

# Trends and Outlooks for the Maine Economy

Portside Economic Summit

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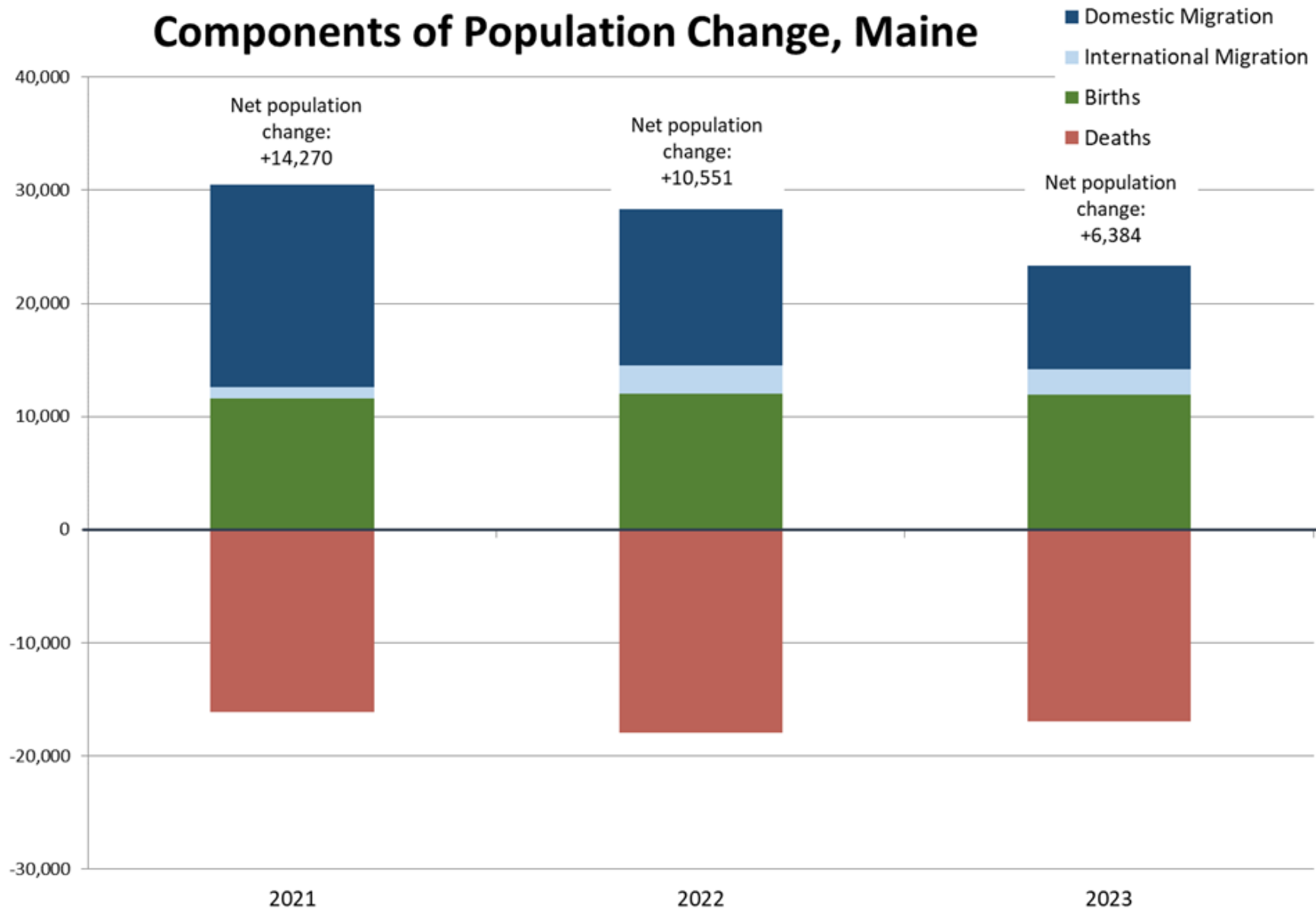
2023 ended on solid footing  
and we're starting 2024 in  
reasonably good shape

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

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

Population increase of  
2.4% from 2020-2023  
(14<sup>th</sup> in U.S.)

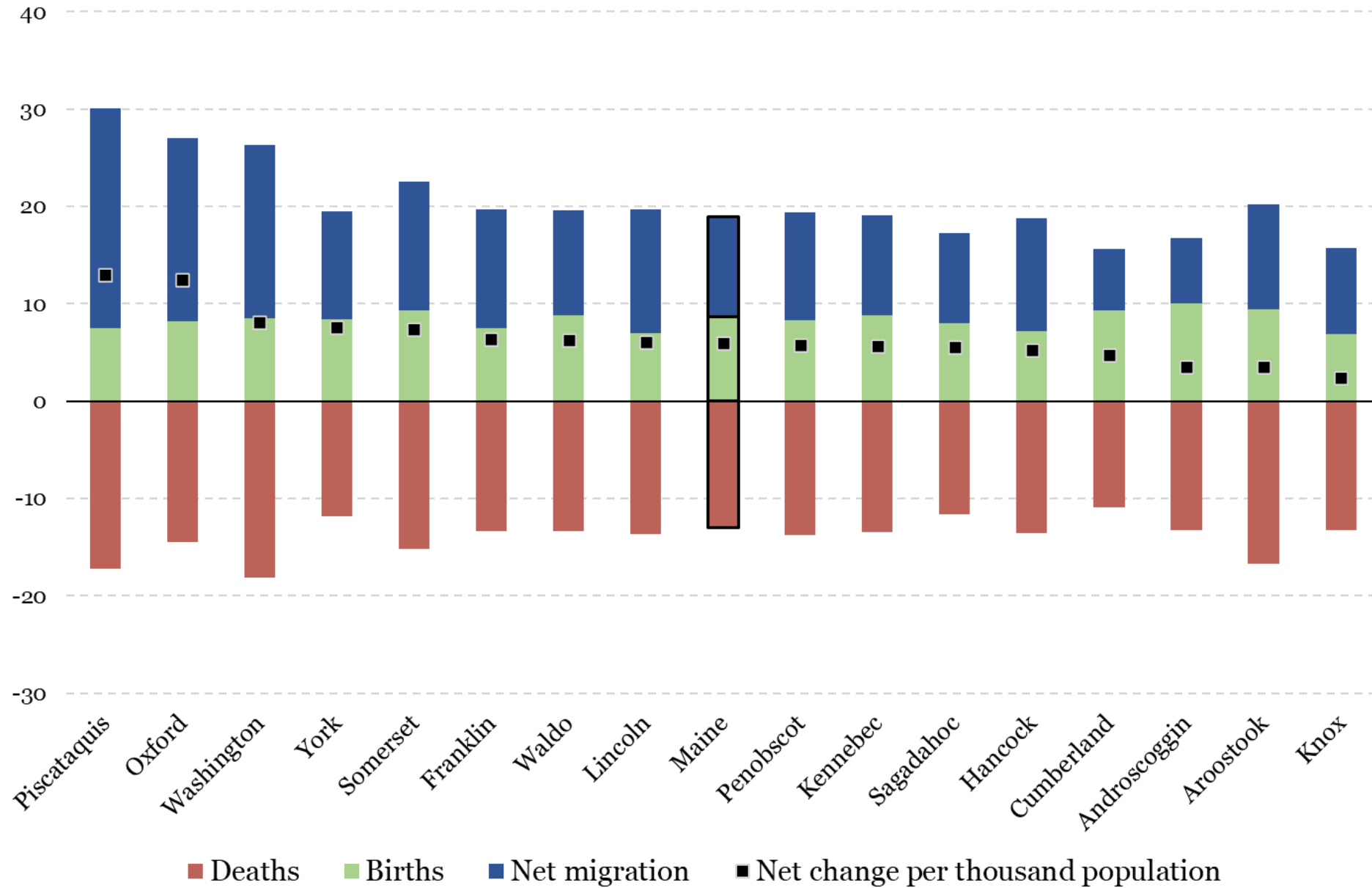
2023 net migration =  
8.2 per thousand  
(9<sup>th</sup> in U.S.)



Source: U.S. Census Bureau, Population Estimates Program, 2023 vintage

# Components of Population Change in Maine, 2022

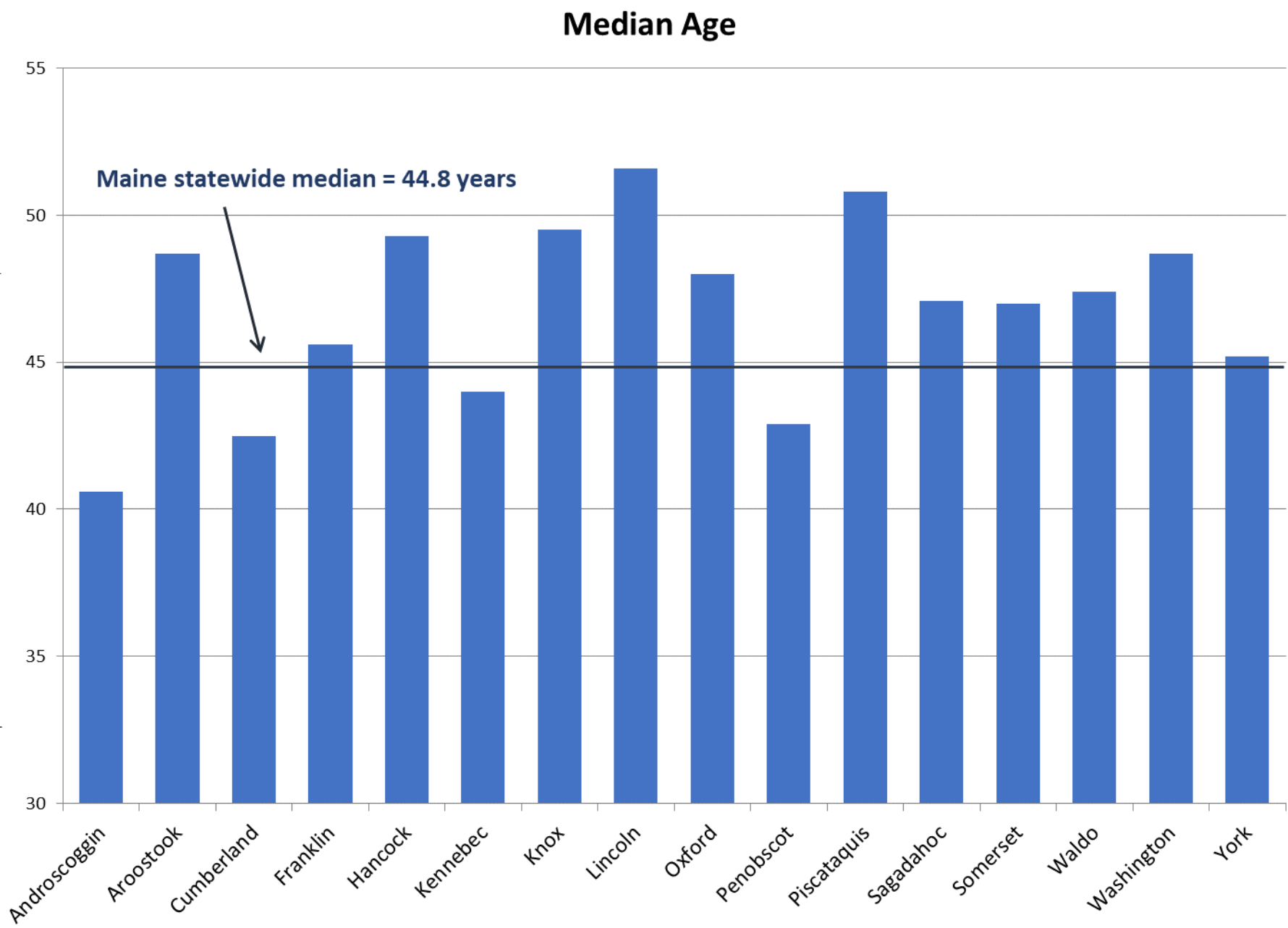
## Rate per thousand population



Maine has the oldest population...  
...by median age  
(44.8 years)  
...and by % of population  
age 65+ (22.5%)

**BUT!**

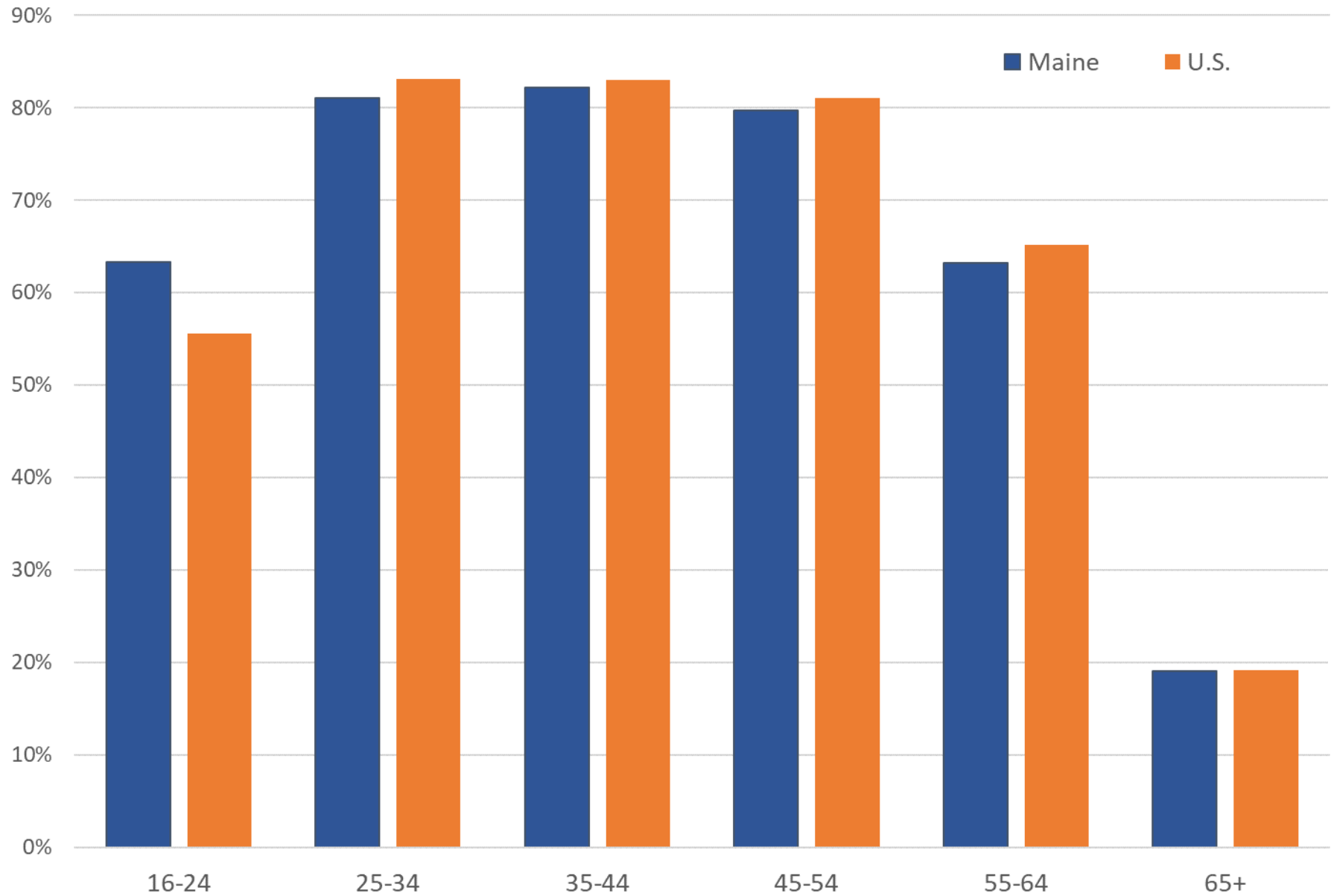
Maine was one of only  
two states to see a  
decrease in median age  
from 2020 to 2021...  
  
...and was one of only  
four states to not see an  
increase from 2021 to  
2022



## Maine Civilian Labor Force



2022 Labor Force Participation Rate



November 2023 LFPR

U.S. = 62.8%

Maine = 59.0%

If the age distribution of Maine’s population was the same as the U.S., our overall labor force participation rate would be about the same as the U.S.

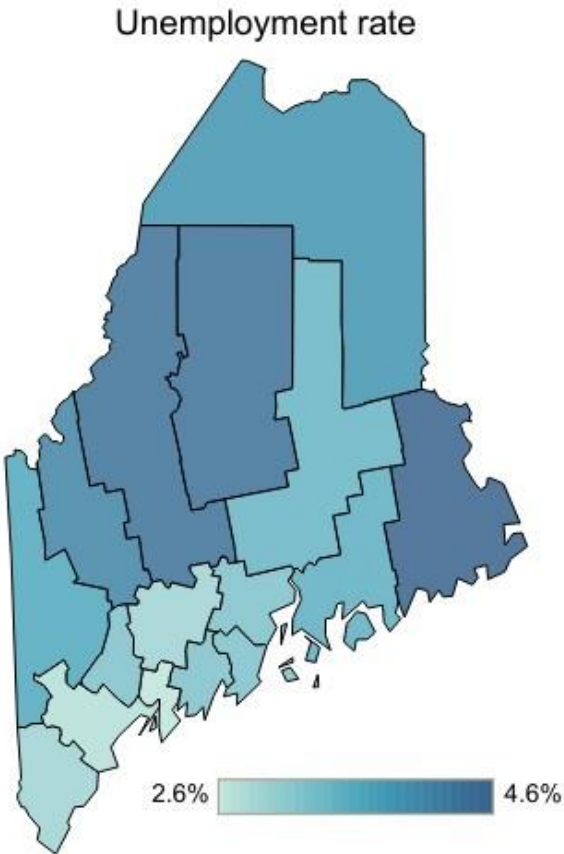
# Maine’s 3.0% unemployment rate in November 2023 was close to recent record lows, with the slight rise coming from an increase in labor force participation, and was below the U.S. rate of 3.7%

## County Rates (not seasonally adjusted)

November, 2023

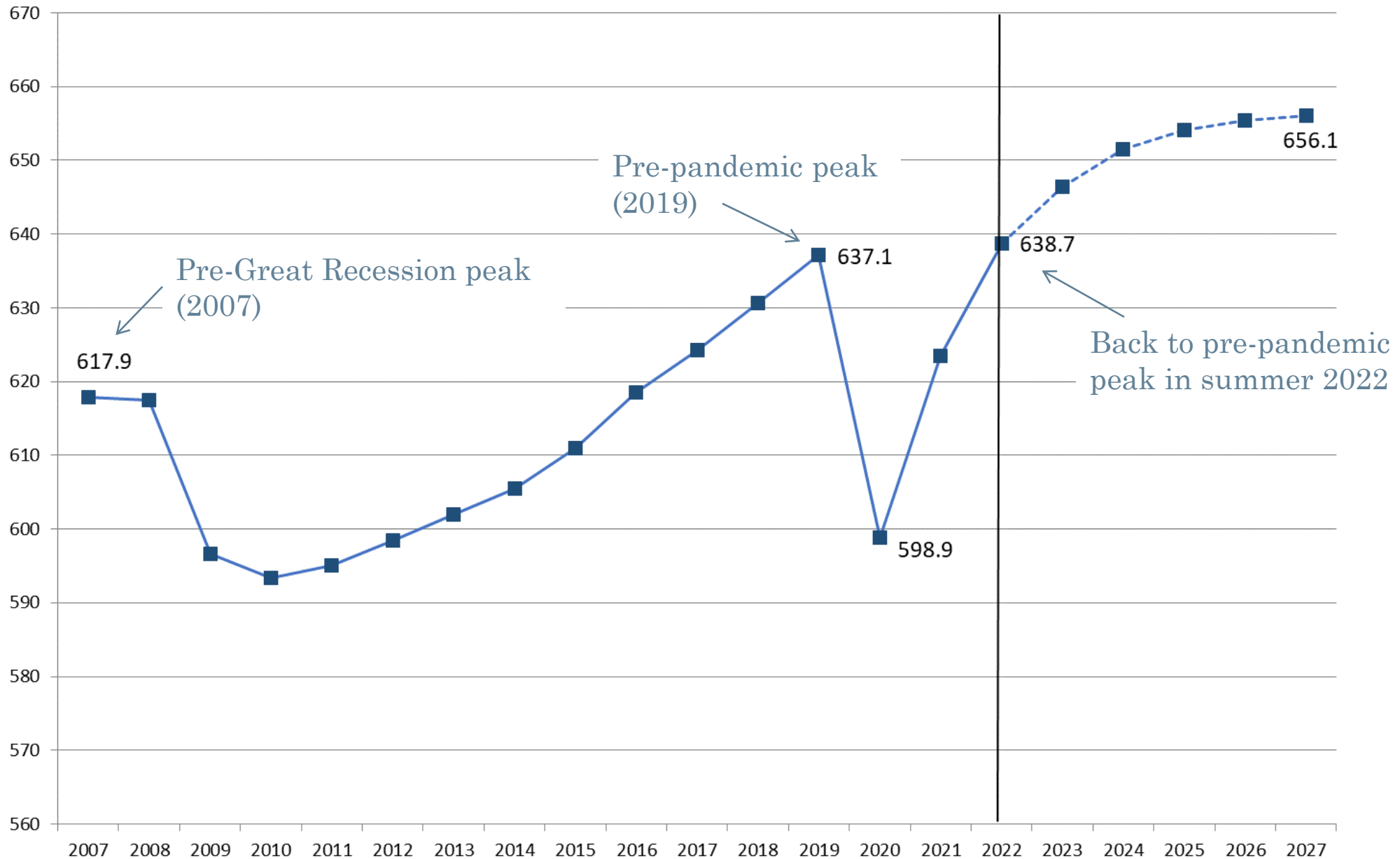
County	Rate	Year ago	One-yr change
Maine	3.2%	2.9%	0.3
Androscoggin	3.2%	3.0%	0.2
Aroostook	3.9%	3.8%	0.1
Cumberland	2.7%	2.4%	0.3
Franklin	4.1%	3.6%	0.5
Hancock	3.5%	3.4%	0.1
Kennebec	2.9%	2.7%	0.2
Knox	3.2%	3.0%	0.2
Lincoln	3.2%	3.0%	0.2
Oxford	3.6%	3.3%	0.3
Penobscot	3.4%	2.9%	0.5
Piscataquis	4.4%	3.6%	0.8
Sagadahoc	2.6%	2.3%	0.3
Somerset	4.4%	4.1%	0.3
Waldo	3.2%	2.9%	0.3
Washington	4.6%	3.7%	0.9
York	2.9%	2.6%	0.3

- ☒ Table
- ☐ Graph
- Map/Graph Display
- ☒ Unemployment rate
- ☐ One-year change

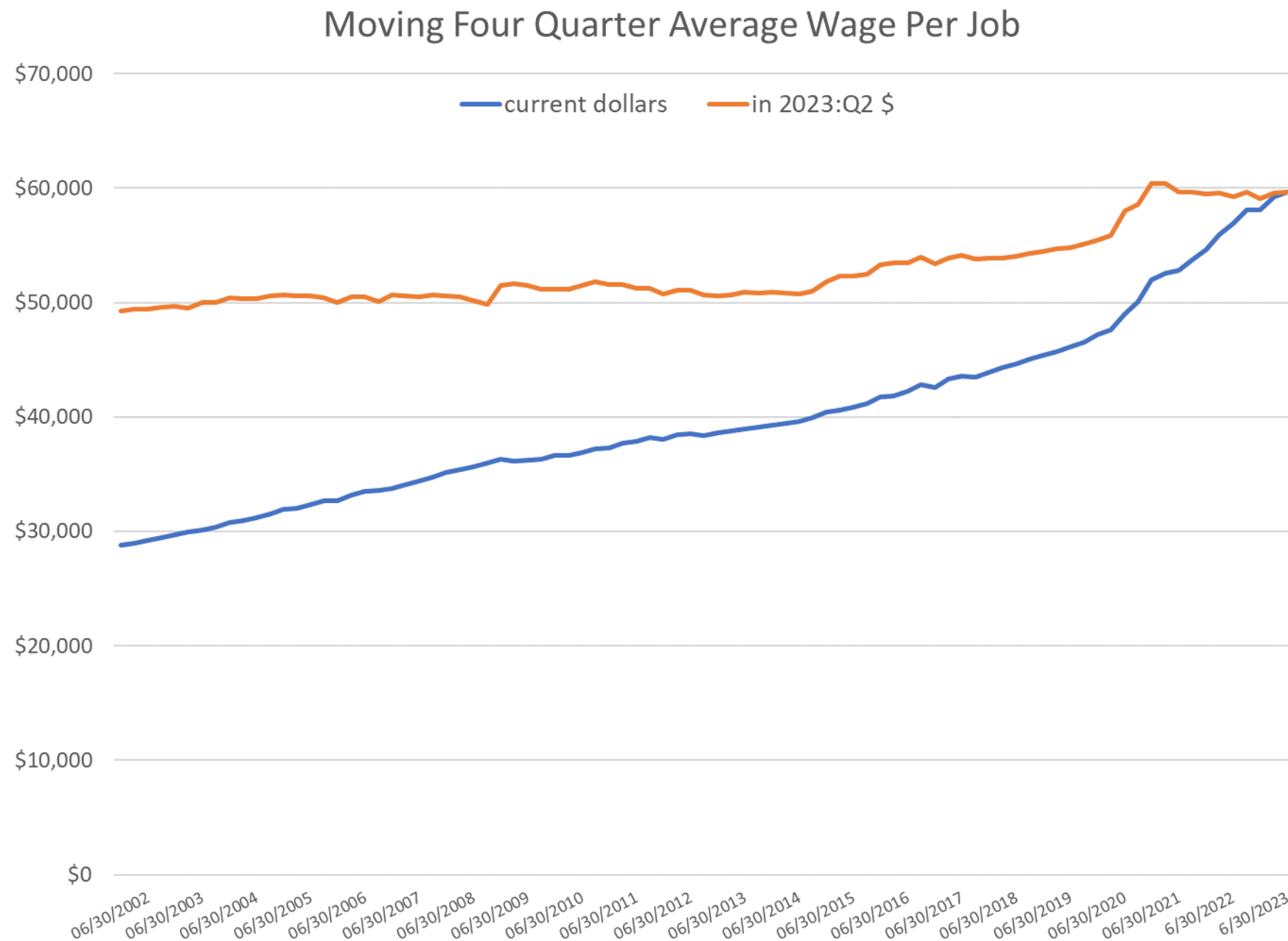




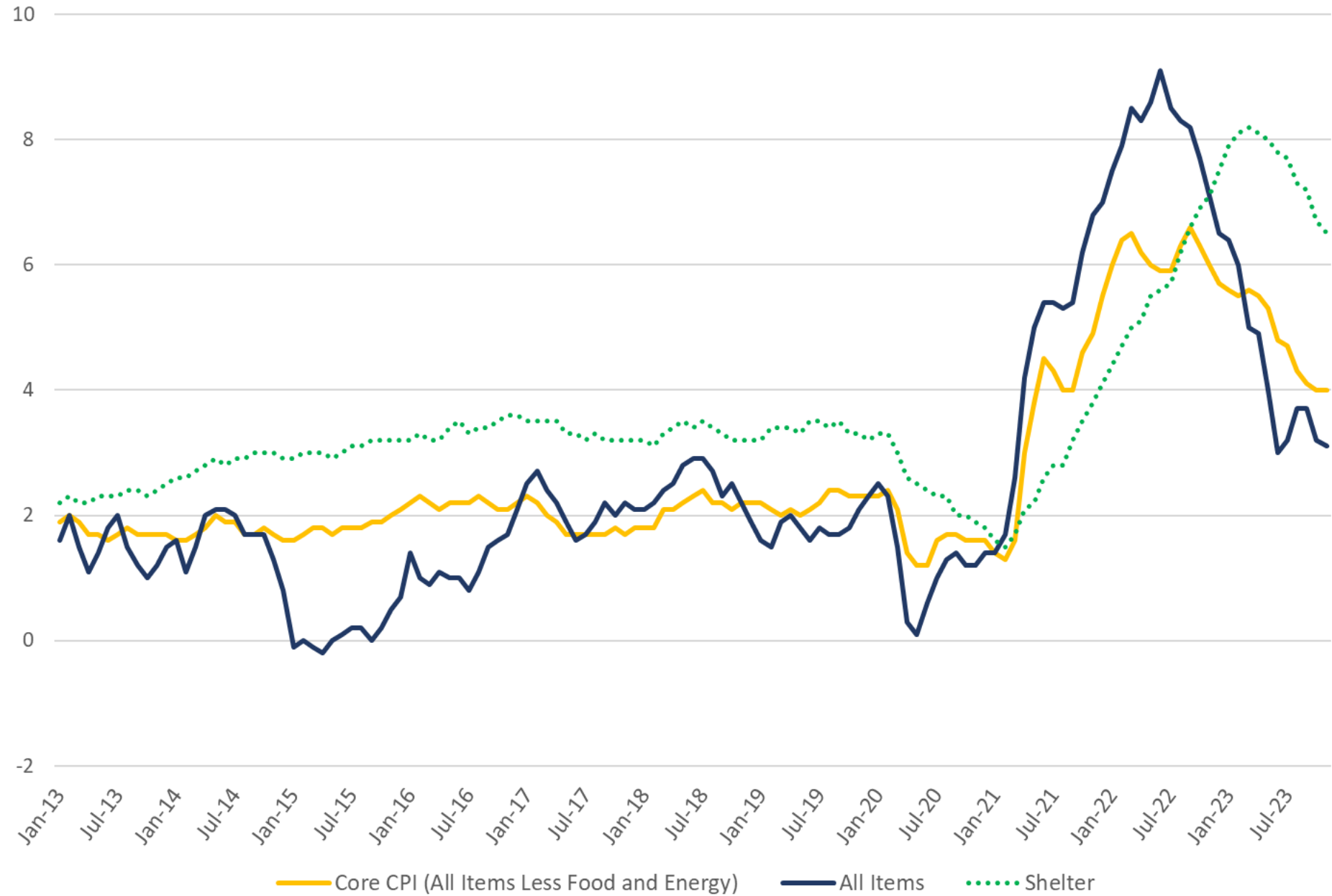
## Total Nonfarm Employment (in thousands) History and CEFC forecast



Wages increased sharply during the first part of the pandemic, but higher inflation has flattened out recent gains



Year-over-year percent change in Consumer Price Index



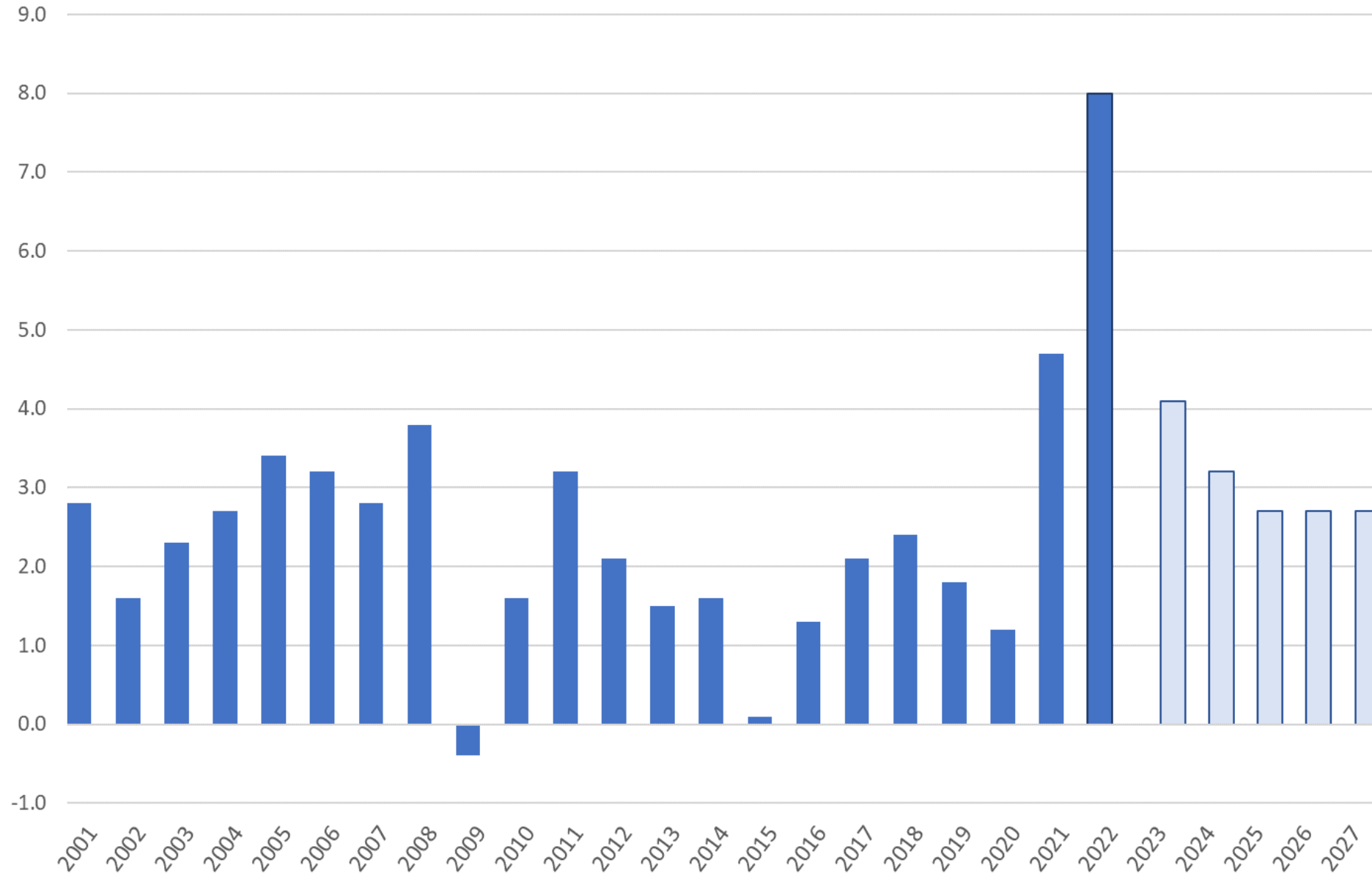
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

What does  
this mean  
for interest  
rates?

Current target range:  
5.25% to 5.5%

Median projection for 2024 from  
December 2023 Federal Open  
Market Committee statement  
was 4.6%, implying 3-4 decreases  
of 25 basis points this year

## Year-over-year percent change in Consumer Price Index; 2001-2022 historical and 2023-2027 forecast



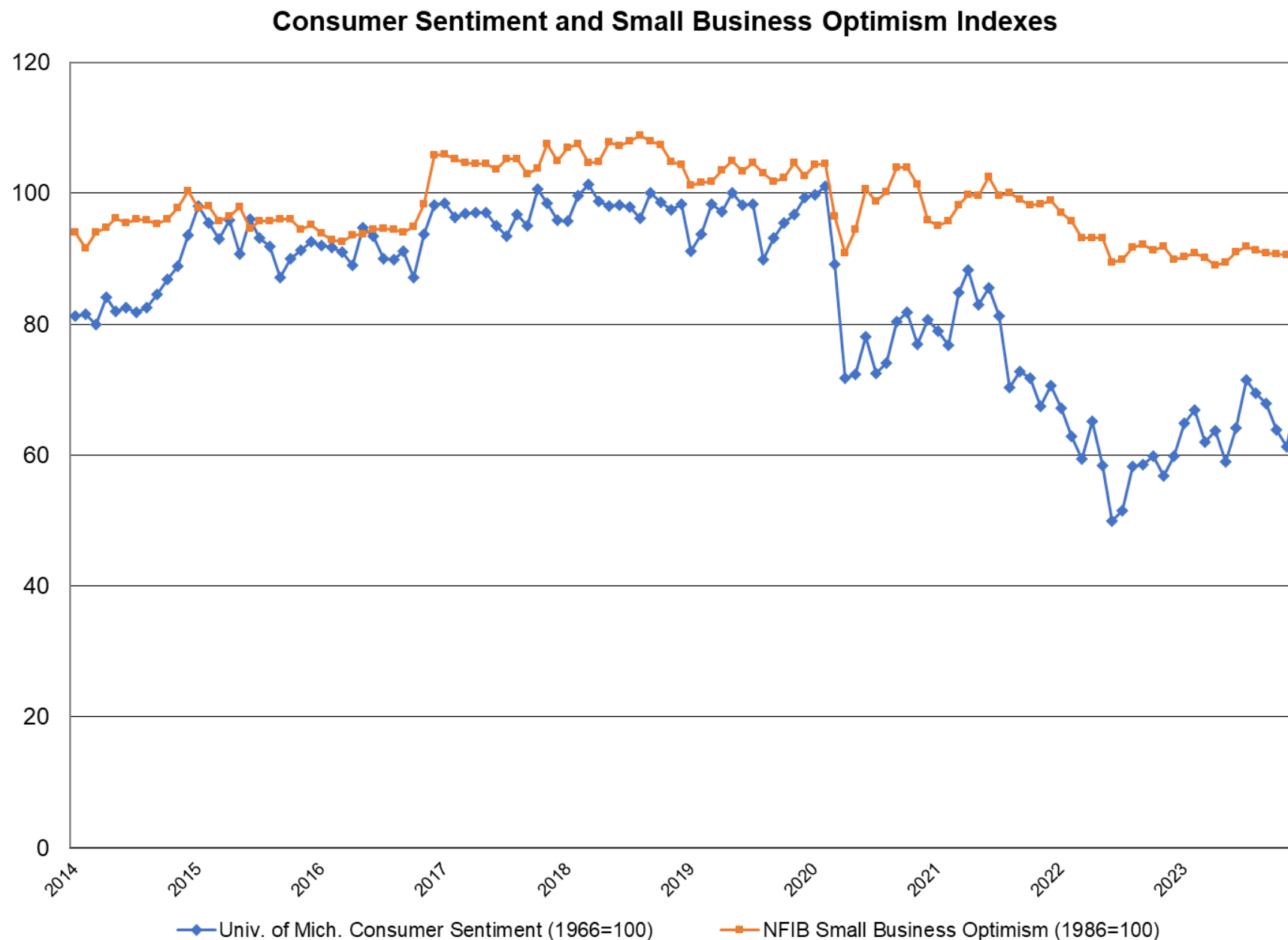
Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted);  
CEFC report, November 1, 2023

Weekly Brent Spot Price - Dollars per Barrel



Inflation and lack of available workers have been contributors to the lack of gains in small business optimism over the past two years

Consumer sentiment improved 14% in December 2023 based on more optimistic views of inflation trends



## Select key assumptions from November 2023 CEFC report (emphasis added)

- There is an unequal distribution of supply and demand in the labor market. Demand for labor is high, supply is low, and unemployment rates are near historic lows in Maine and nationwide. Workers are experiencing higher wage growth, particularly for lower wage jobs. Some demographic trends, including a growing share of the population reaching retirement age, will continue to constrain labor supply. However, the Commission is optimistic that Maine will continue to see higher in-migration of working-age people in the coming years that will be more than sufficient to offset retirements in the forecast period despite constraints in the housing market.
- Large, federally funded infrastructure programs, including the Bipartisan Infrastructure Law (BIL) and Maine Jobs and Recovery Plan (MJRP), will lead to significant investments in Maine, with potential impacts on local job markets. In addition to funds from the MJRP, it is estimated that there will be at least \$2.5 billion from the BIL invested in Maine's infrastructure over the next few years, with much of the implementation beginning in 2024.



# Things to keep in mind:

- Will we see continued migration into Maine? 2023 was a return to more normal patterns of migration nationally and we still saw growth, which is encouraging
- Housing remains one of the key factors for ongoing population growth and labor force/employment growth – mortgage rates have started to decline and many efforts are underway to increase availability and affordability, but it will still take time for everything to stabilize
- As inflation continues to ease, the Federal Reserve is likely to start cutting rates – how many times and when will they start?
- There is still economic uncertainty, especially with geopolitical upheaval, the resumption of student loan payments, and ongoing federal budget challenges
- Maine has a robust Budget Stabilization Fund (\$969.5 million – the statutory maximum) and spending from pandemic-era infusion of federal funds (e.g. MJRP, BIL) is still ongoing, which will help Maine weather a potential slowdown

# Contact Information

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