

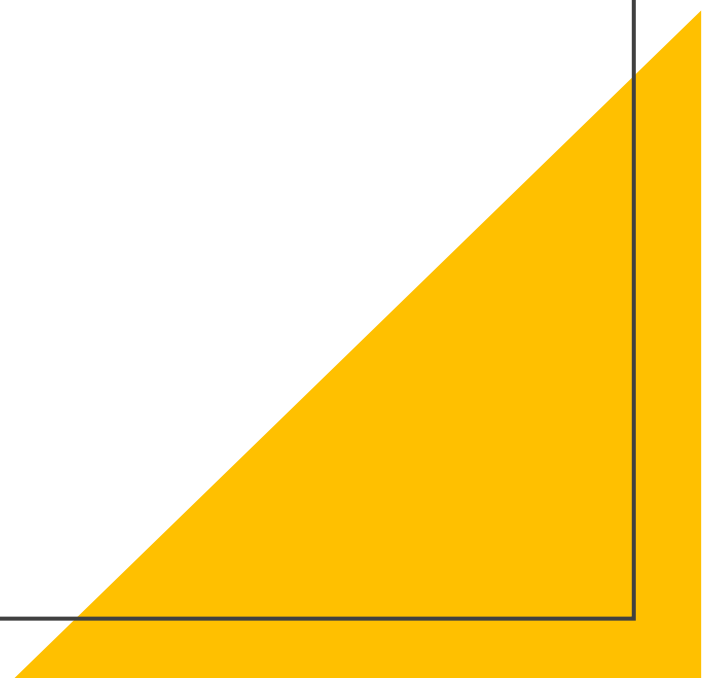
Maine's Economic Outlook

Skowhegan Savings Bank

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Maine Department of Administrative and Financial Services



2020 Decennial Population =
1,362,359 (42nd in U.S.)

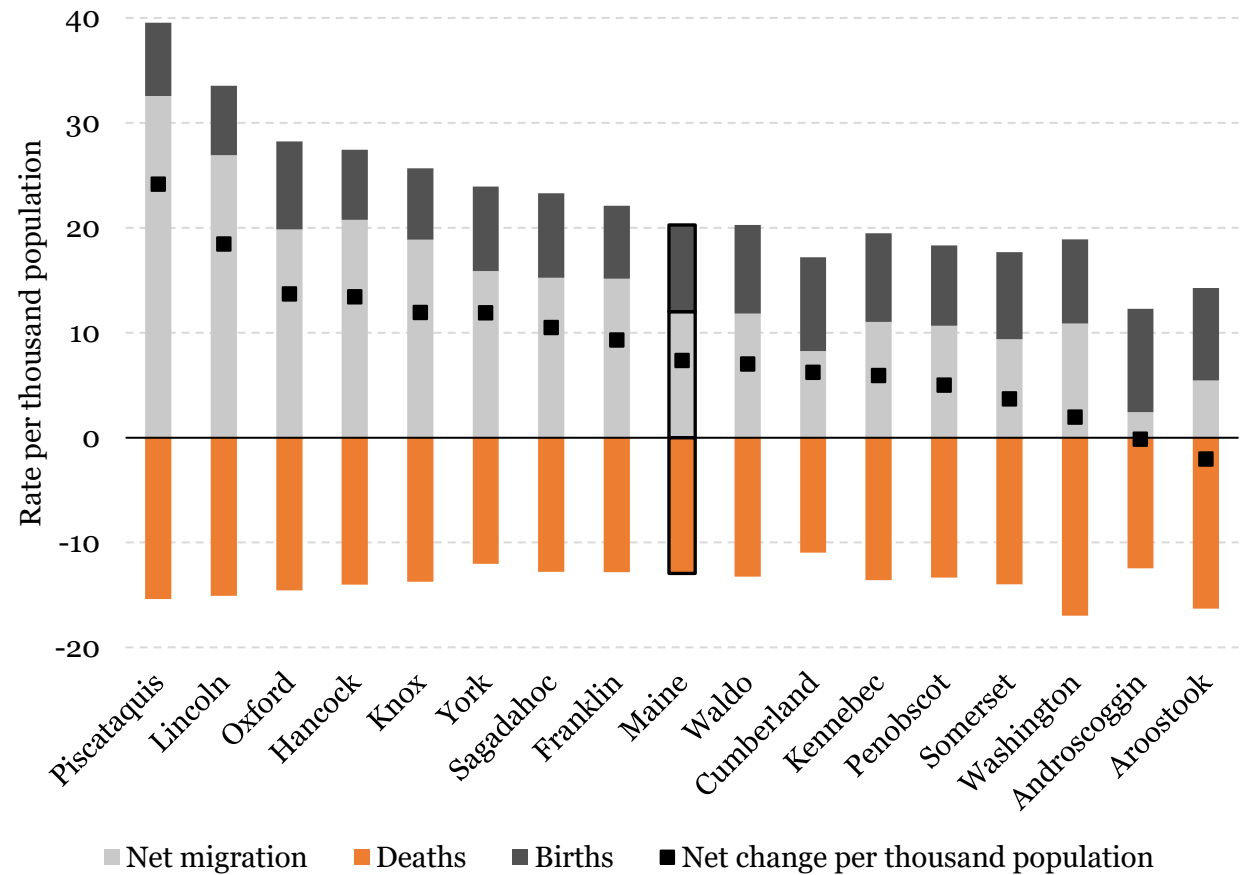
Population increase of 2.6%
from 2010-2020 (42nd in U.S.)

Population increase of 0.7%
from 2020-2021 (14th in U.S.)

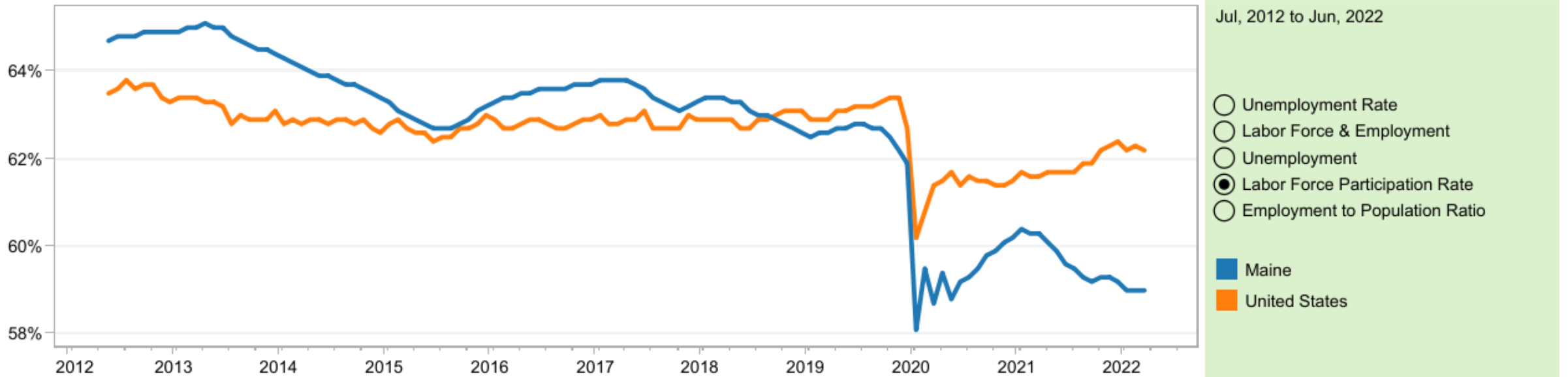
Net migration = 12.0 per
thousand (7th in U.S.)

**2021 Median age: 44.7 (down
from 2020)**

Components of Population Change in Maine, 2021
Rate per thousand population

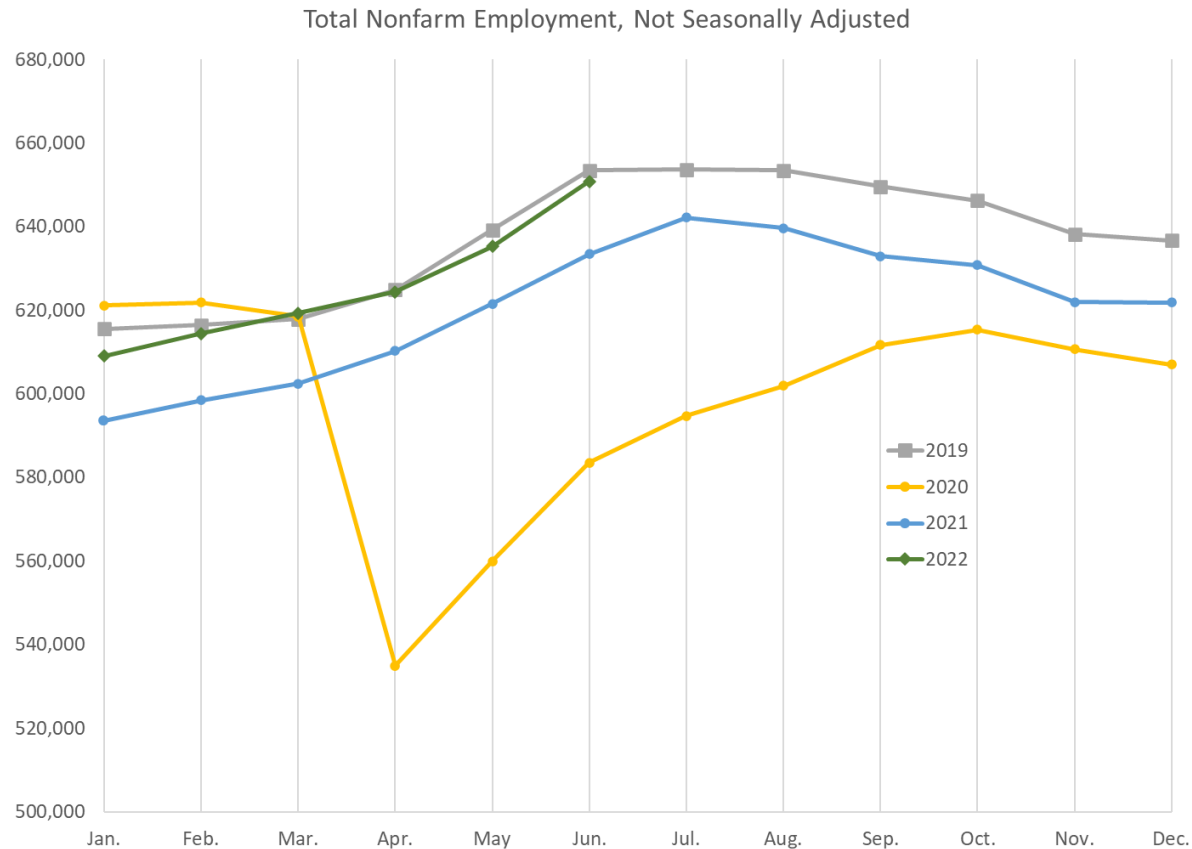


Labor Force Participation Rate (seasonally adjusted)



The Maine Department of Labor estimates that around two-thirds of the people who left the labor force during the pandemic could be retirees

Nearly all sectors are at or above pre-pandemic employment, with some exceptions:



Healthcare and social assistance

- mostly long-term care and social assistance

Retail trade

- Food & beverage stores make up a significant portion of the gap

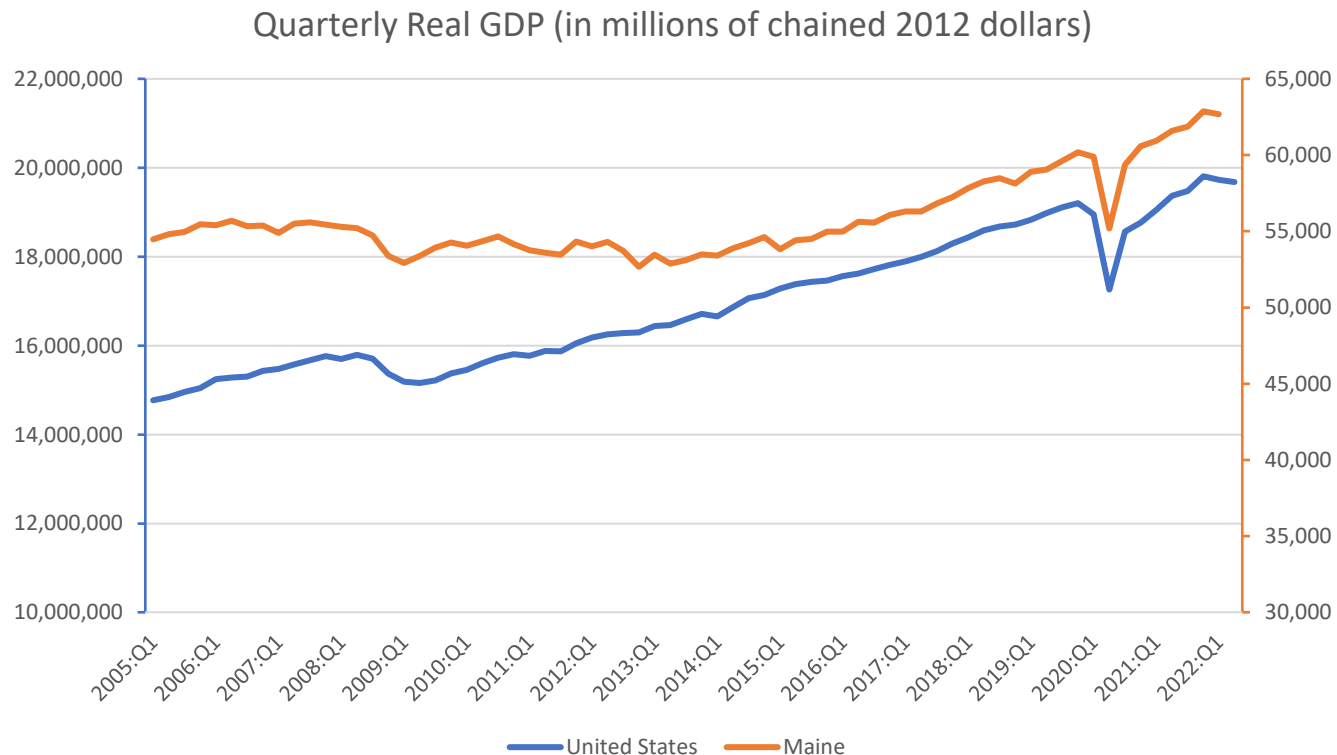
Accommodation & food service

- Struggled to recover initially, has seen solid growth so far this year

State and local government

- mostly public education

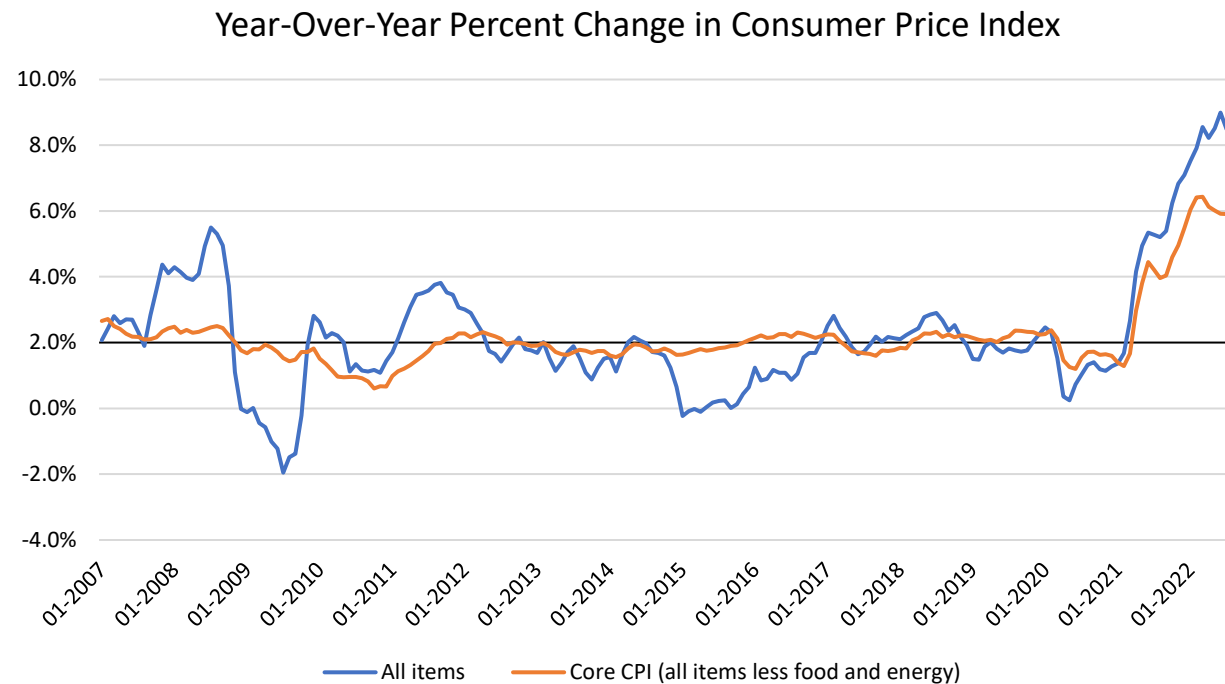
Real GDP on a downward trend so far in 2022



- Maine: -1.3% (annualized) in Q1
- US: -1.6% and -0.9% in Q1 and Q2

National Bureau of Economic Research: ““a recession involves a significant decline in economic activity that is spread across the economy and lasts more than a few months”

Inflation remains high and continues to erode consumer sentiment



- 8.5% growth in the Consumer Price Index in July
 - Slight deceleration
 - Early signs of a welcome easing
- Food, shelter, and energy prices are putting major strain on consumers
- How will Fed react to recent deceleration?

Key short-term risks from February 2022 CEFC report

- Inflation, especially in energy prices
- Geopolitical upheaval
- Interest rate increases affecting housing affordability
- Uncertainty pertaining to the ongoing pandemic and future variants

Next update is November 1, 2022

Final thoughts:

- We're moving into an endemic phase of COVID, but it's still out there and new variants may arise, impacting employment, supply chains, and the global economy
- Housing costs have increased sharply as demand far outstrips supply, limiting availability for workforce expansion; interest rate increases may cool some demand, but will make affordability a continuing problem
- Wages have increased, but so has inflation – real gains aren't as robust
- What happens with pandemic-related workforce trends in the long term?
- Near- to medium-term global and national economic conditions are highly uncertain reflecting war in Ukraine and interest rate hikes, among other things, but states are in a position to provide the kinds of support that typically come from the federal government



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