

Workforce conditions through September 2014

Presented to the
Consensus Economic Forecasting Commission
October 24, 2014

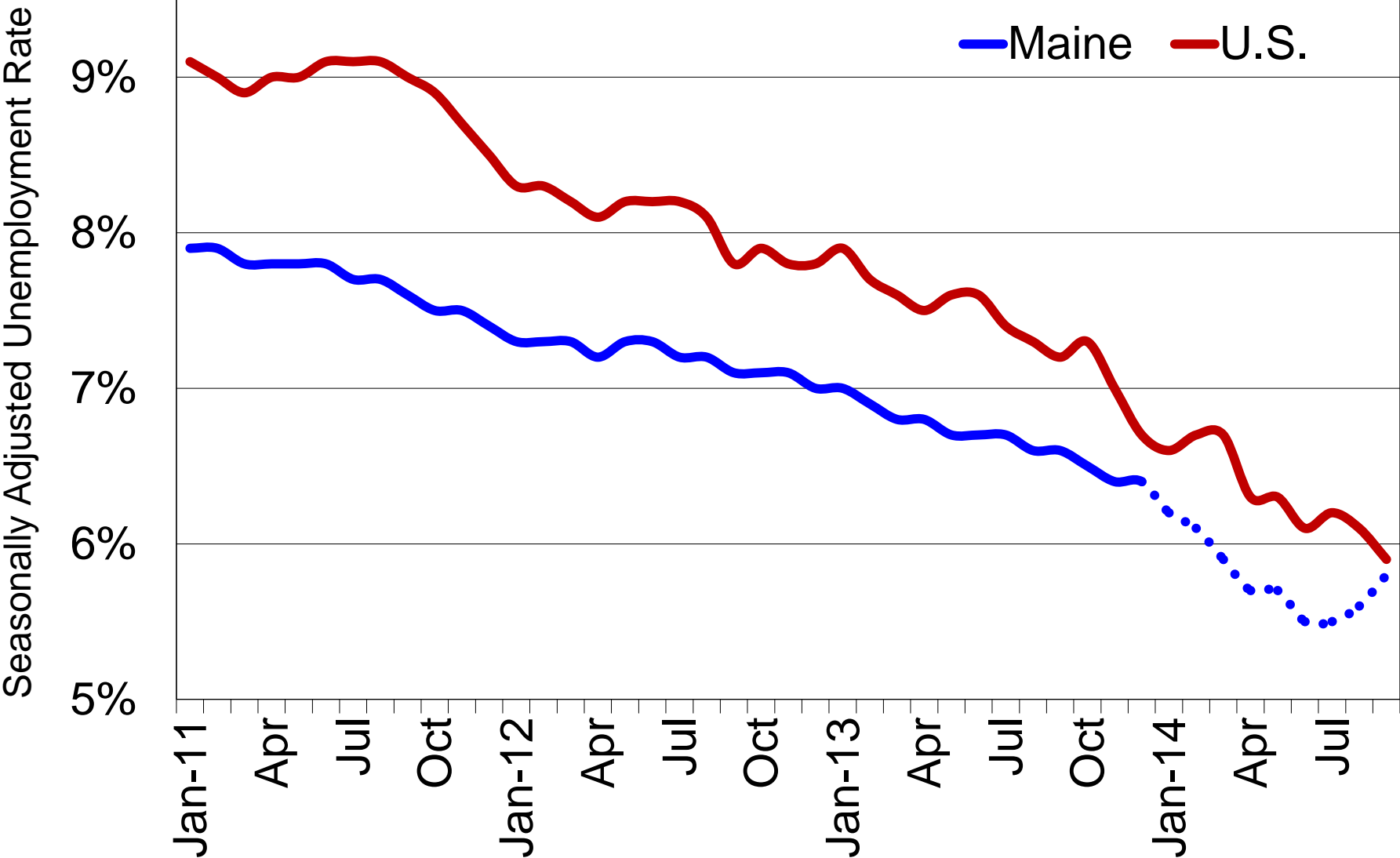
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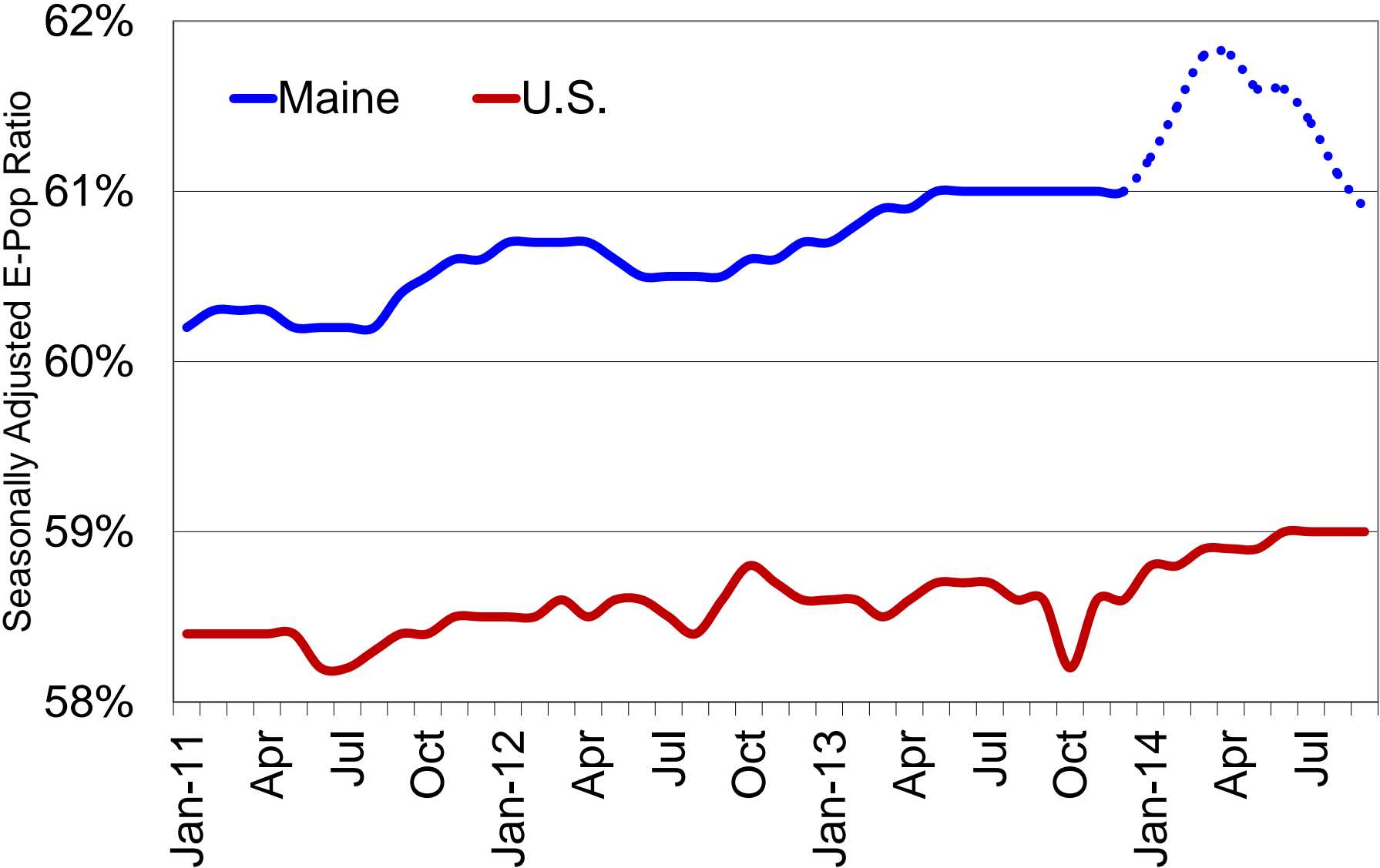
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Indications from the household survey

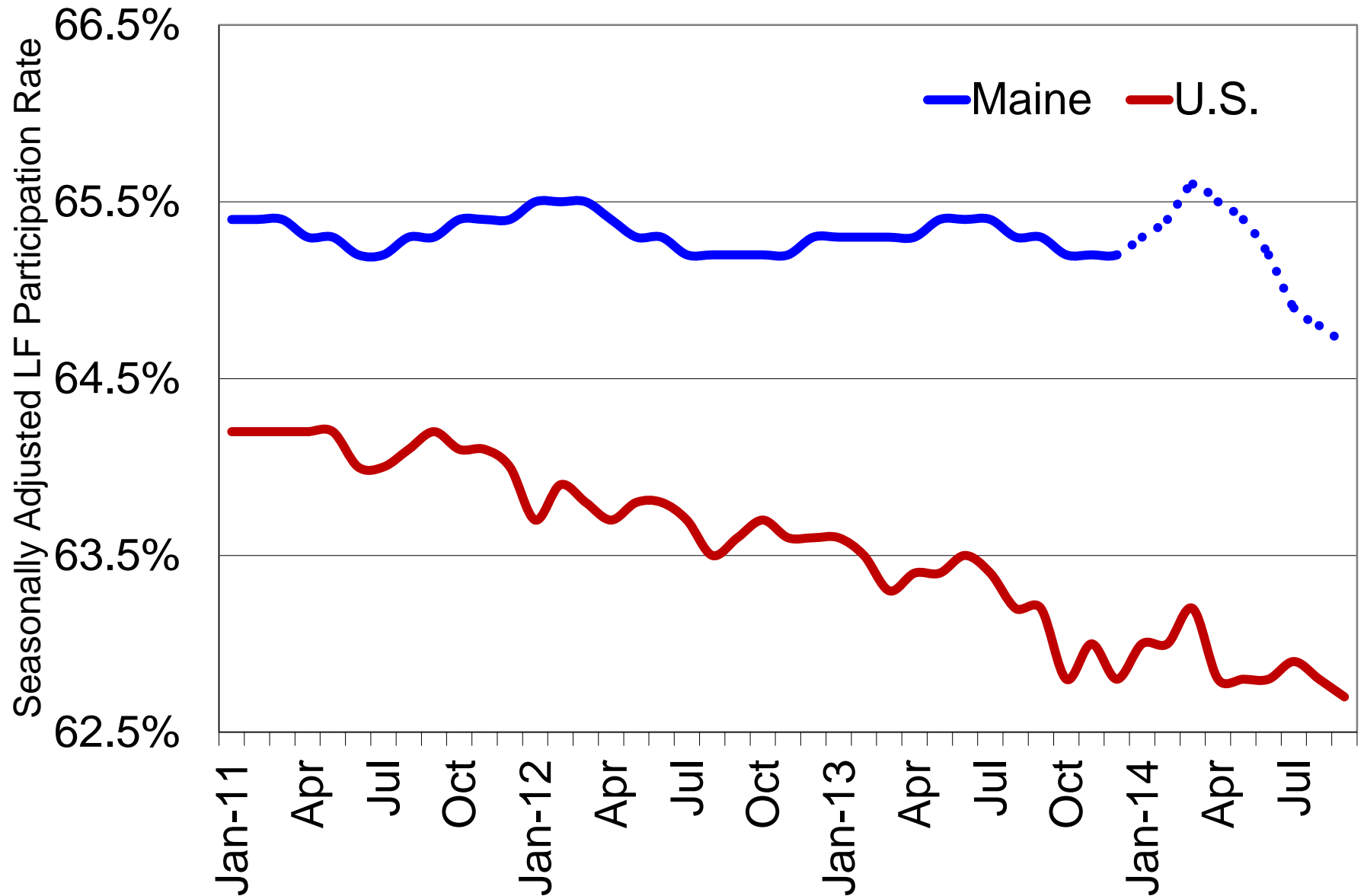
Maine's unemployment rate is up since summer...



...The employment to population ratio is down since Spring...

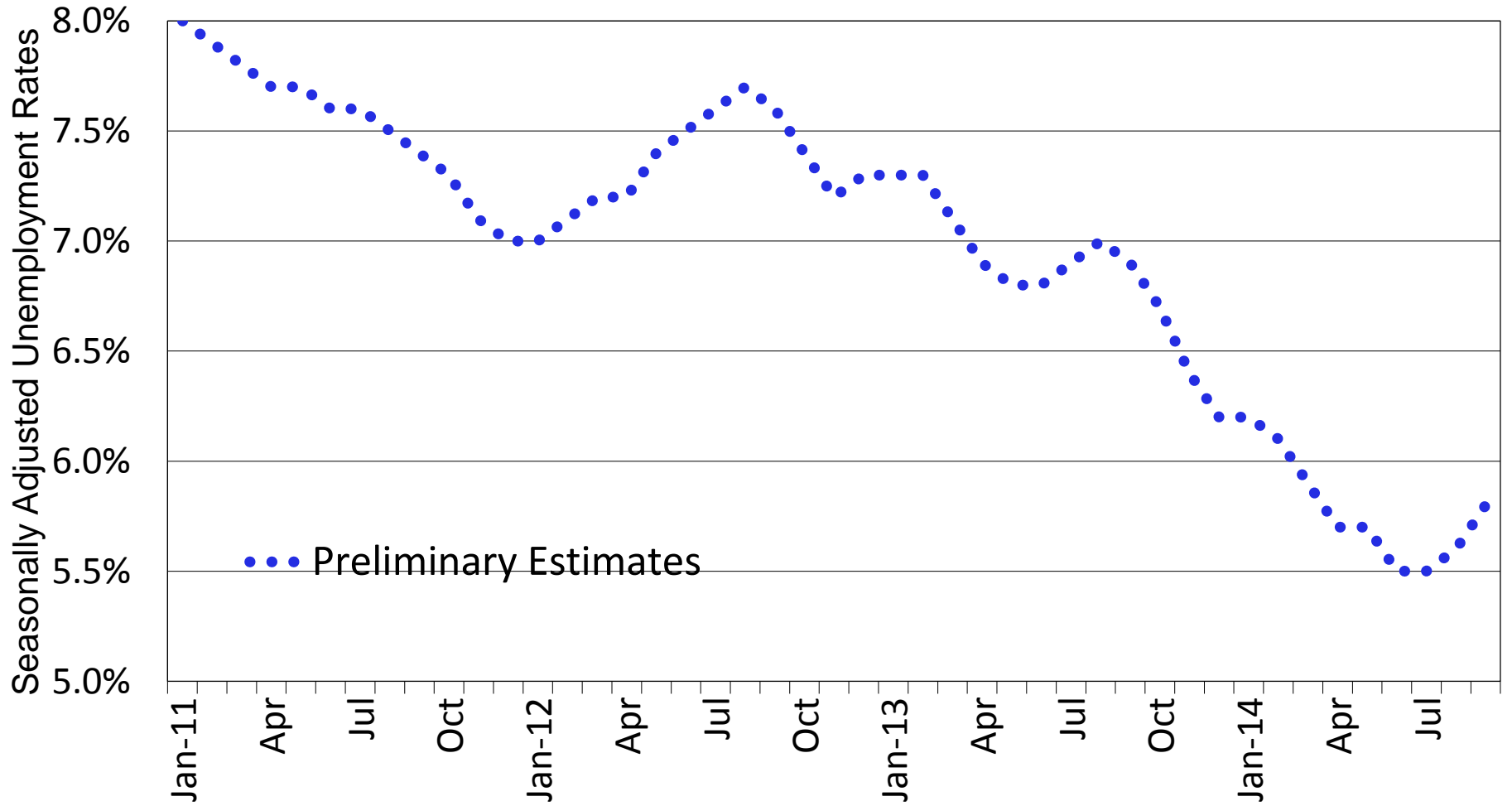


...And labor force participation is the lowest since 1988

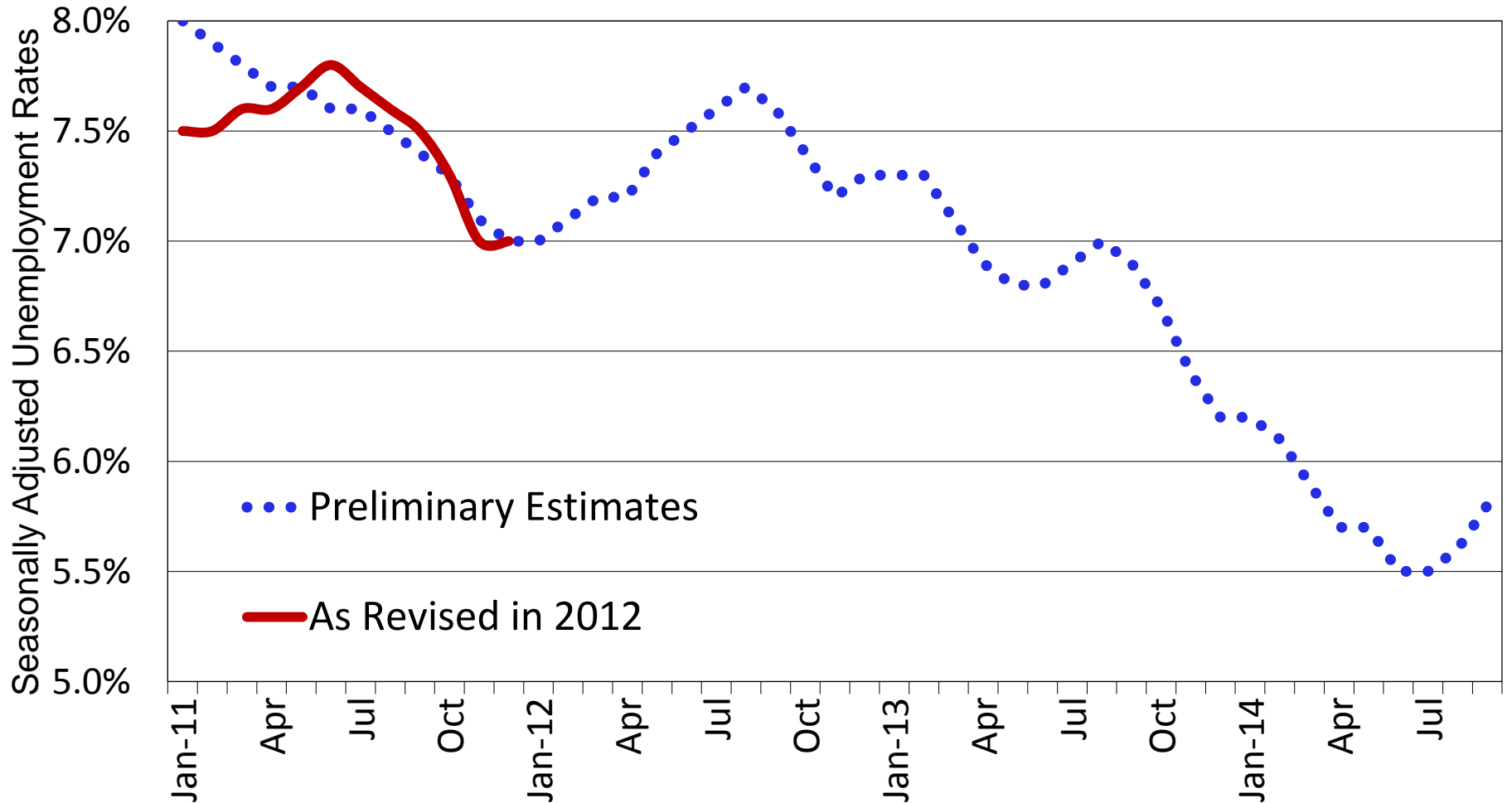


The Bureau of Labor Statistics uses smoothing techniques to prevent large movements from one month to the next. The downside is rates tend to move in a direction for several months and then change course, which can lead to false indications of improving or deteriorating conditions. Revisions over the course of several years eliminate those undulations.

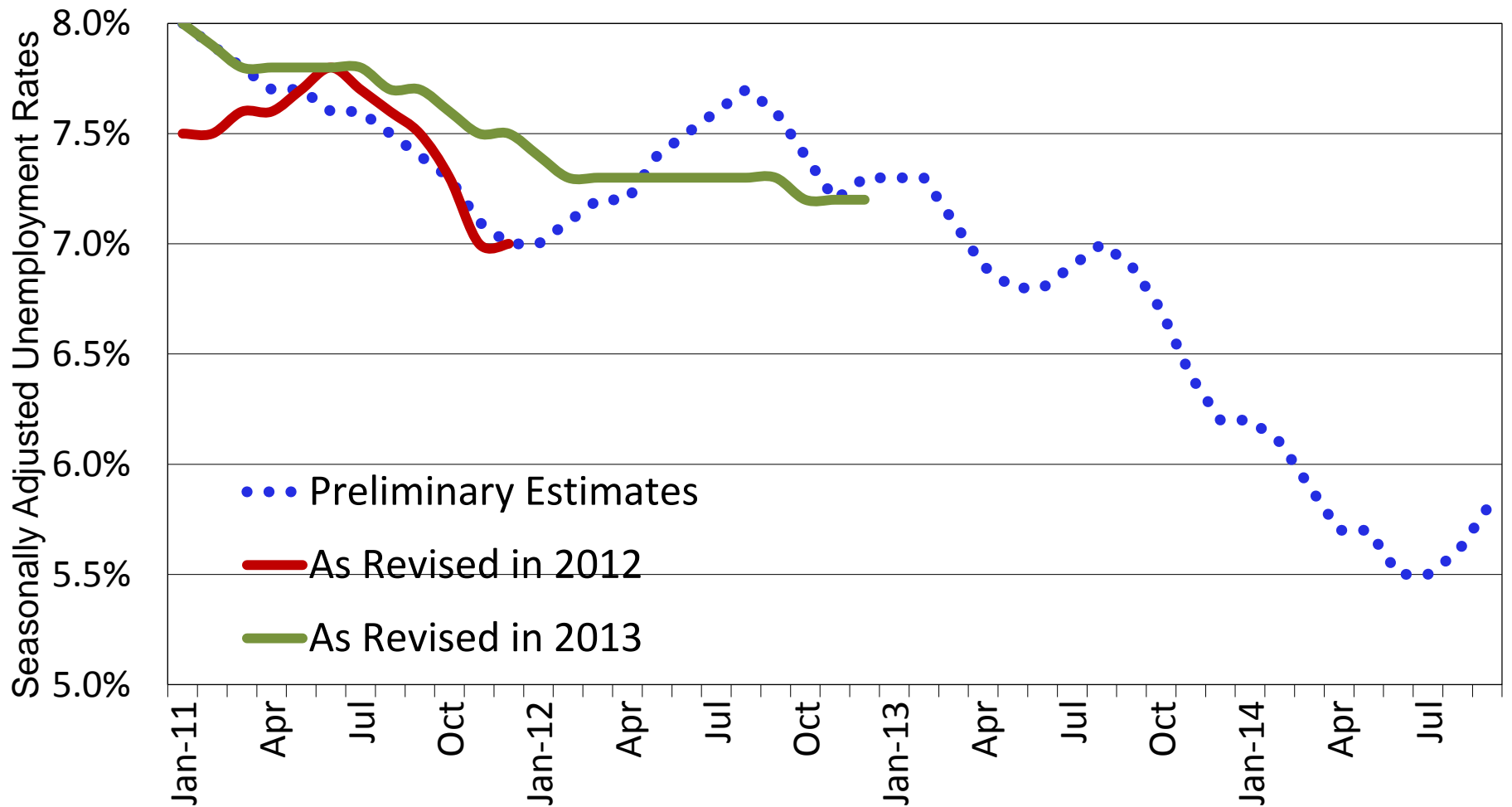
Preliminary unemployment rates undulate for months at a time. Annual revisions each March moderate those swings. Initial revisions are further revised in subsequent years, continuing to smooth rates.



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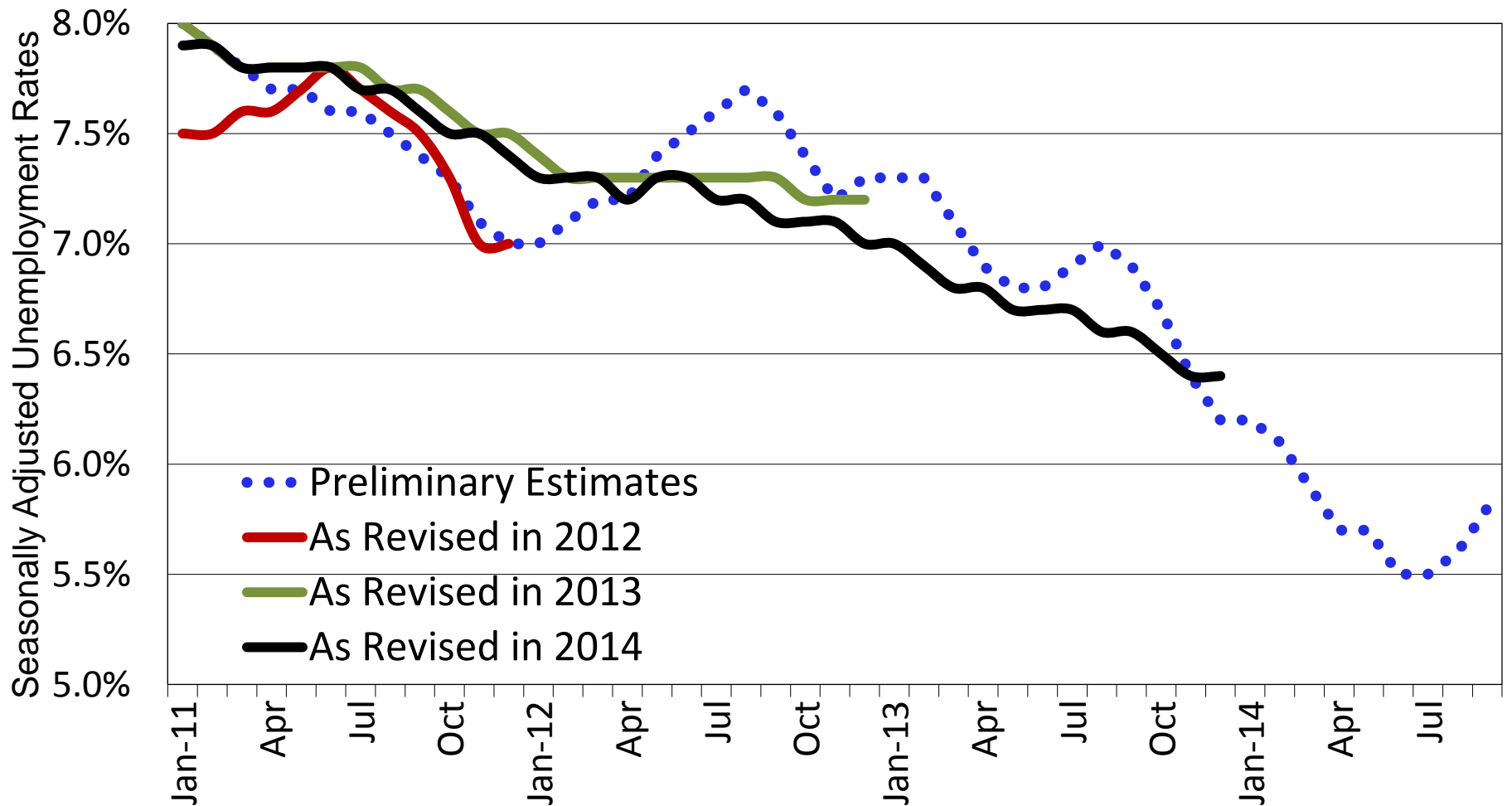


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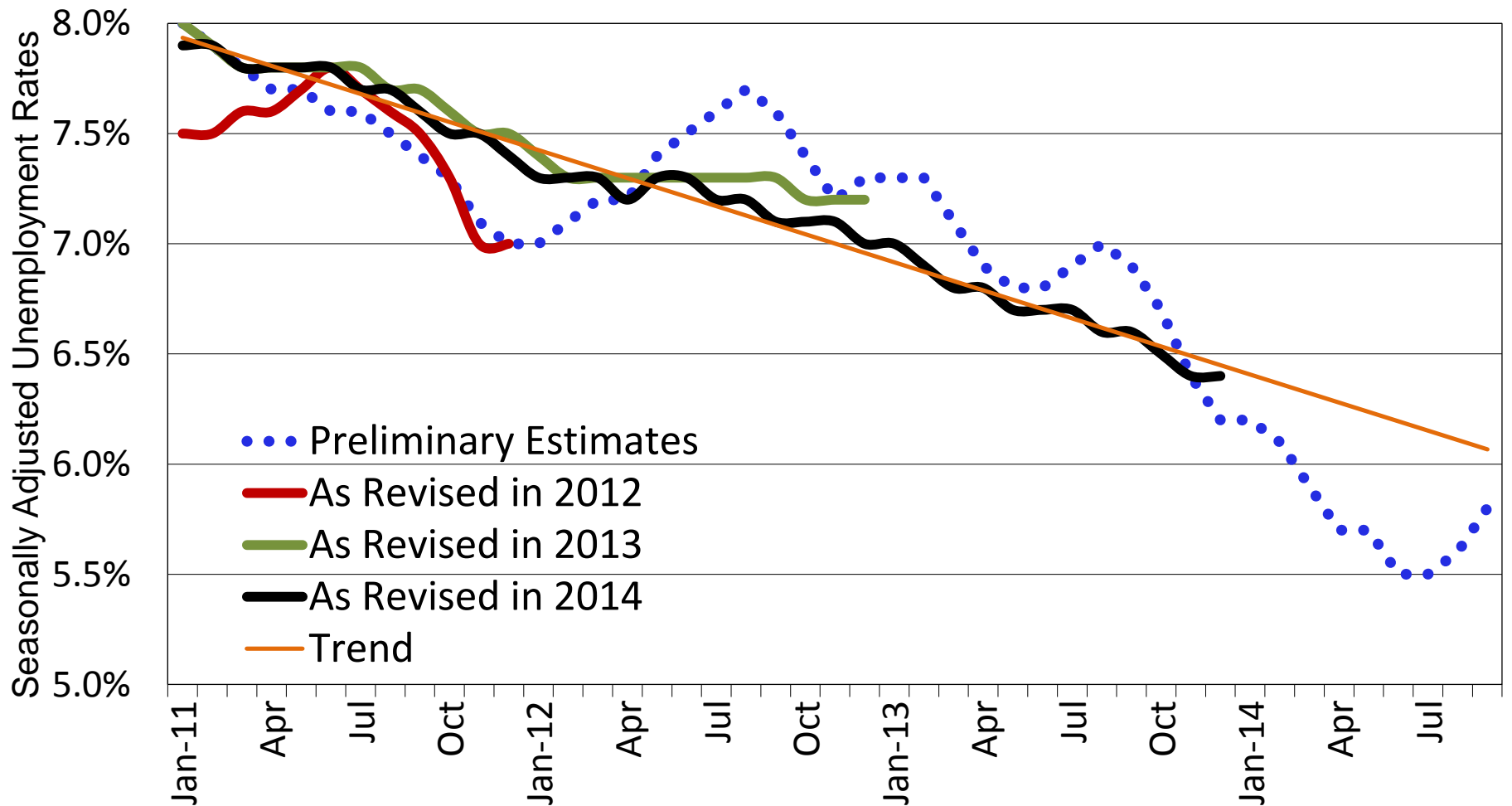


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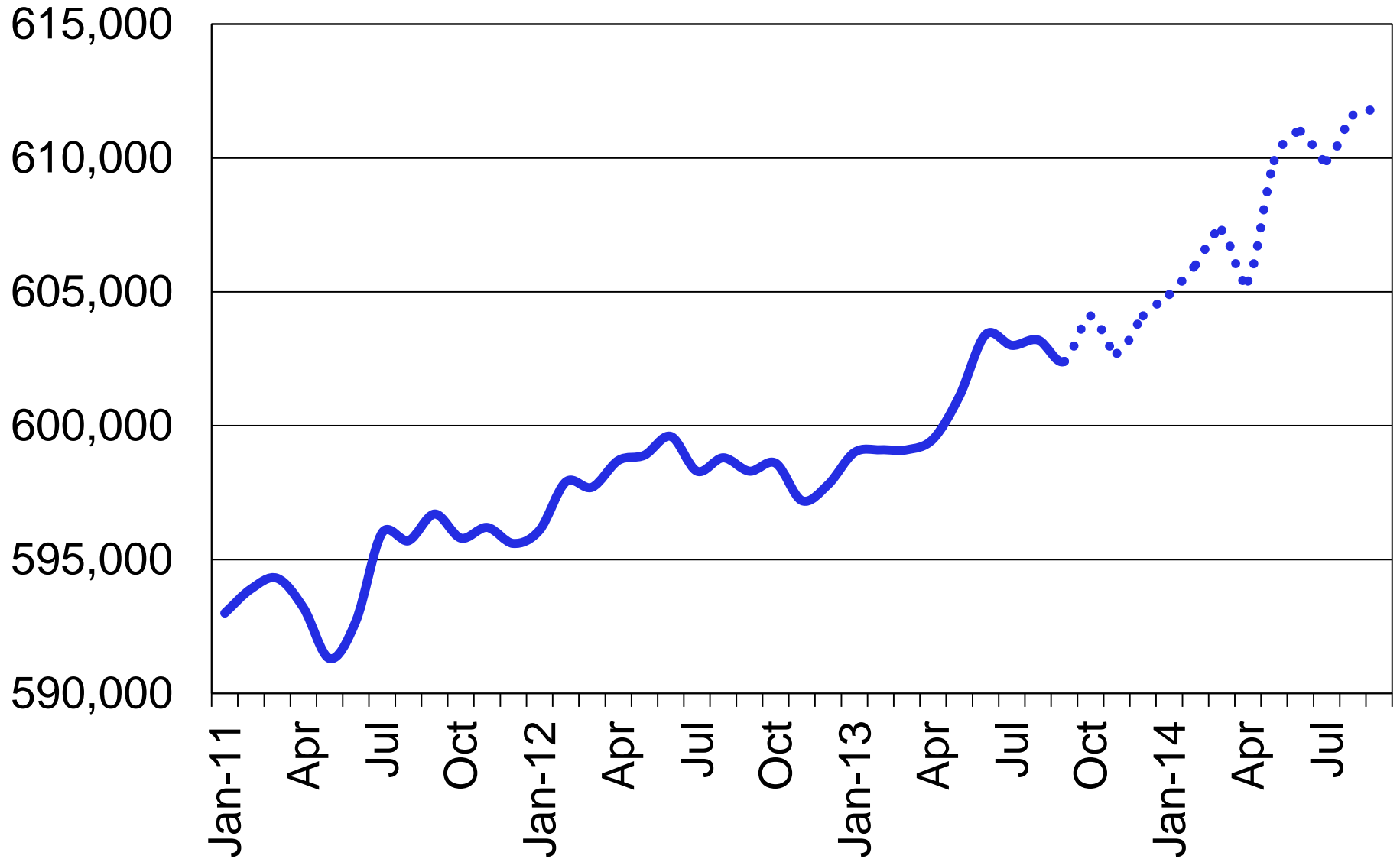
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Despite the recent adverse turns in household survey metrics, there is little reason to believe conditions are deteriorating. After annual revisions in March, estimates for 2014 are likely to depict continued gradual improvement throughout the year.

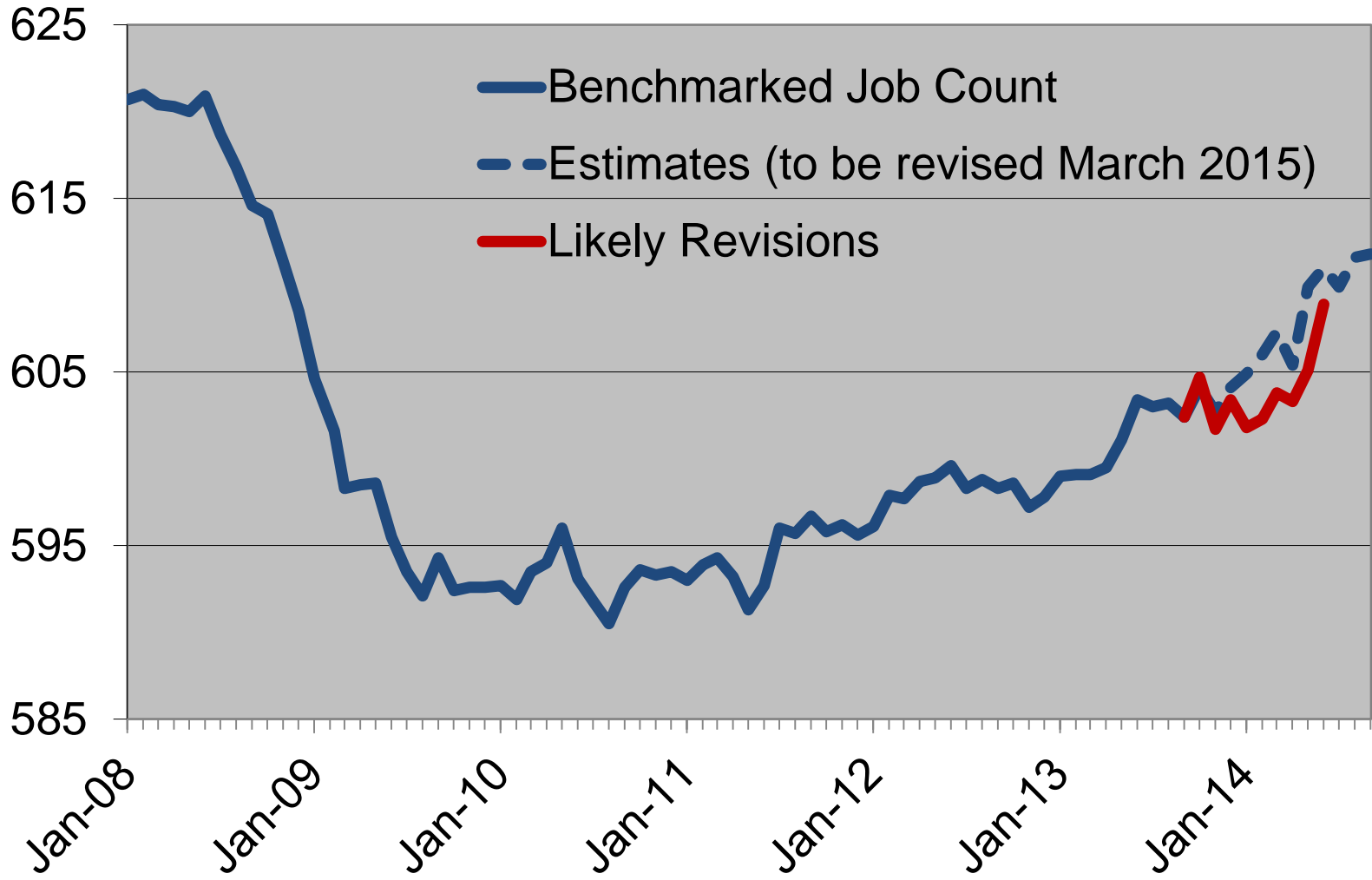
Indications from the employer payroll jobs survey

Nonfarm payroll job growth continues

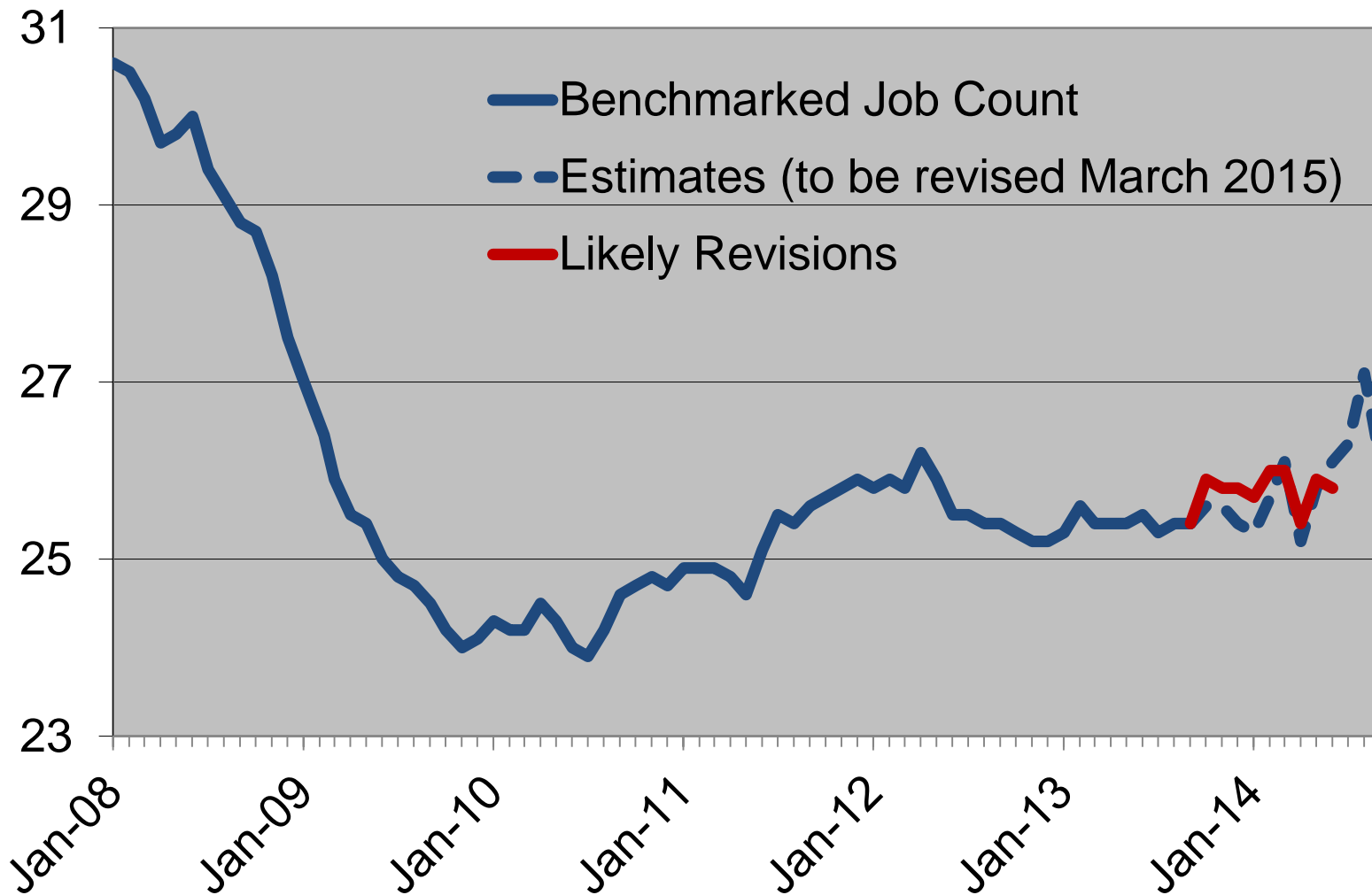


Total Nonfarm Jobs

(seasonally adjusted in thousands)

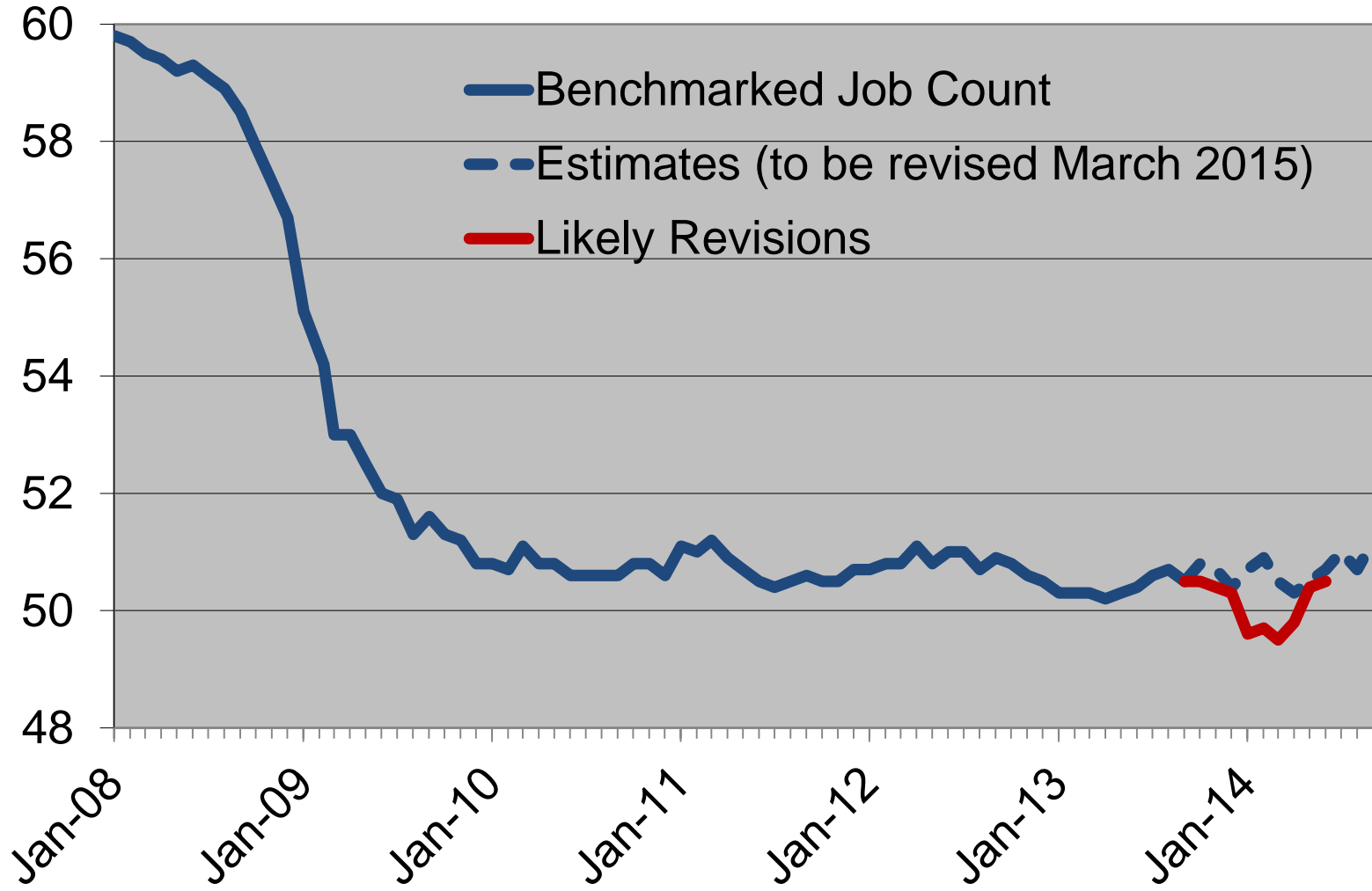


Construction Jobs
(seasonally adjusted in thousands)



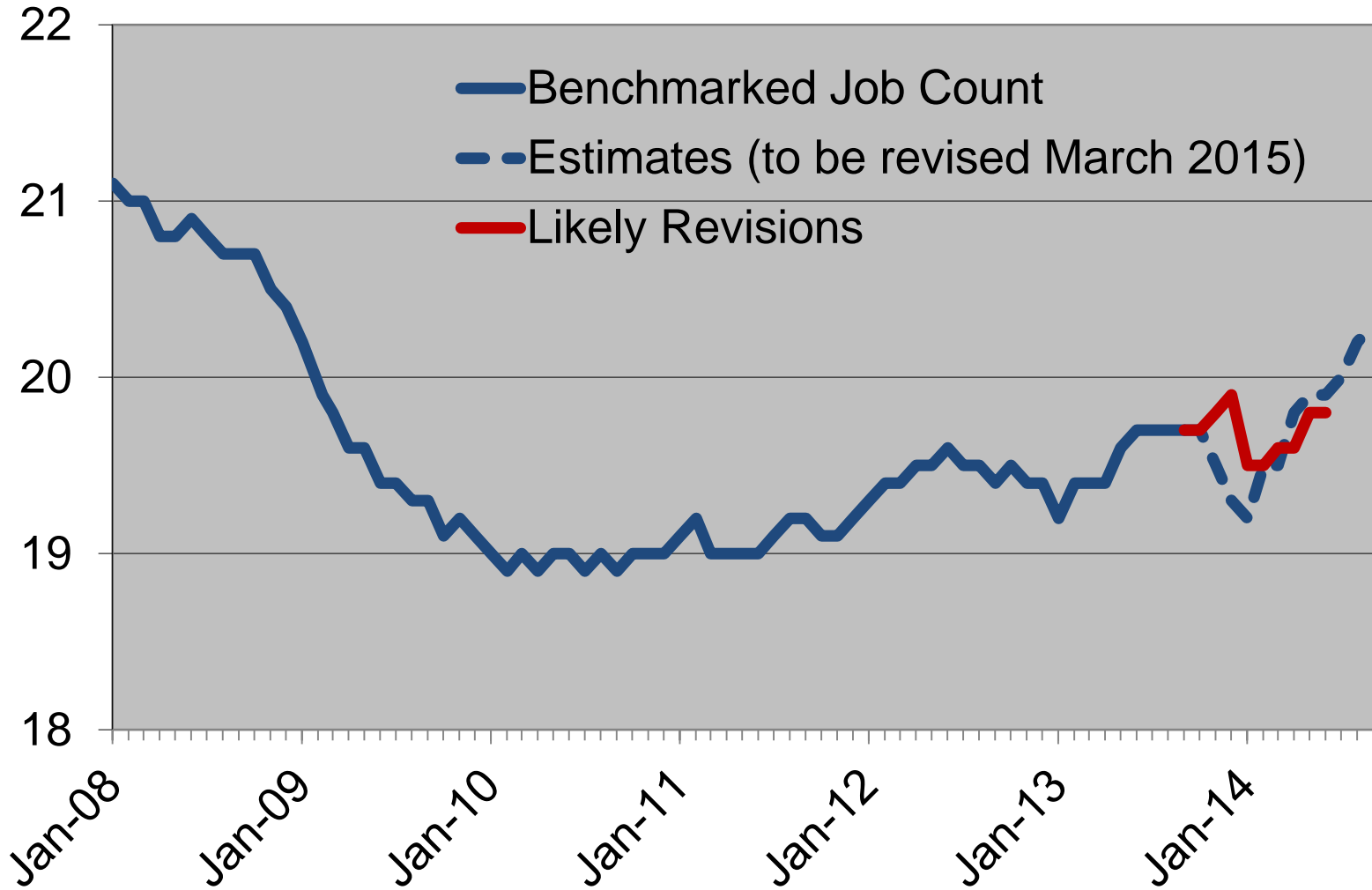
Manufacturing Jobs

(seasonally adjusted in thousands)



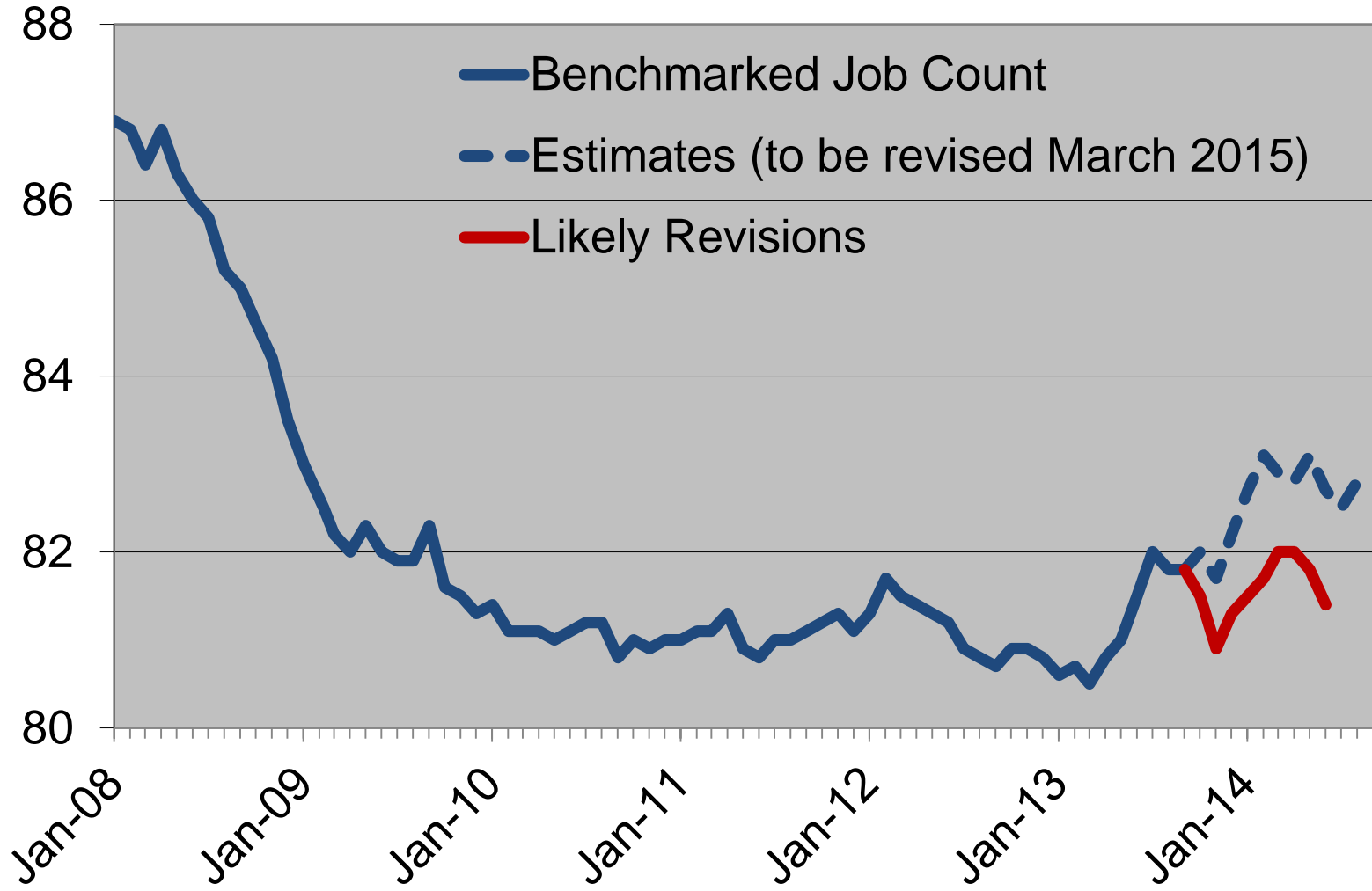
Wholesale Trade Jobs

(seasonally adjusted in thousands)



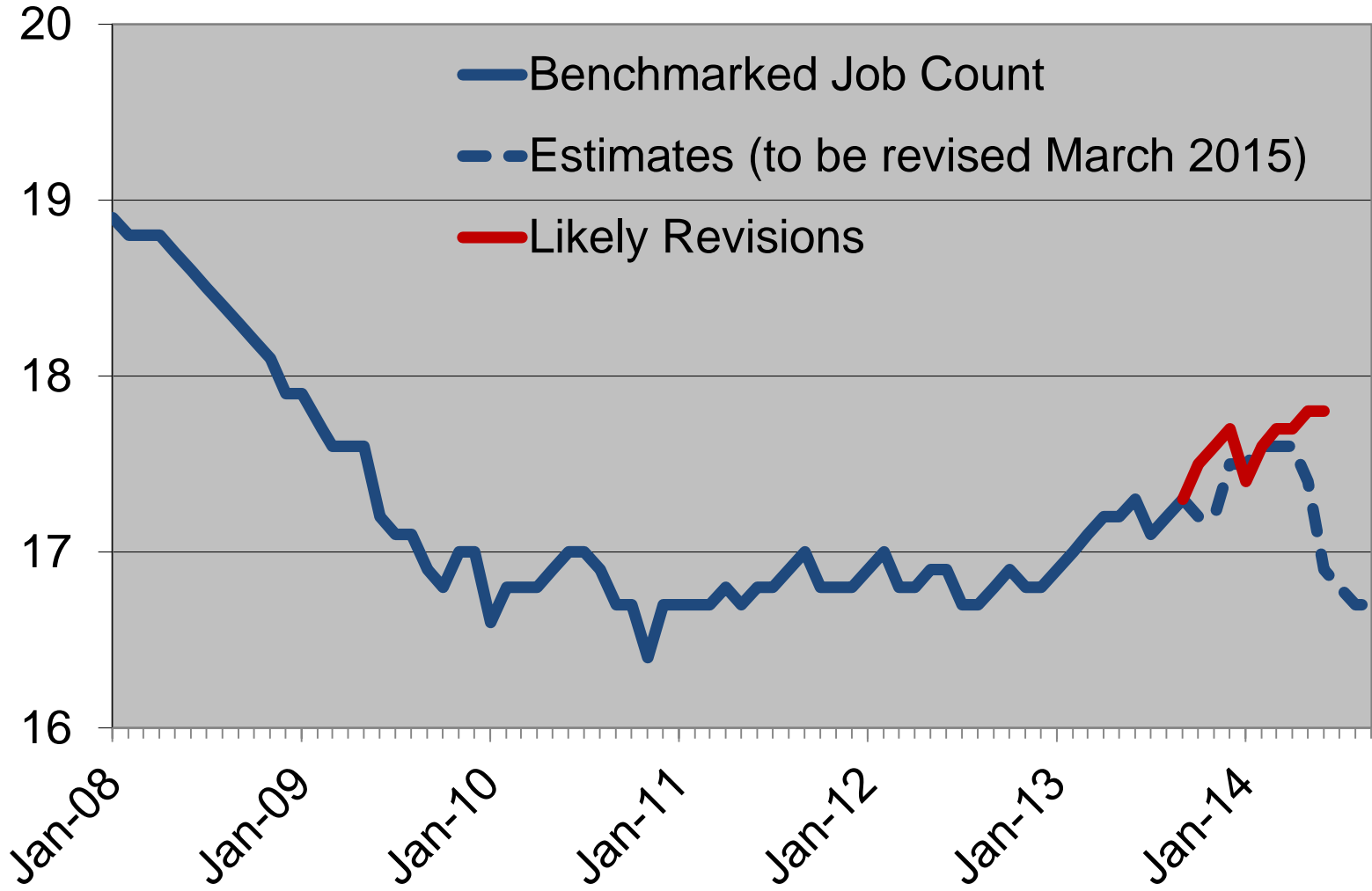
Retail Trade Jobs

(seasonally adjusted in thousands)



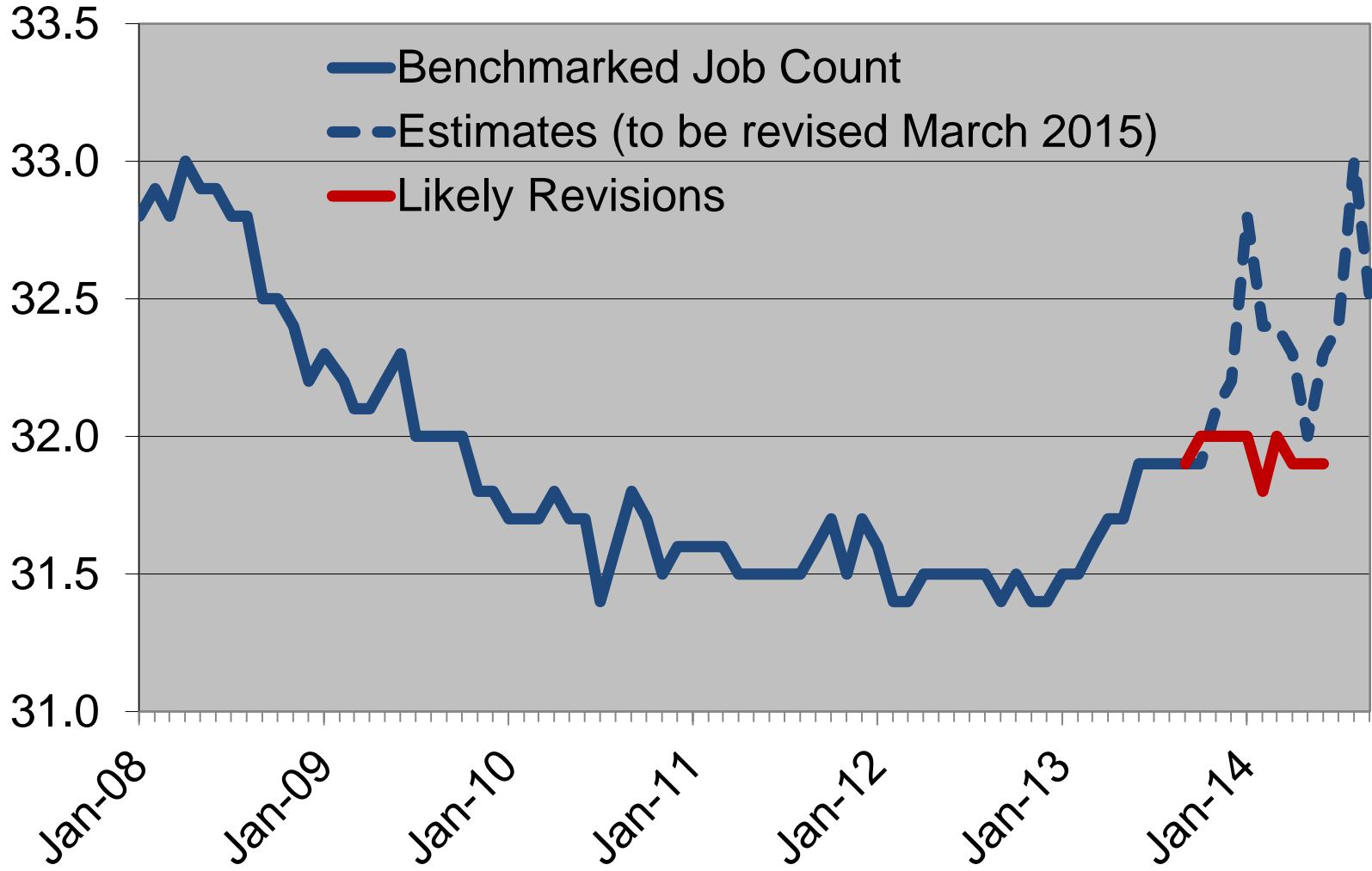
Transportation, Warehousing & Utilities Jobs

(seasonally adjusted in thousands)



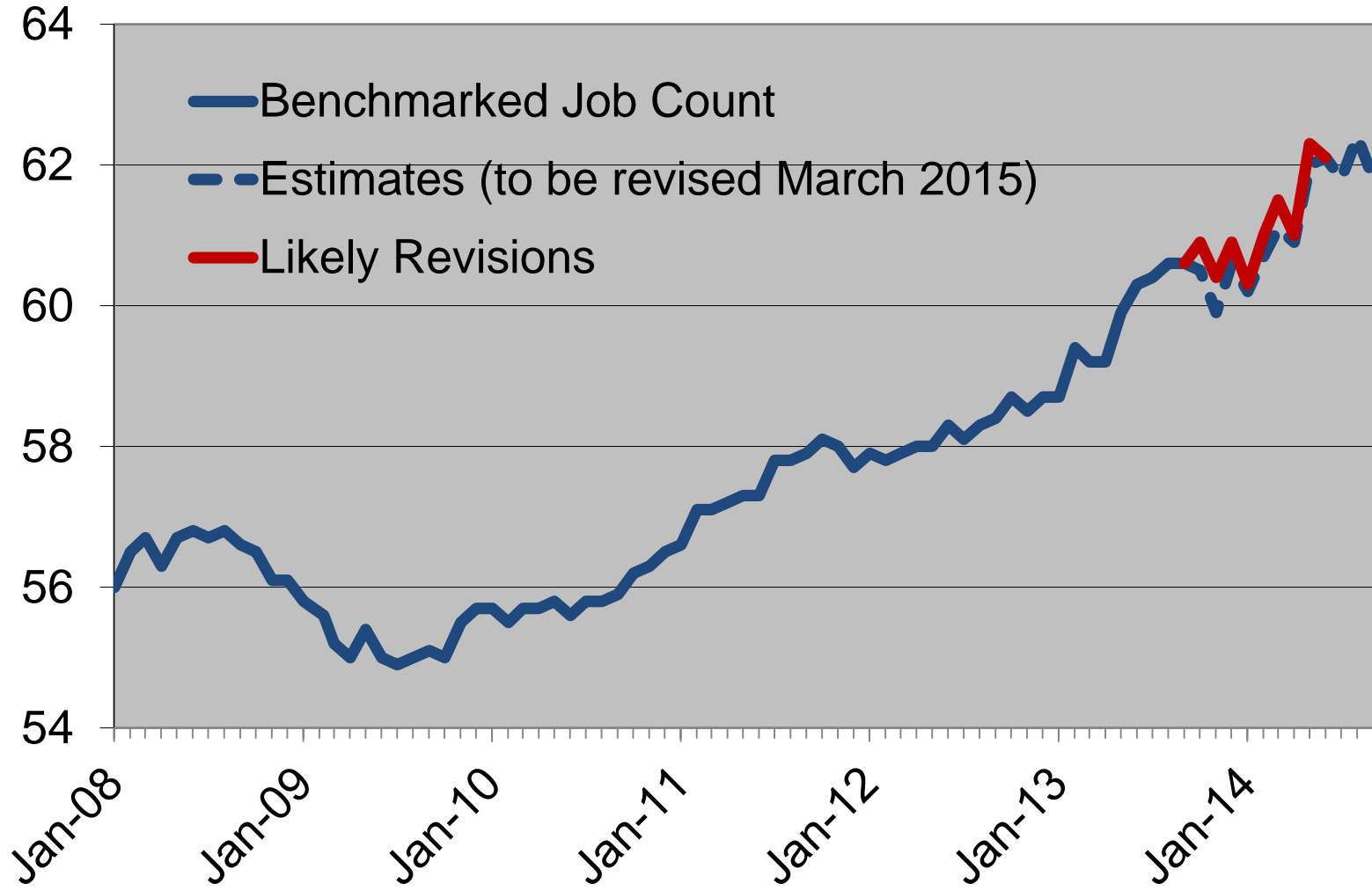
Financial Activities Jobs

(seasonally adjusted in thousands)



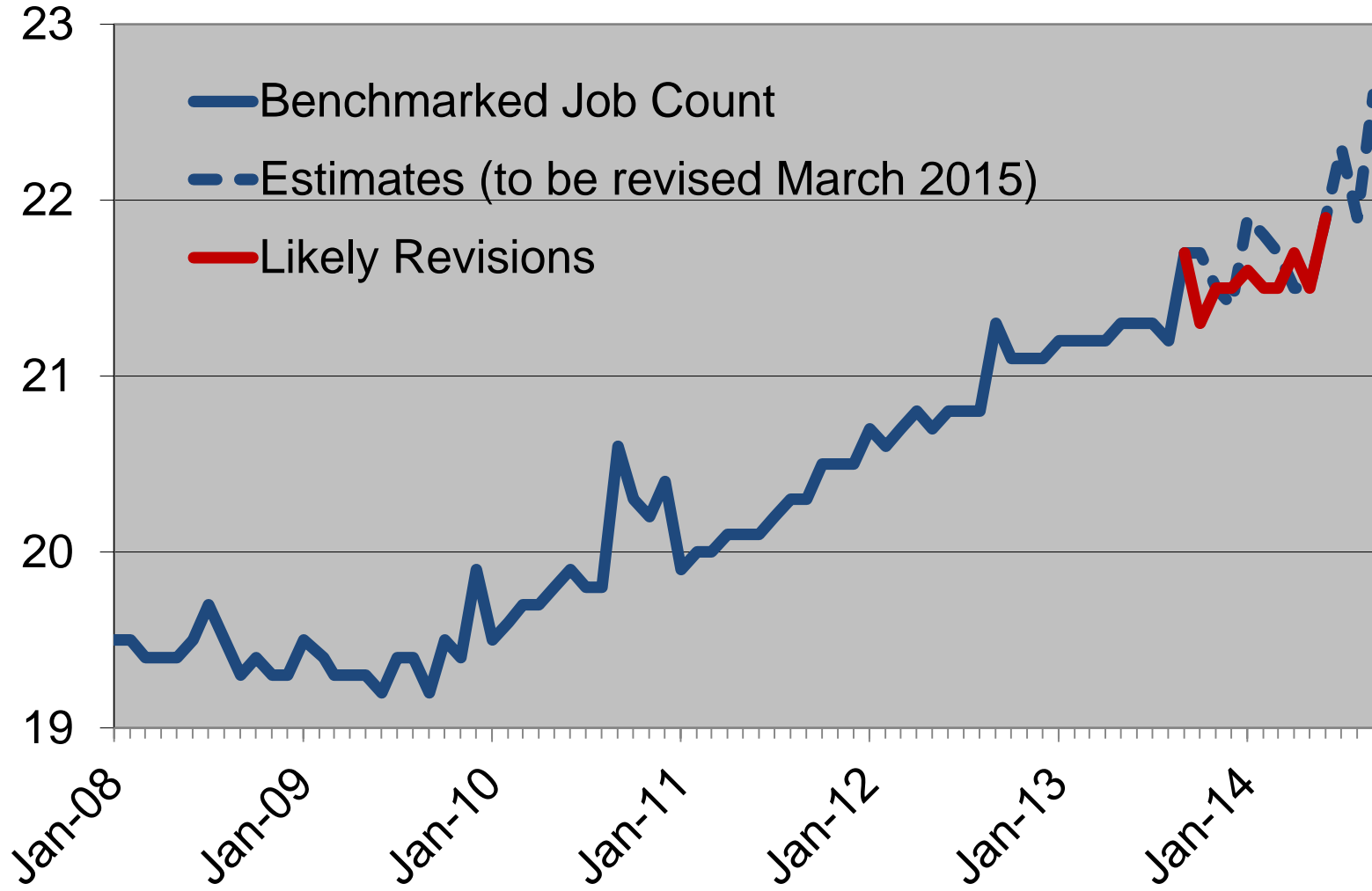
Professional and Business Services Jobs

(seasonally adjusted in thousands)



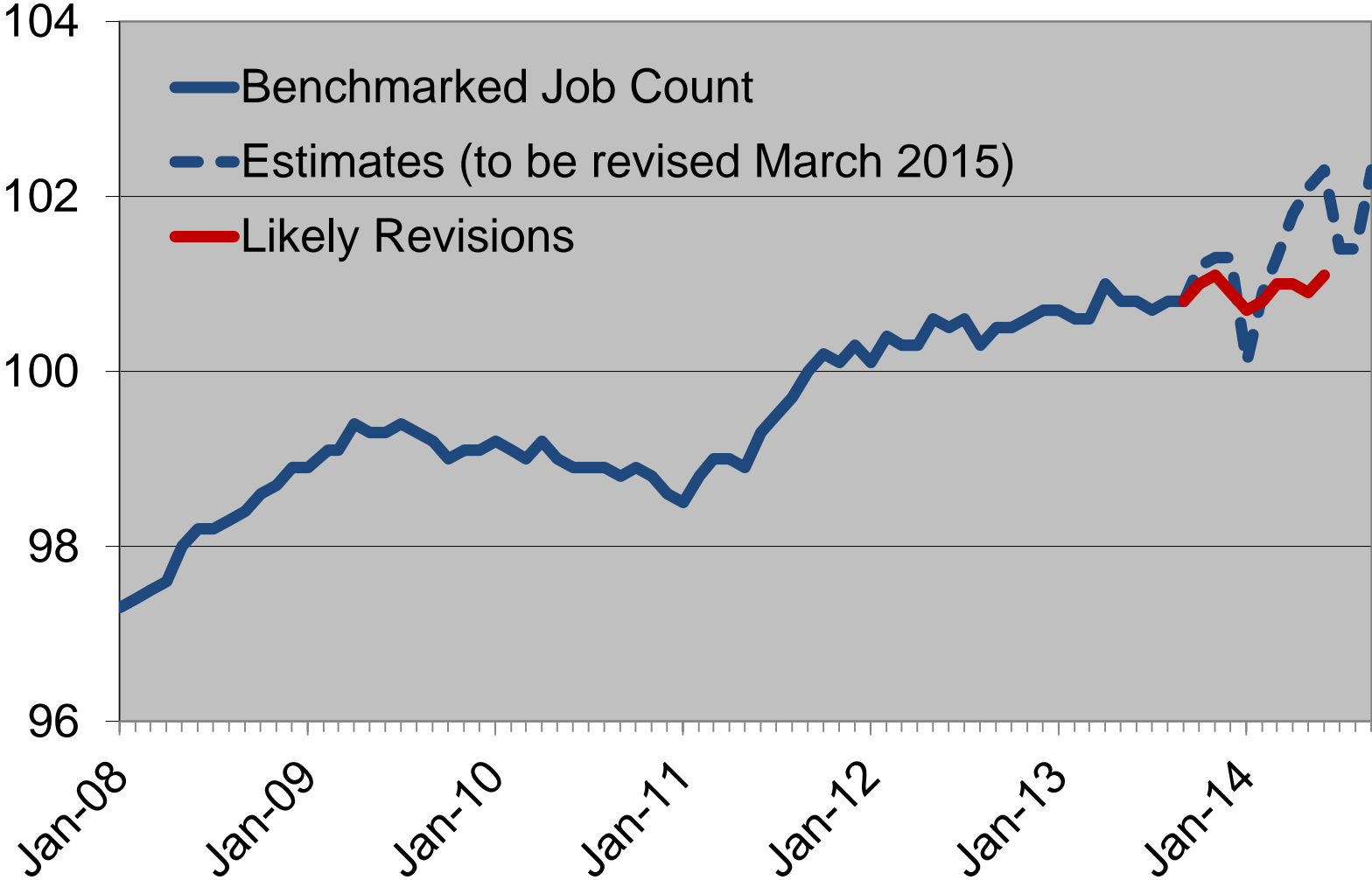
Educational Services Jobs

(seasonally adjusted in thousands)



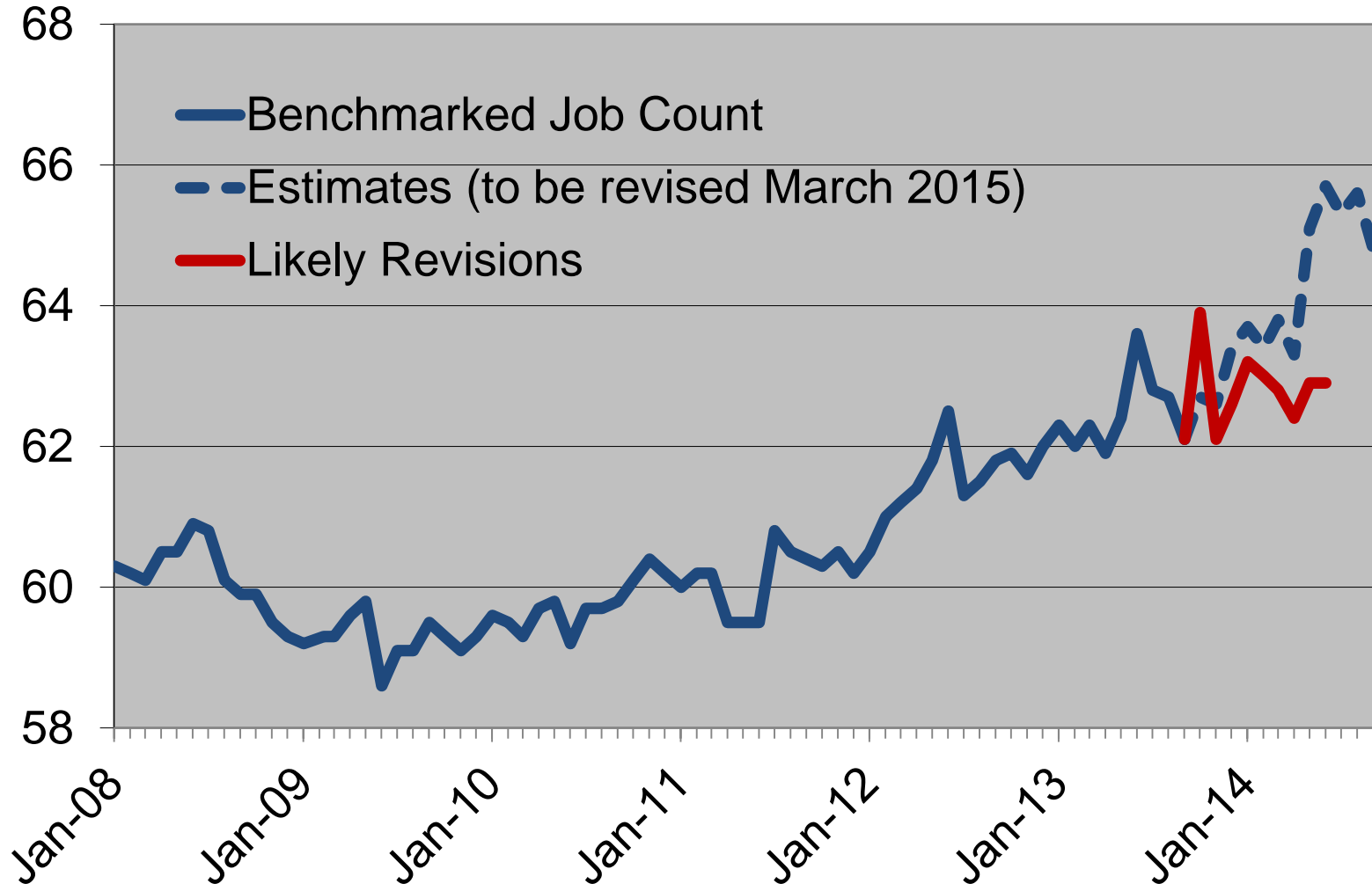
Healthcare & Social Assistance Jobs

(seasonally adjusted in thousands)



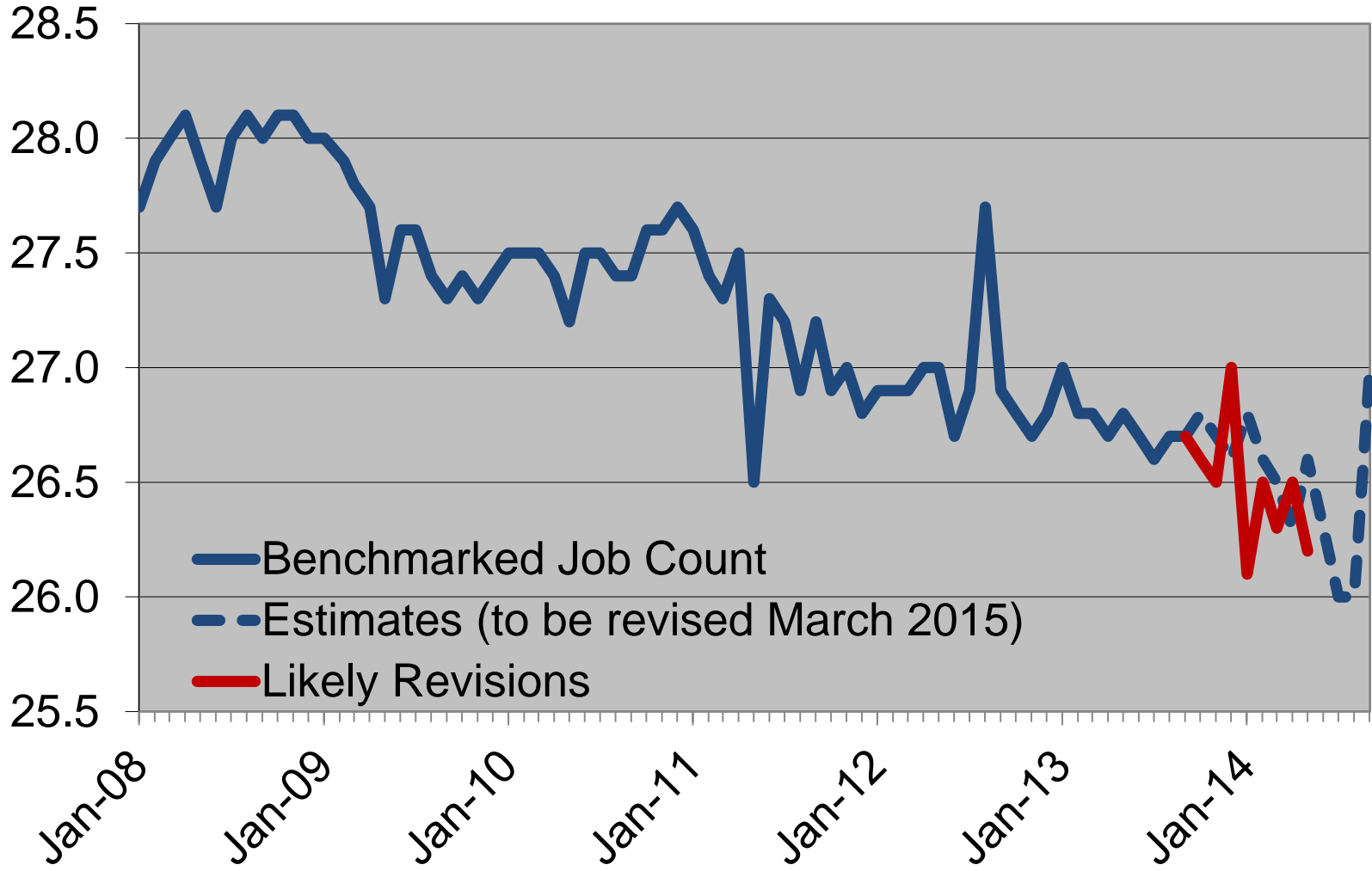
Leisure & Hospitality Jobs

(seasonally adjusted in thousands)



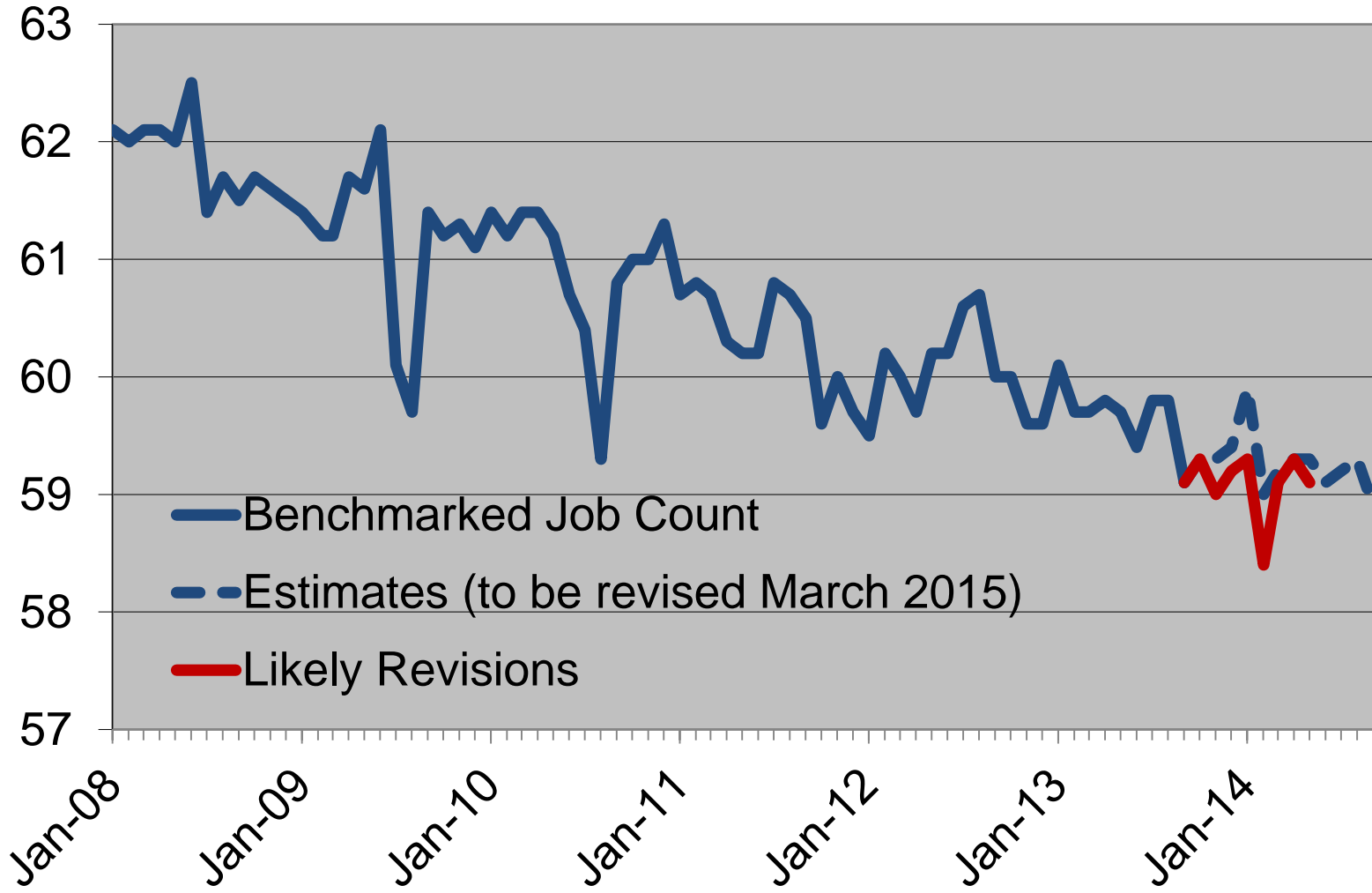
State Government Jobs

(seasonally adjusted in thousands)

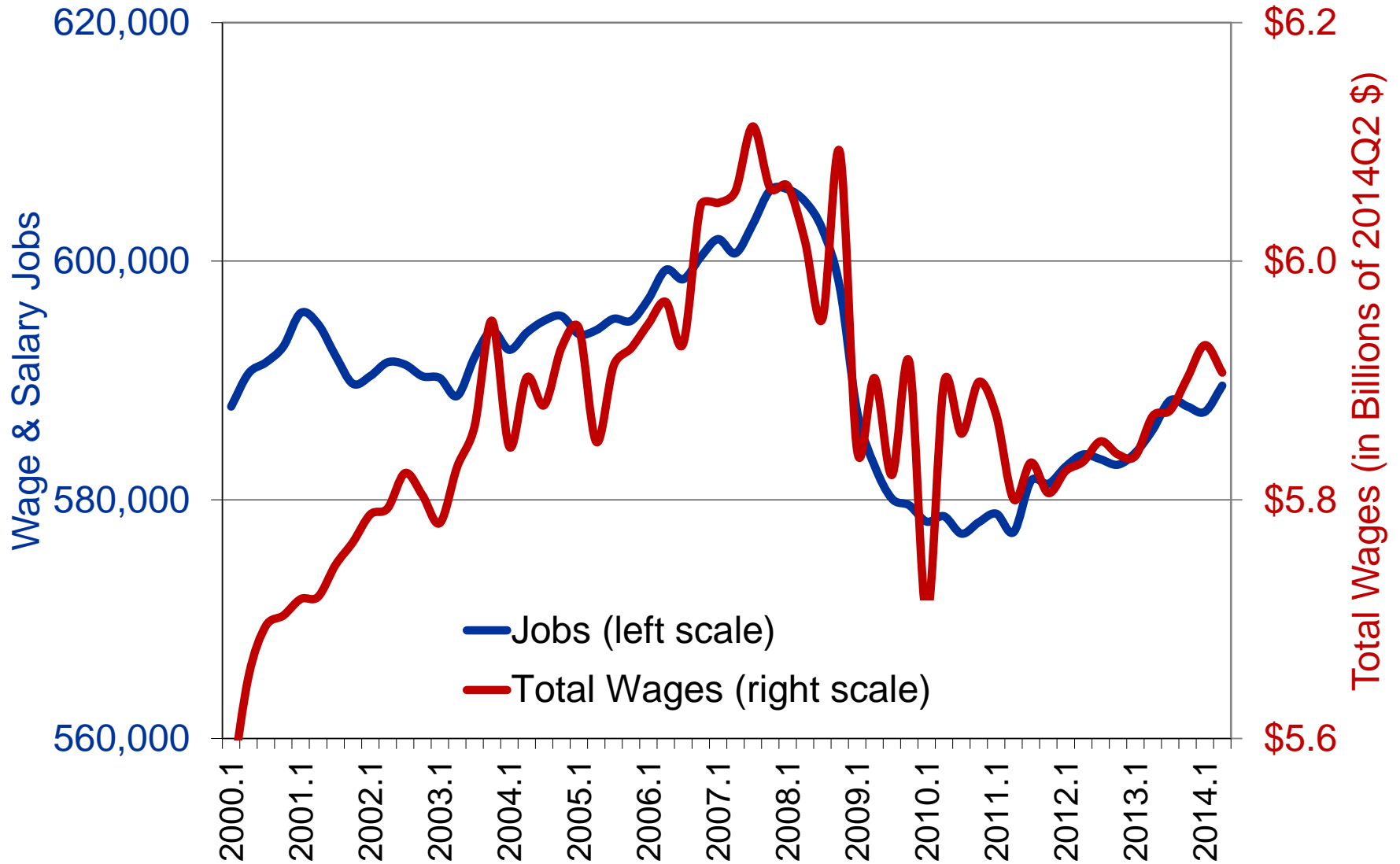


Local Government Jobs

(seasonally adjusted in thousands)

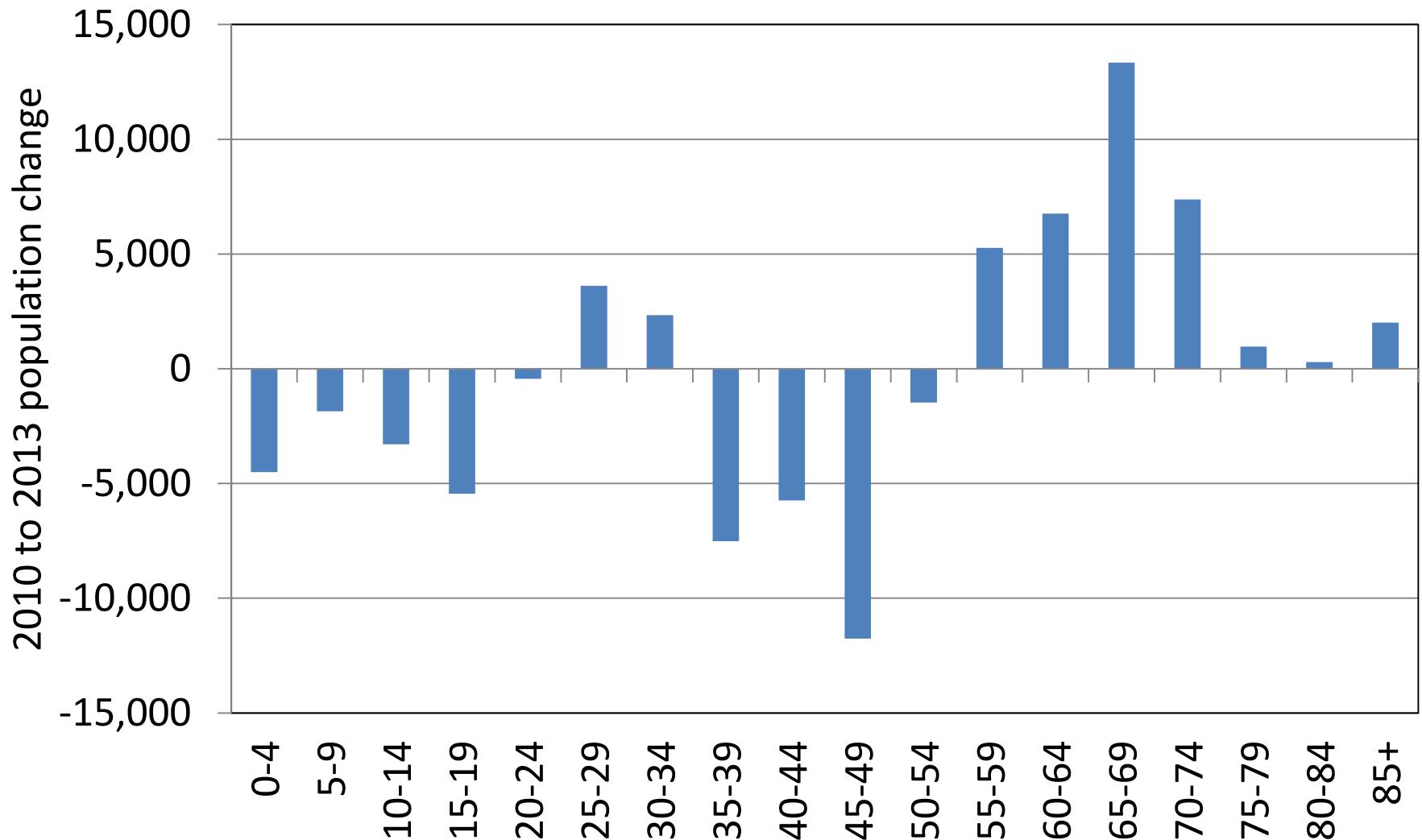


Real total wages paid are rising about the same rate as jobs (adjusted for inflation)



Demographic considerations

In the short period since 2010 there has been substantial upward shift in our age profile. Thousands will move to more limited work arrangements or retirement in coming years.



At 5.8% of the labor force, we currently have 40,000 unemployed. At a healthier 4.5% there would be 32,000 unemployed based on the size of the labor force today. For the near-term forecast, the question is if a gain of 8,000 (or more) jobs from lower unemployment will exceed reductions in labor force participation due to retirements. If so, by how much and for how long?