

# Economic Trends and the Outlook for Maine

SCORE Maine

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# Consensus Economic Forecasting Commission (CEFC)

November 2025 report

# Summary of key assumptions in November 2025 CEFC report

- **Maine continues to face significant economic uncertainty stemming from fiscal, geopolitical, and economic developments.**
- Tariff policies continue to change rapidly, contributing to the possibility of a global trade war and increasing risk for businesses.
- The federal government is in a period of fiscal austerity, compounded by the government shutdown that began October 1, increasing uncertainty around ongoing federal funding. Maine's economy will be impacted by any reduction of federal funds and the multiplier effects of those reductions, particularly cuts to programs such as Medicaid (MaineCare) and the Affordable Care Act.
- Inflation remains elevated above target levels and is likely to face ongoing upward pressure from tariffs, while consumer sentiment has weakened.
- Because of our state's demographics and close relationship with Canada, Maine may be particularly vulnerable to changes in federal funding and tariff policy.

# Trade and tariffs

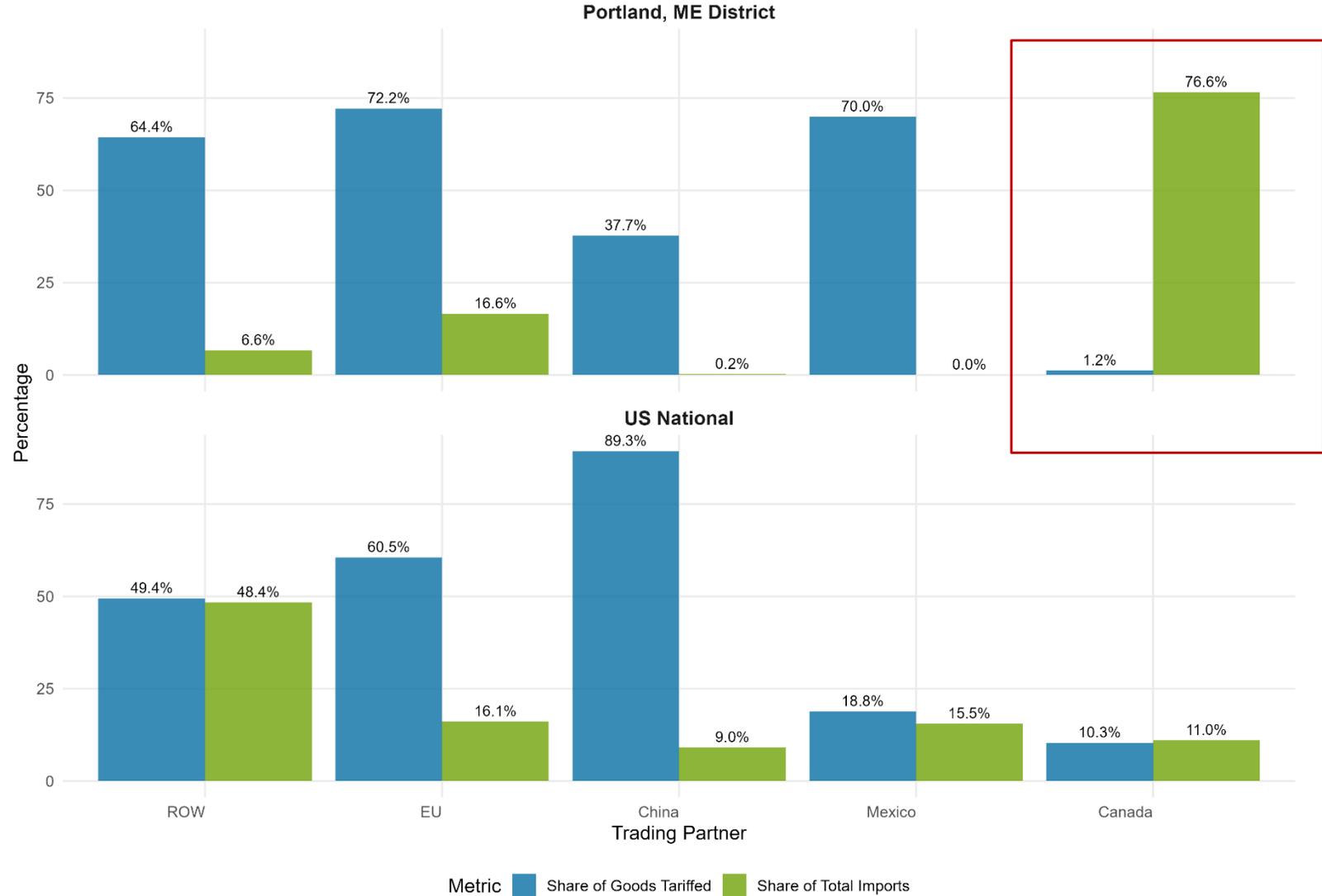
# High-Level Summary of U.S. Tariffs and Trade Measures

Target	Rate	Products/Sectors	Key Exemptions and Notes
China	20% broad	All imports Steel/aluminum	90-day reductions available  10/30 – de-escalation, US cutting “fentanyl” tariffs (20%-10%), bringing new tariffs imposed on China down to 20%
Canada	10% energy/potash 35% general	Energy, potash General imports	USMCA-compliant trade remains duty-free  35% is up from 25%
Mexico	25% all imports	All products	USMCA-compliant trade remains duty-free
Auto Sector (Global)	25% base 10% UK (first 100K) 15% EU	All automobiles Auto parts	US content exempted Parts discount through April 2027
Steel & Aluminum	50% general 0% UK	All steel/aluminum Derivative products	UK fully exempted Expanded to derivatives in June 2025
Copper	50%	Copper imports	Excludes refined copper and ore
General minimum	10% minimum	All countries except China, Canada, and Mexico	Exempts: steel, aluminum, autos, copper, pharma, semiconductors, energy, critical minerals

For the Portland, ME District the story (in terms of the *direct* impact of tariffs) is all about maintaining favorable Canada trade relations.

But of course, we're also affected by indirect impacts of tariffs.

Comparing Tariff Share vs Import Volume  
Latest Period: July 2025



## Other tariff impacts

Uncertainty in trade policies (like tariffs) contributes to an unsettled economic environment and higher risk

Intermediate goods are about half of total U.S. imports – tariffs on these products impact domestic manufacturers

Sector-specific tariffs may have a greater impact on certain industries: e.g. aluminum, steel, and softwood lumber on construction

## Canada-U.S. relations

Tense relations between U.S. and Canada has impacted the Maine tourism sector and retail industry as Canadian visitors avoid travel to the U.S.

Passenger vehicle border crossings are down by about 27% in August 2025 vs August 2024; crossings have been persistently lower since February 2025

Impacts are likely to be most felt at a local level in communities with higher concentrations of Canadian visitors

- Direct spending was down 3.5%, reflecting the national trend of visitors being more price conscious
- Decrease in overall visitation was primarily from day trippers (who typically don't spend as much as overnight visitors)
- Fewer Canadian visitors than 2024
  - 3pp lower (4% vs 7%) share of summer visitation

# SEASONAL SNAPSHOT

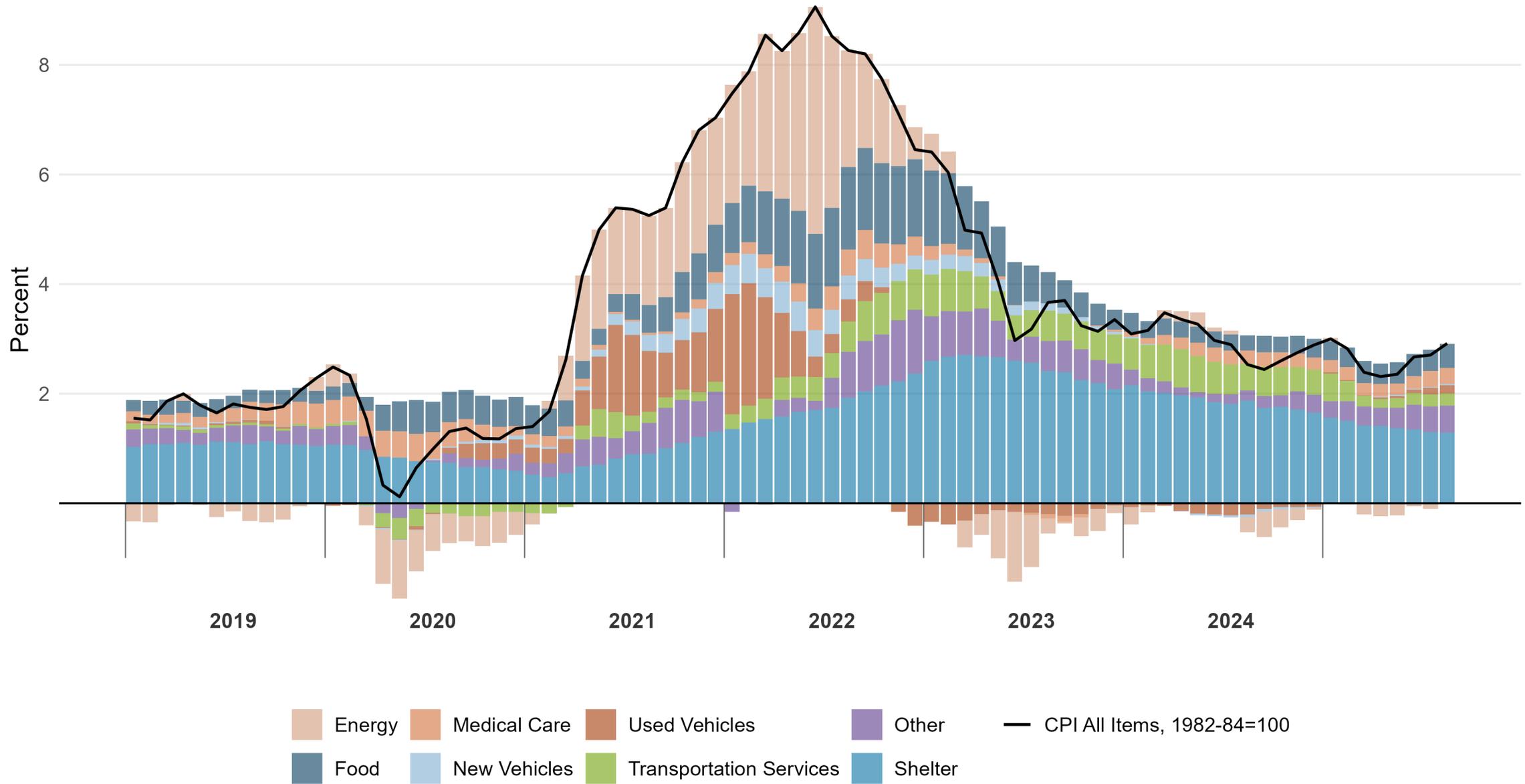


	35,606,400	7,293,400	\$4,991,454,900
	VISITOR DAYS	TOTAL VISITORS	DIRECT SPENDING
vs. 2024	- 0.4%	- 6.0%	- 3.5%

- Compared to last year, more visitors relied on advice from their friends/family to help plan their trip (+6% pts)
- More visitors considered and visited other New England states for this same trip (+6% pts, respectively)
- More visitors recalled seeing travel stories, advertising, or promotions for Maine in the past 6 months (+7% pts)
- The proportion of visitors who are residents of Maine and traveling to another region increased +7% pts
- Compared to last year, there were fewer Canadian visitors (-3% pts)
- Compared to last year, more visitors explored more than one region of Maine on their trip (+4% pts)

# Inflation and consumer sentiment

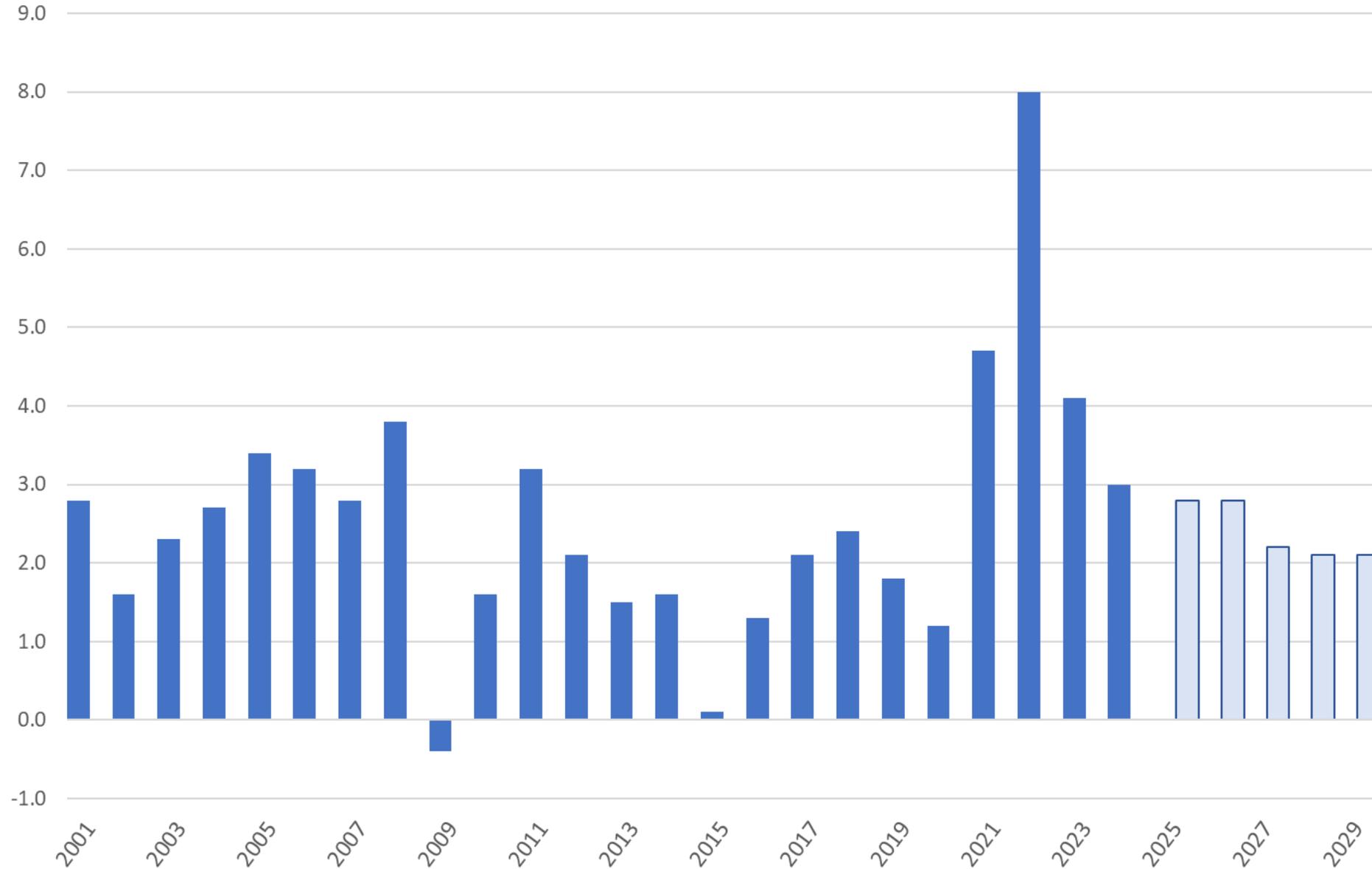
# Percentage Point Contribution to Year-Over-Year Percent Change in CPI



Source: US Bureau of Labor Statistics & Calculations by OSE Staff

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

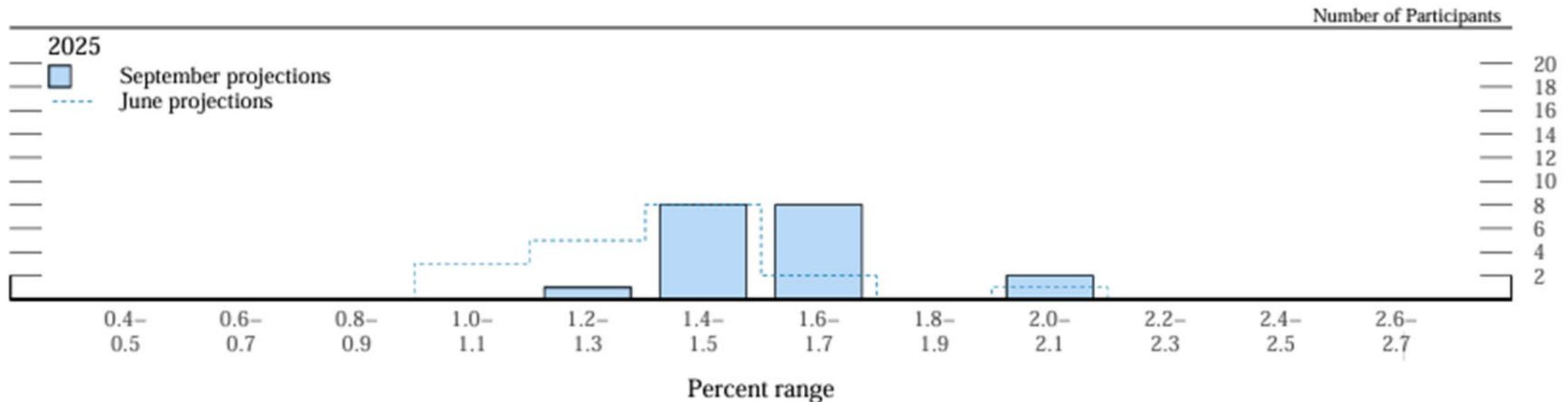
## Year-over-year percent change in Consumer Price Index; 2001-2024 historical and 2025-2029 forecast



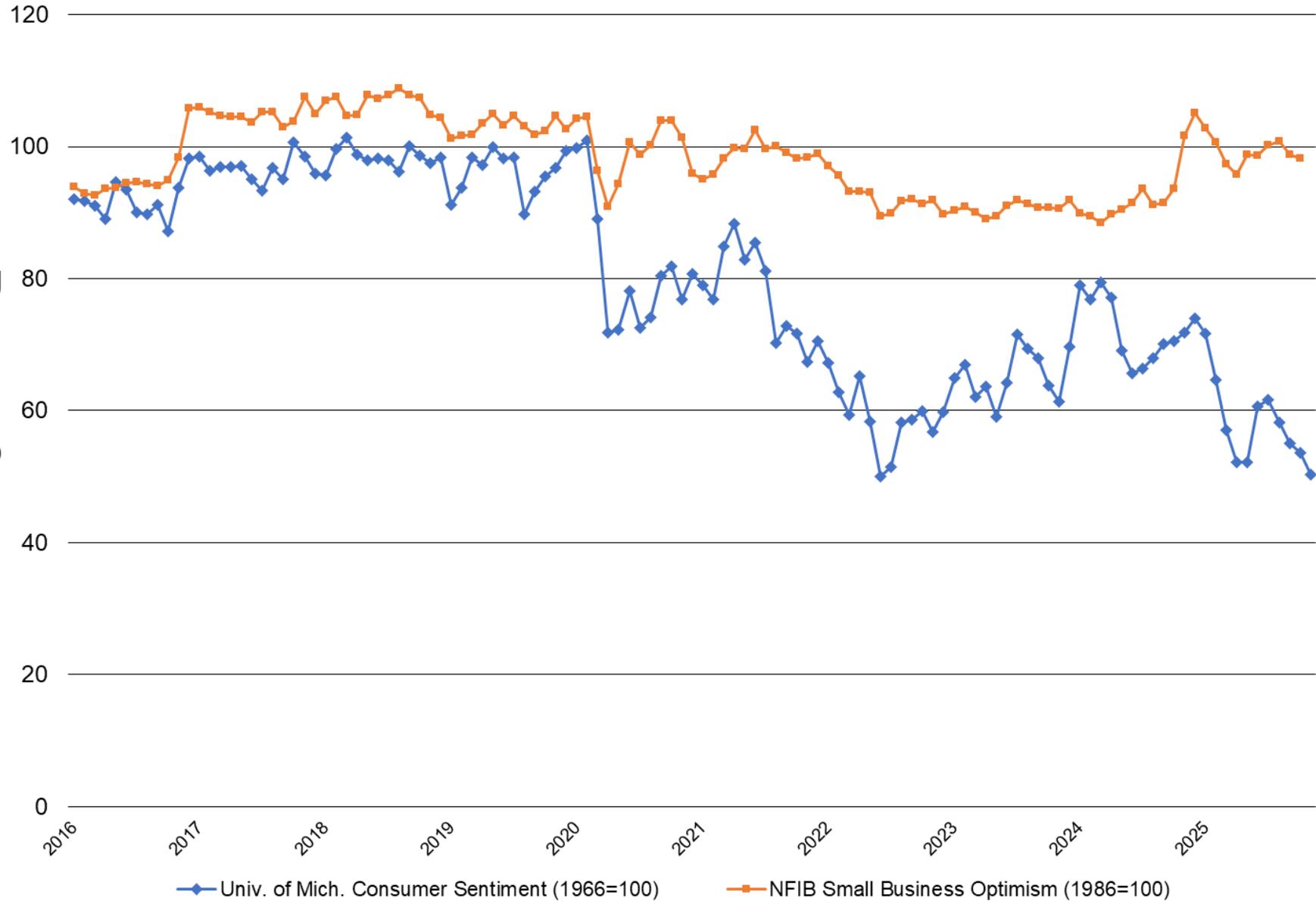
Current FOMC target range (as of Oct.):  
3.75% to 4.00%

Median projection for 2025 from Sept. 2025 Federal Open Market Committee statement was 3.6%

Distribution of participants' projections for the change in real GDP



## Consumer Sentiment and Small Business Optimism Indexes



Small business optimism was just above the 52-year average of 98 in October. 60% reported that supply chain disruptions were affecting their business.

Consumer sentiment has been highly responsive to inflation expectations this year; November saw a decline across all groups except consumers with larger stock holdings

# Federal spending

# Federal funding has become more uncertain and unstable since the start of the new administration

OBBBA adds \$9.1 trillion to federal deficit over 10 years (\$8.4 trillion to tax cuts); offsets \$5.6 trillion through changes to tax policies, Medicaid, SNAP, student loans

Inflation Reduction Act reductions/recissions around 17% of total, but additional cuts being made through executive actions

TCJA tax cuts made permanent and adjusted for inflation; CTC made permanent, increased, and adjusted for inflation; estate and gift tax exemption raised from \$5M to \$15M; temporary tax break for tips, overtime pay, car loan interest

In 2023, the State of Maine received \$4.3 billion in federal funds, with \$2.8 billion going to Medicaid; almost 400,000 Mainers are enrolled in MaineCare

Around 170,000 Mainers (including nearly 55,000 children) receive SNAP benefits

FY 2026 budget proposal keeps overall discretionary base spending level with 2025, but changes how some of that money is allocated

- Shifts \$119.3B from non-defense programs to defense programs
- Budget decreases for 11 cabinet departments (all but Defense, Homeland Security, Veterans Affairs, and Transportation)

Department	Proposed Decrease (Billions)
Commerce	-\$1.7
Treasury	-\$2.7
Justice	-\$2.7
Labor	-\$4.6
Energy	-\$4.7
Agriculture	-\$5.0
Interior	-\$5.1
Education	-\$12.0
Health and Human Services	-\$33.3
Housing and Urban Development	-\$33.6
State and International Programs	-\$49.1

## CBO estimate of impact on U.S. economy:

- The effects intensify the longer the shutdown persists
- Decline driven by:
  - Fewer services provided by federal workers
  - Federal spending on goods and services and SNAP benefits will be temporarily lower
  - Temporary reduction in aggregate demand will lower output in the private sector
- Real GDP will rebound when federal funding resumes with *most* of the forgone output made up in the future
- 6-week shutdown: -11 billion end of 2026
- 8-week shutdown: -14 billion end of 2026

## Estimated Economic Effects of the Government Shutdown Under Three Scenarios

	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
<b>Four-week shutdown</b>					
Effect on the annualized quarterly growth rate of real GDP (percentage points)	-1.0	1.4	-0.3	-0.1	*
Effect on real GDP (billions of 2025 dollars)	-18	9	2	1	**
Cumulative effect on real GDP (billions of 2025 dollars)	-18	-10	-7	-7	-7
<b>Six-week shutdown</b>					
Effect on the annualized quarterly growth rate of real GDP (percentage points)	-1.5	2.2	-0.5	-0.1	-0.1
Effect on real GDP (billions of 2025 dollars)	-28	13	4	1	**
Cumulative effect on real GDP (billions of 2025 dollars)	-28	-15	-11	-10	-11
<b>Eight-week shutdown</b>					
Effect on the annualized quarterly growth rate of real GDP (percentage points)	-2.0	3.1	-0.7	-0.2	-0.1
Effect on real GDP (billions of 2025 dollars)	-39	19	5	1	-1
Cumulative effect on real GDP (billions of 2025 dollars)	-39	-20	-15	-14	-14

Data source: Congressional Budget Office.

Real values have been adjusted to remove the effects of changes in prices and are shown at a (nonannualized) quarterly rate. The cumulative effect of the shutdown on real GDP is measured as the sum of the quarterly difference between each scenario's estimate of real GDP and what real GDP would have been in the absence of the shutdown.

GDP = gross domestic product; \* = between zero and -0.05 percentage points; \*\* = between -\$500 million (2025 dollars) and zero.

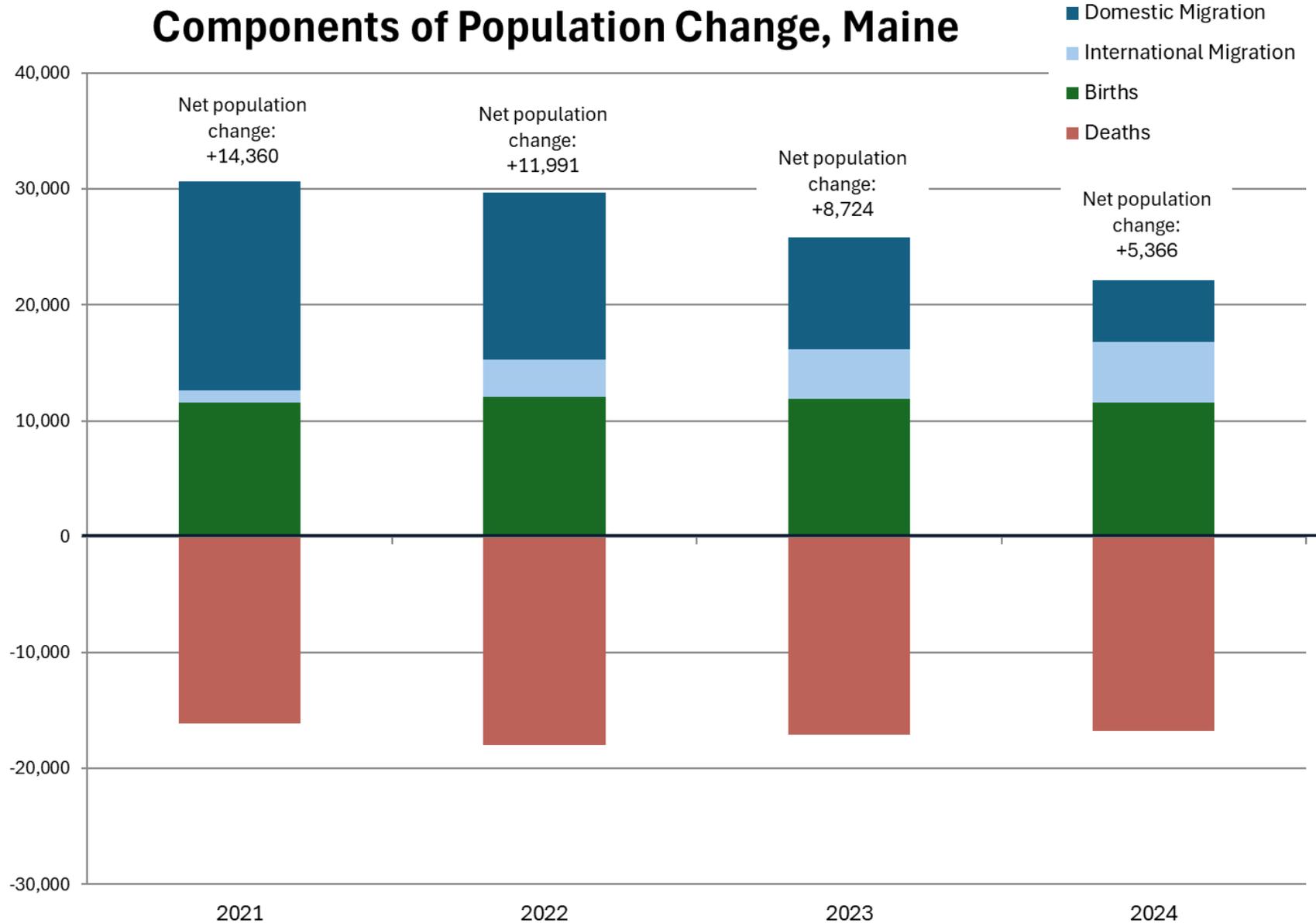
Population growth,  
migration, and  
employment

2024 Total Population:  
1,405,012

Population increase of  
3.1% from 2020-2024  
(17<sup>th</sup> in U.S.)

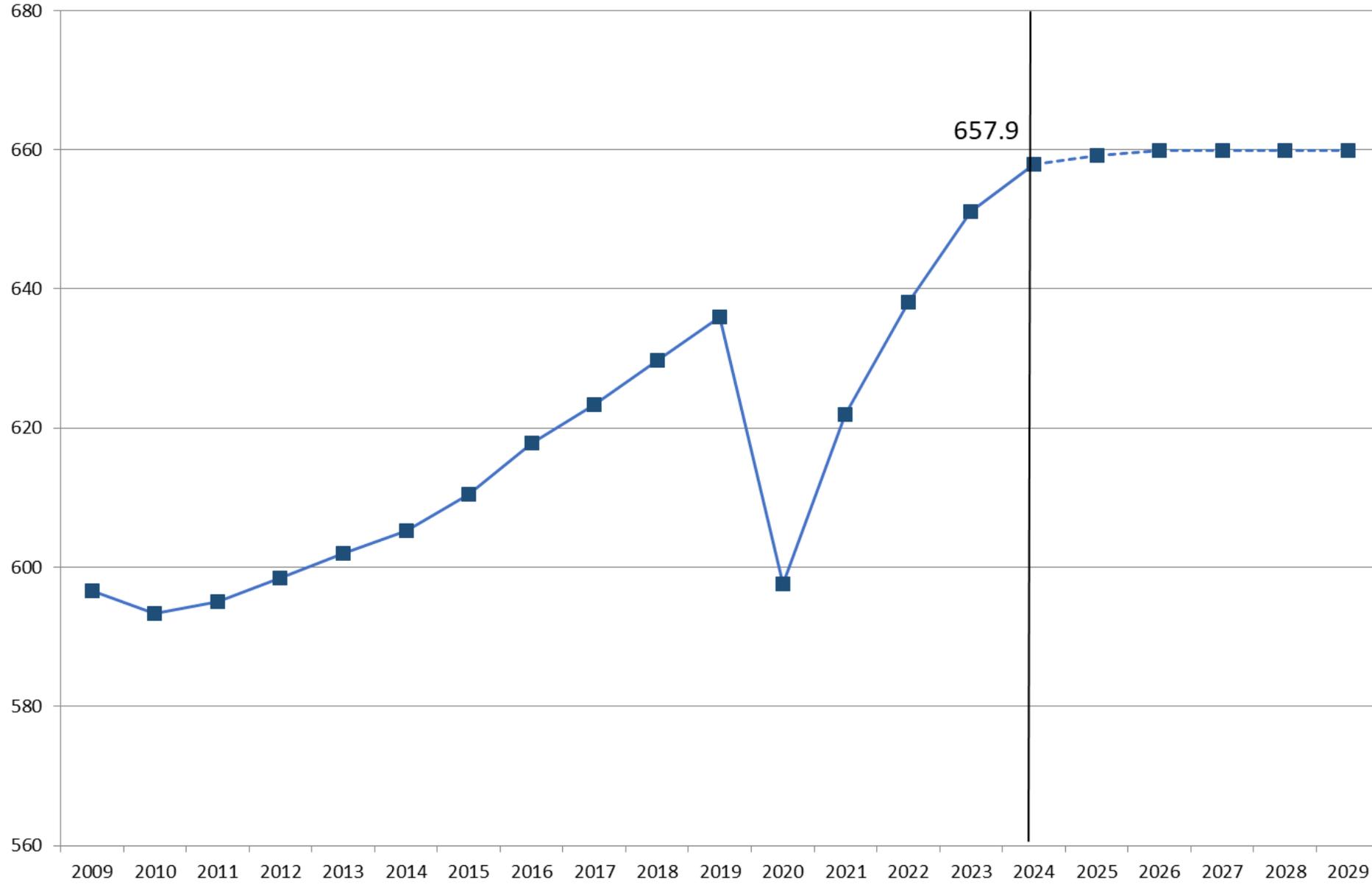
11<sup>th</sup> for net domestic  
migration and 41<sup>st</sup> for  
net international  
migration in 2024

## Components of Population Change, Maine



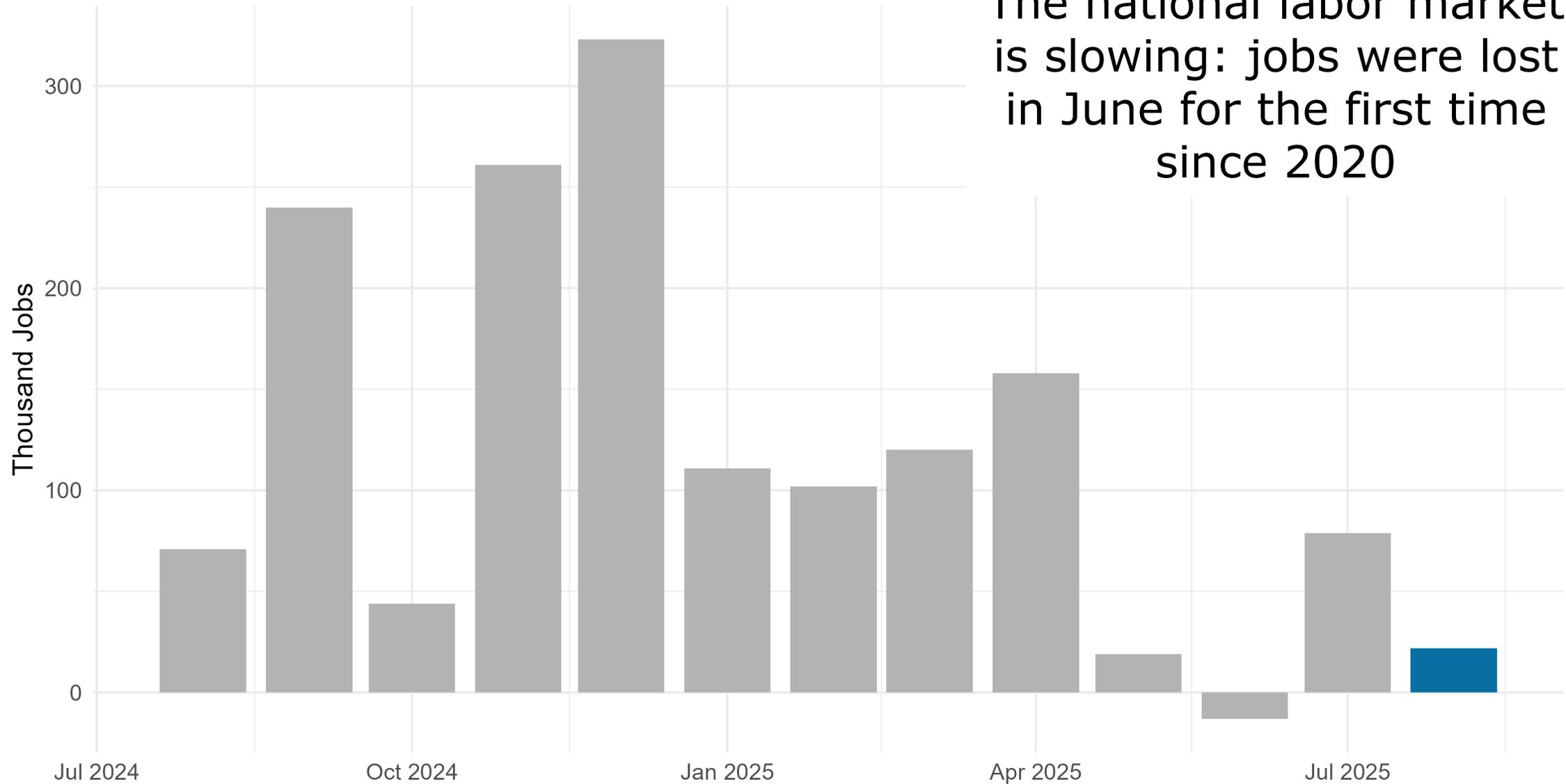
# Total Nonfarm Employment (in thousands)

## History and Consensus Economic Forecasting Commission forecast



## US Nonfarm Payroll Employment (Seasonally Adjusted)

Monthly Change in Jobs



The national labor market is slowing: jobs were lost in June for the first time since 2020

# Things to keep in mind:

- Economic uncertainty is extremely high, particularly related to federal policies on tariffs, immigration, and spending – impacts are hard to gauge in such a fluid policy environment
- Maine's economy will be impacted by federal policies, federal spending, and national economic trends
- Consumer sentiment and business optimism have been highly responsive to expectations of future inflation and general economic uncertainty

# Contact Information

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