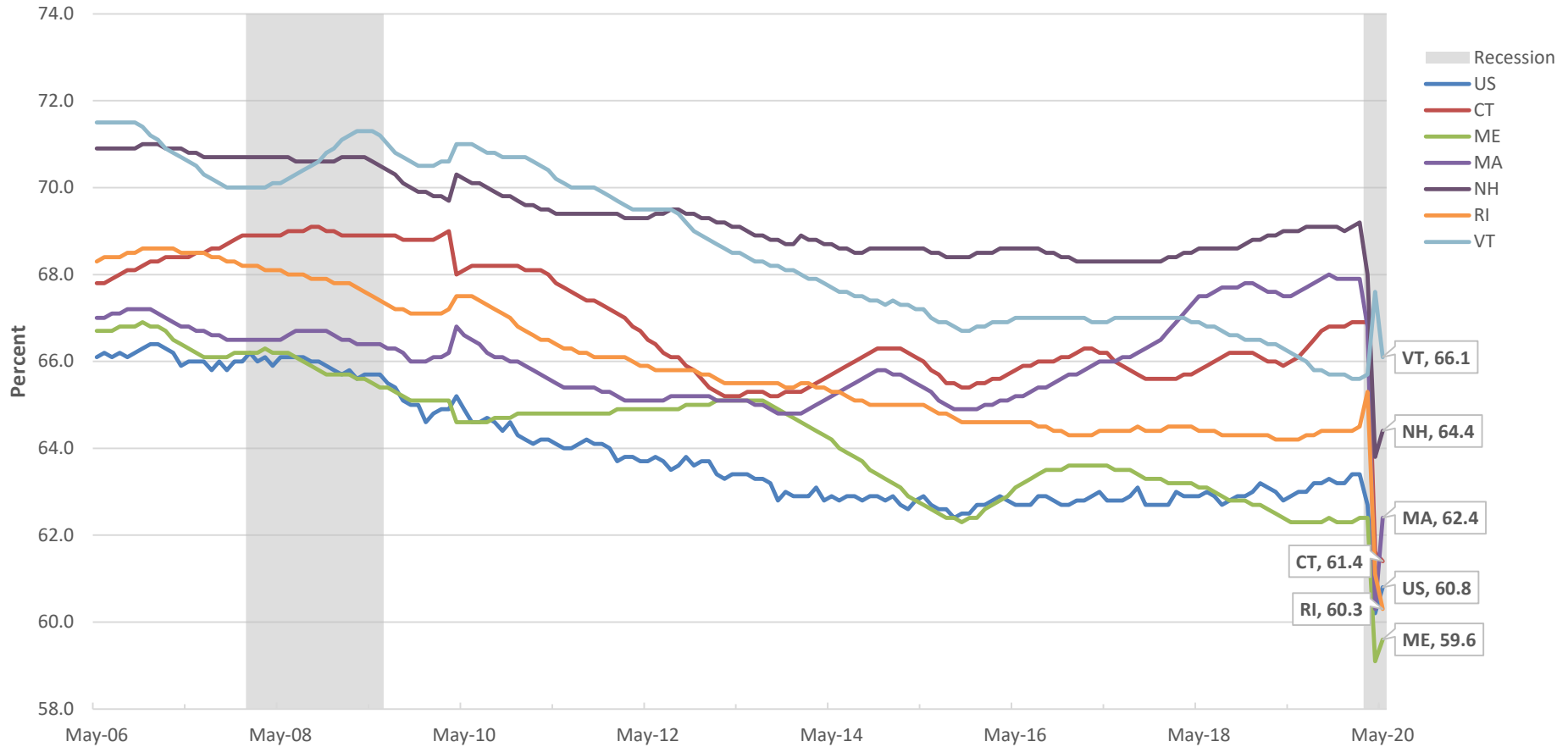
Employment Growth Rates

	Annual Long-term Trend	Last 12 months		Since Peak	
	Percent	Percent	Number	Percent	Number
United States	1.4	-11.7	-17,665,000	-12.8	-19,551,000
New England	0.9	-15.7	-1,177,600	-16.3	-1,231,800
Connecticut	0.4	-14.9	-251,400	-15.6	-265,500
Maine	1.1	-13.8	-87,300	-14.4	-92,000
Massachusetts	0.9	-16.4	-605,000	-17.0	-631,900
New Hampshire	1.5	-14.6	-99,900	-15.5	-107,400
Rhode Island	0.7	-15.9	-79,900	-16.7	-85,000
Vermont	1.2	-17.1	-54,100	-18.0	-57,300

Source: Bureau of Labor Statistics, Haver Analytics

Note: Peak values are determined after the recession of 2008-2009; they may differ for each region.

Labor Force Participation Rate



Source: Bureau of Labor Statistics, Haver Analytics

Note: Data are seasonally adjusted.

Predicted State Tax Revenue Decline for the New England States in FY2021 Compared with FY2020

	Low-unemployment Scenario		High-unemployment Scenario	
	FY2021 Unemployment Rate (%)	Percentage Change in Real State Tax Revenue per Capita (%)	FY2021 Unemployment Rate (%)	Percentage Change in Real State Tax Revenue per Capita (%)
Connecticut	9.5	-1.13	22.2	-25.05
Maine	7.8	-2.99	18.4	-30.56
Massachusetts	7.7	-2.87	18.0	-41.70
New Hampshire	6.1	-2.59	14.4	-29.84
Rhode Island	9.1	-3.34	21.5	-34.63
Vermont	5.9	0.13	13.8	-21.28

Source: Zhao, Bo. 2020. "Forecasting the New England States' Tax Revenues in the Time of the COVID-19 Pandemic."

Notes: (1) Each state's unemployment rate for FY2021 under the low- and high-unemployment scenario is estimated by scaling an estimated 9.25% and 21.75% US FY2021 unemployment rate, respectively, with a ratio of FY2019 state unemployment rate to FY2019 US unemployment rate.

(2) The predicted FY2020 and 2021 real state tax revenue per capita for CT, MA, and VT is estimated based on the linear time trend model. The predicted FY2020 and 2021 real state tax revenue per capita for ME, NH, and RI is estimated based on the quadratic time trend model.