

State of the State Economy

U.S. BANKRUPTCY COURT FOR THE DISTRICT
OF MAINE – BROWN BAG LUNCH

APRIL 5, 2022

AMANDA RECTOR

MAINE STATE ECONOMIST

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES



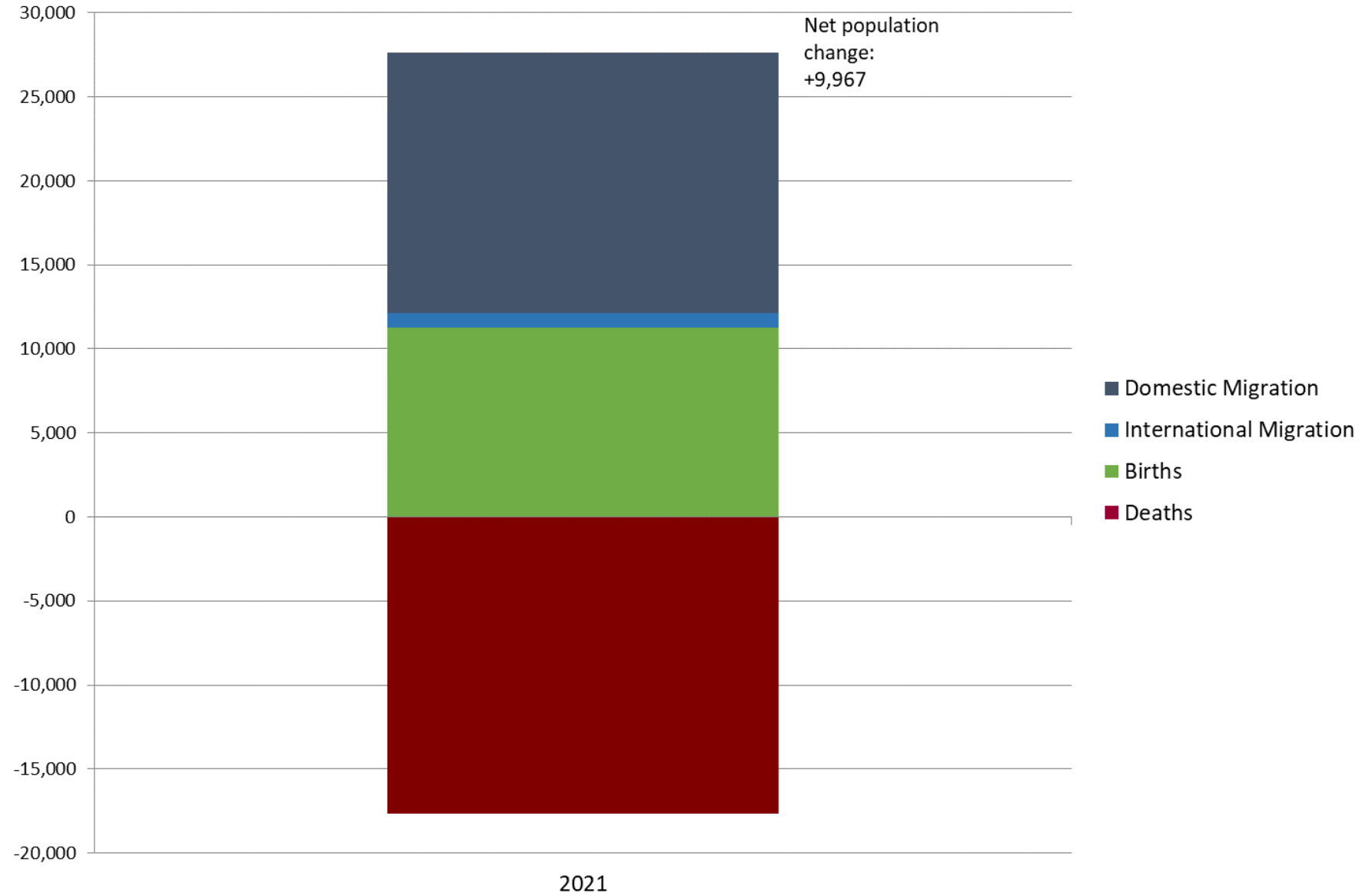
Components of Population Change, Maine

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

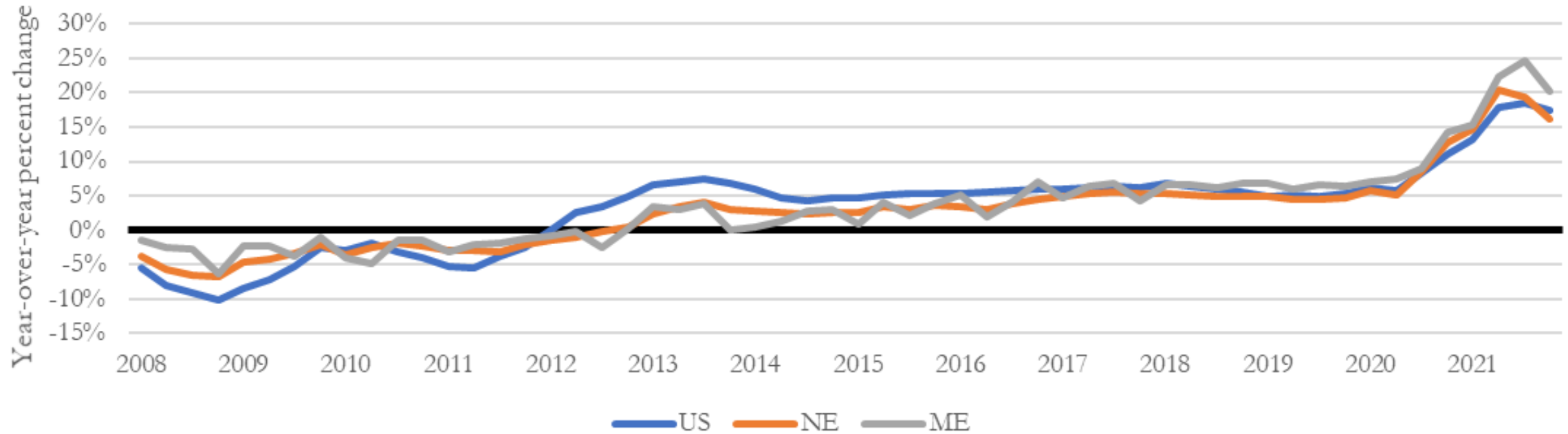
Population increase of 2.6%
from 2010-2020 (42nd in U.S.)

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

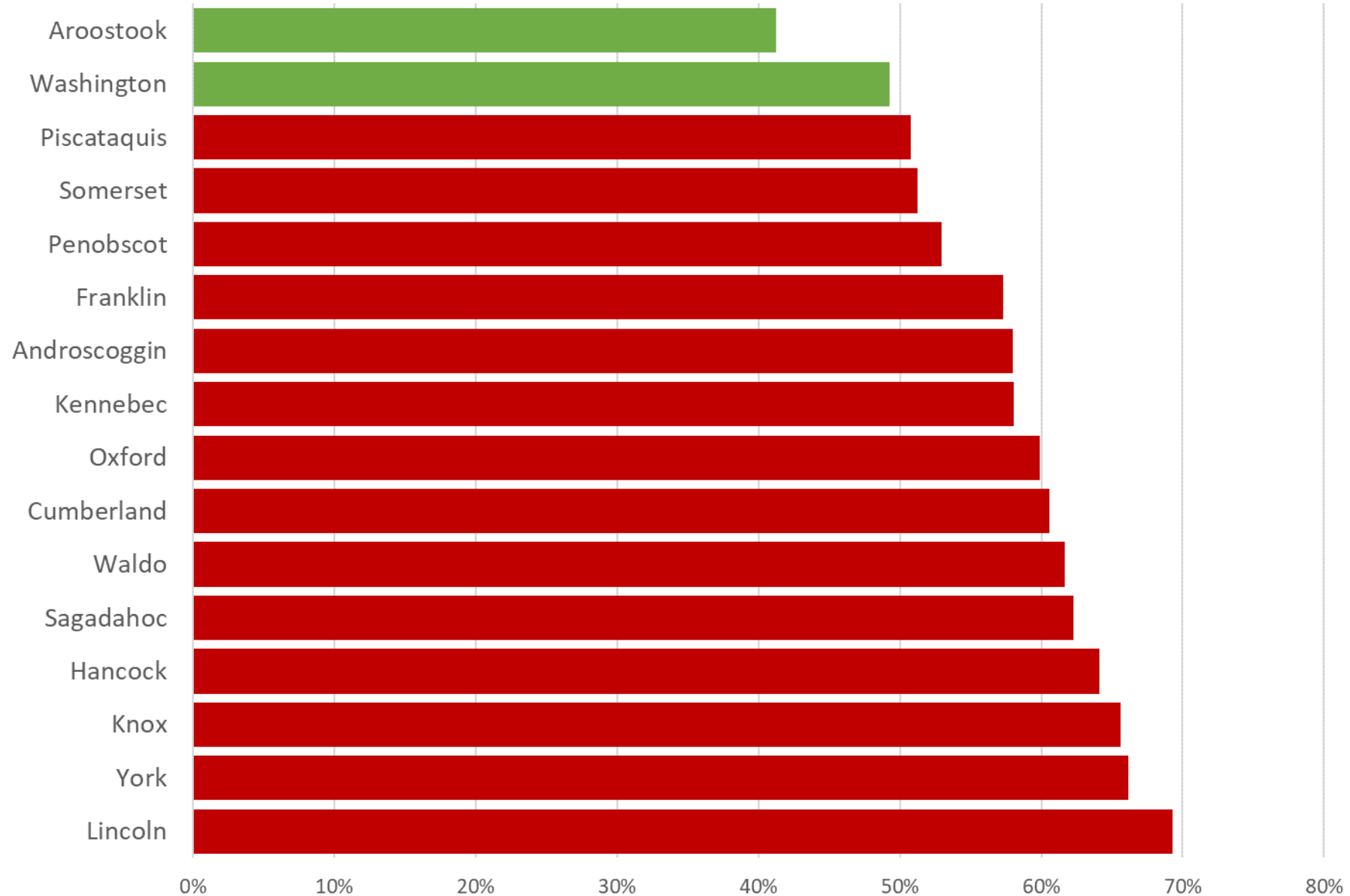
Net migration = 12.0 per
thousand (7th in U.S.)

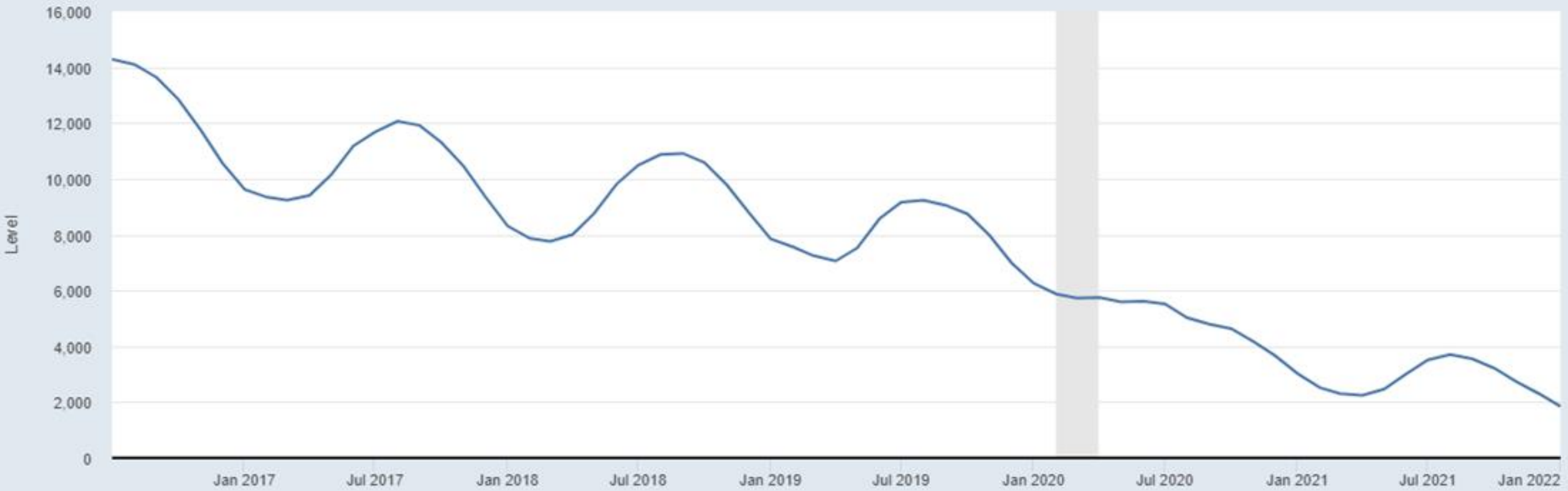


Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Percent of Households Unable to Afford Median Home, 2021



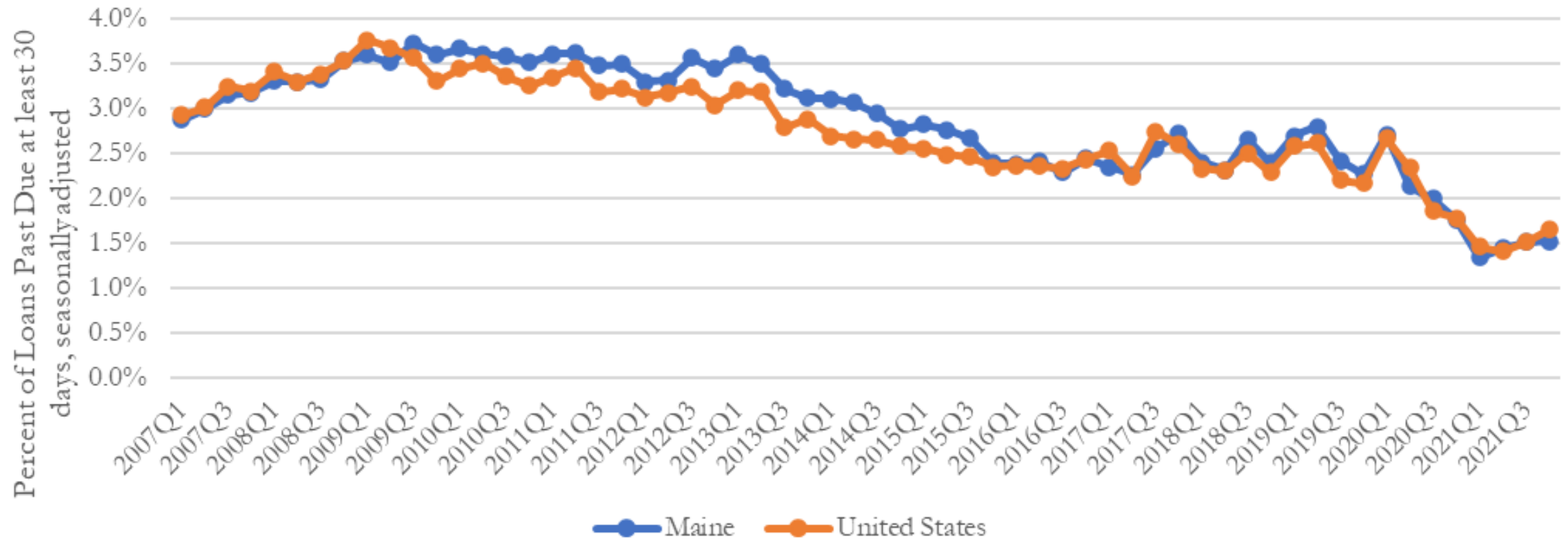


Shaded areas indicate U.S. recessions.

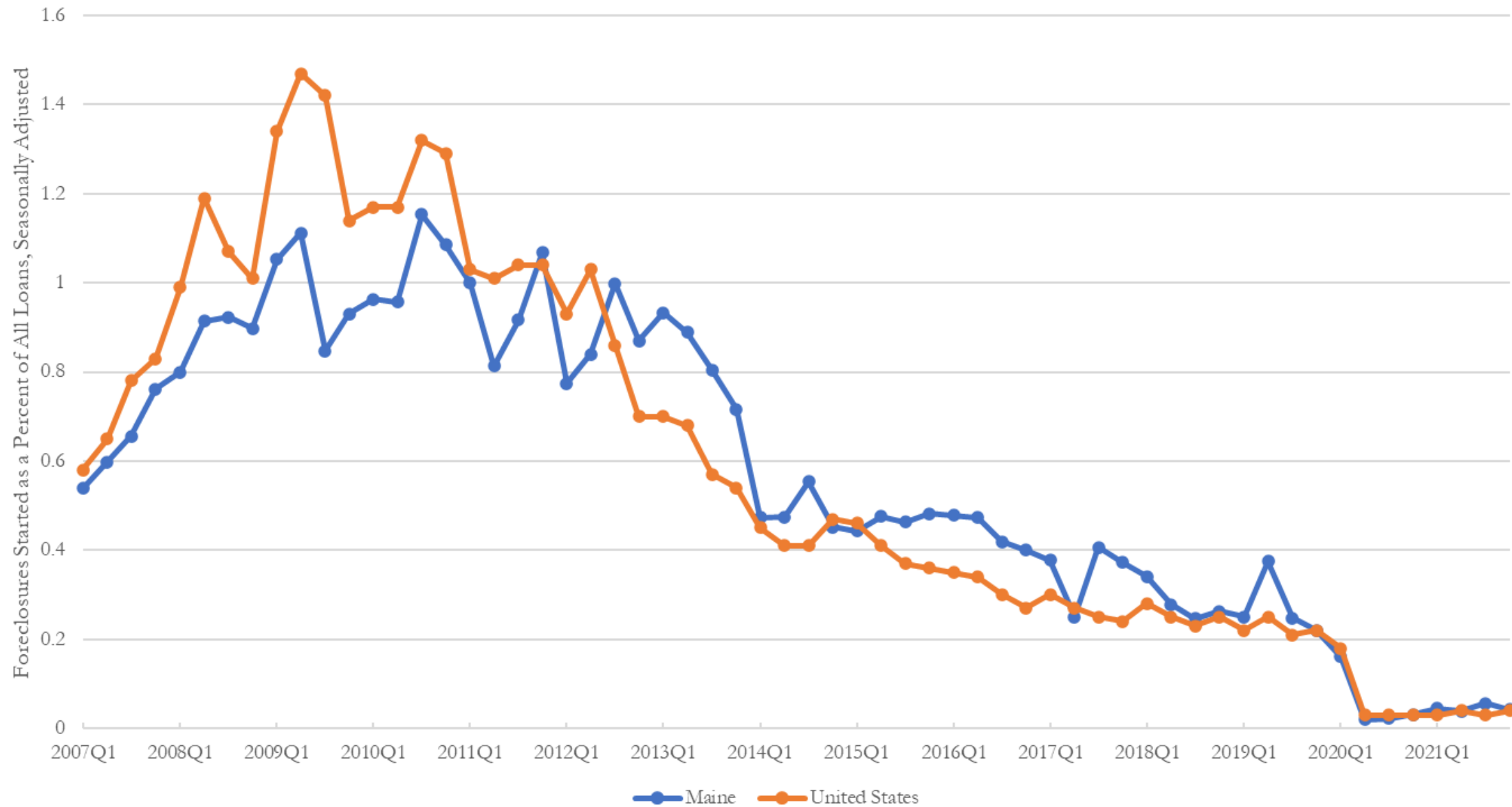
Source: Realtor.com

fred.stlouisfed.org

MBA Mortgage Delinquencies

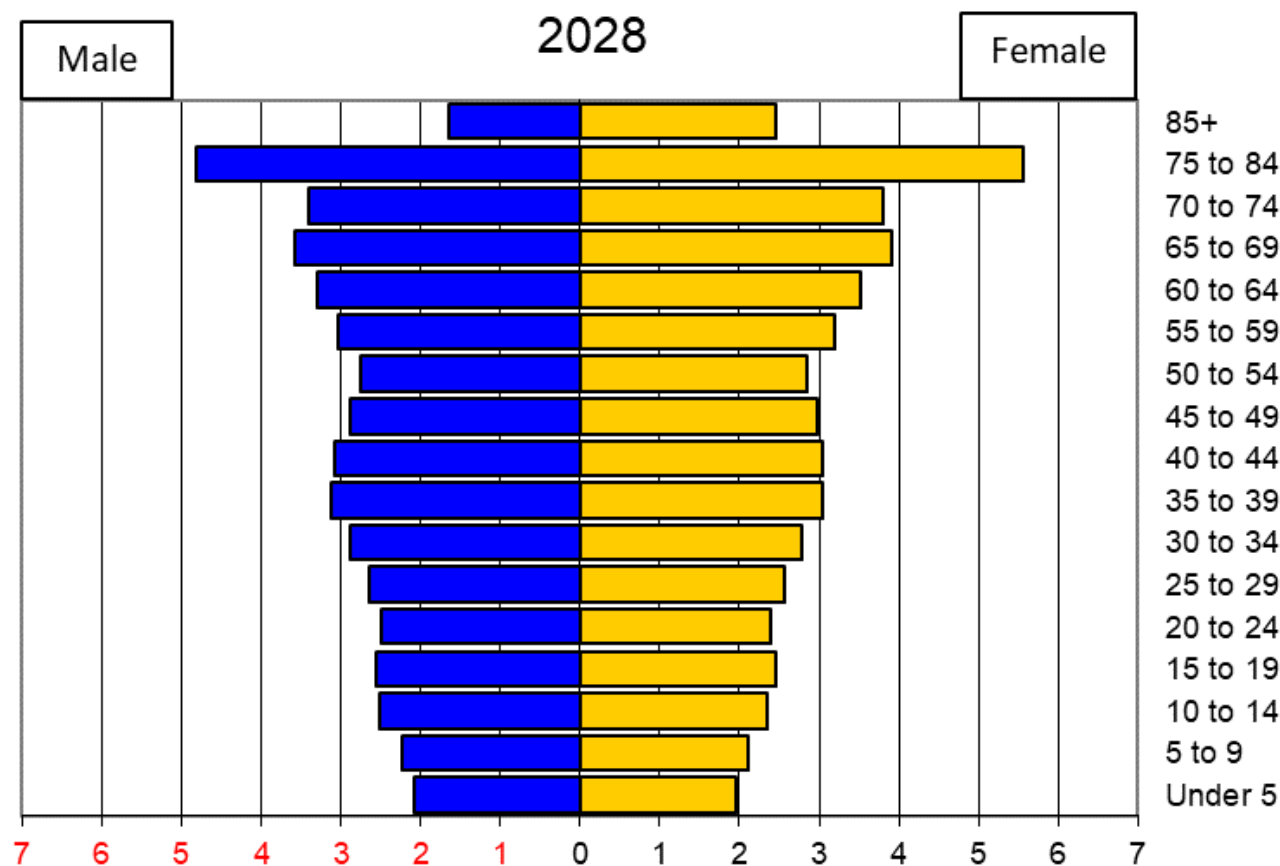


MBA Foreclosure Starts

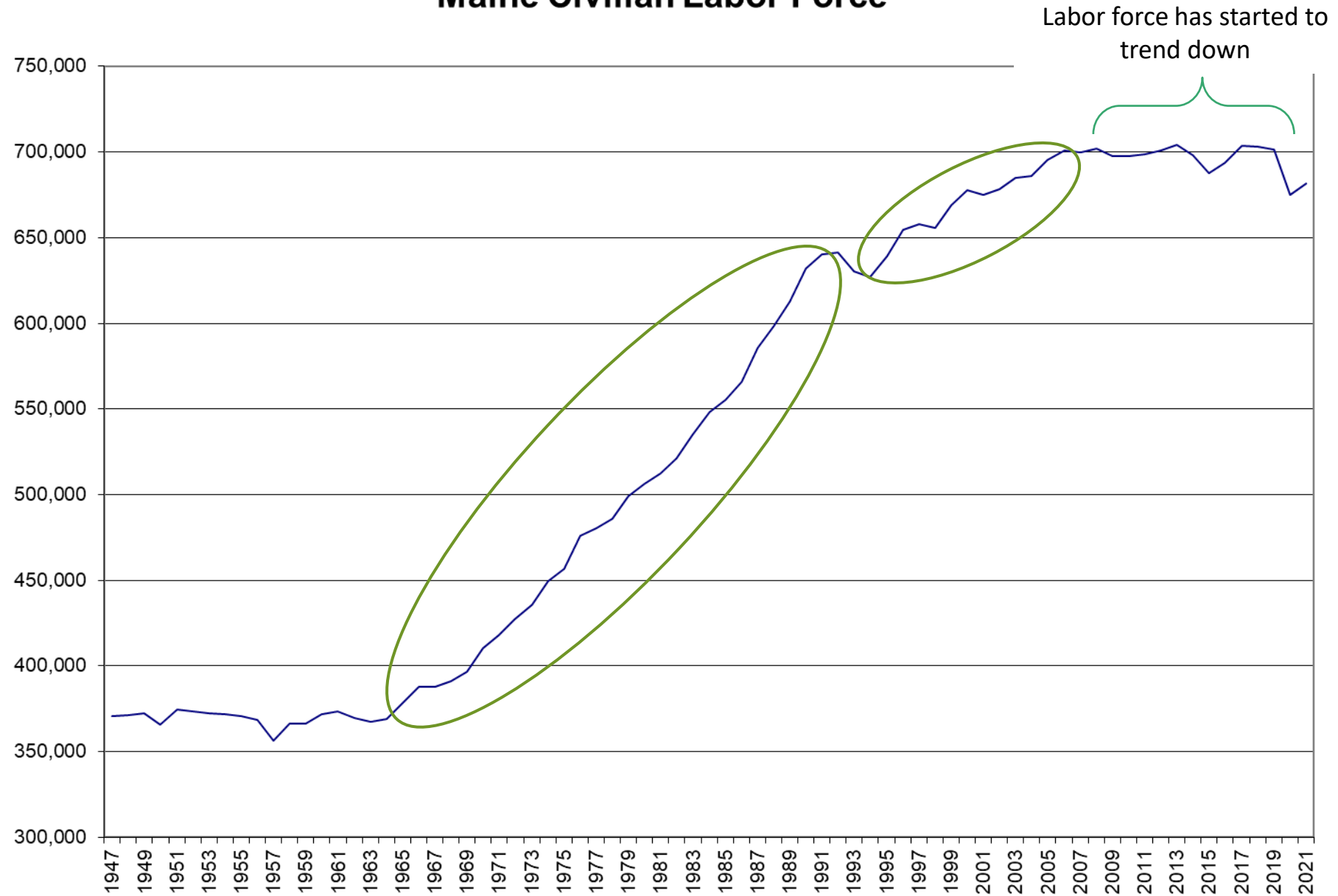


The Baby Boom Wave

Maine is the oldest state...
...by median age (45.0 years)
...and by % of population age 65+ (21.3%)

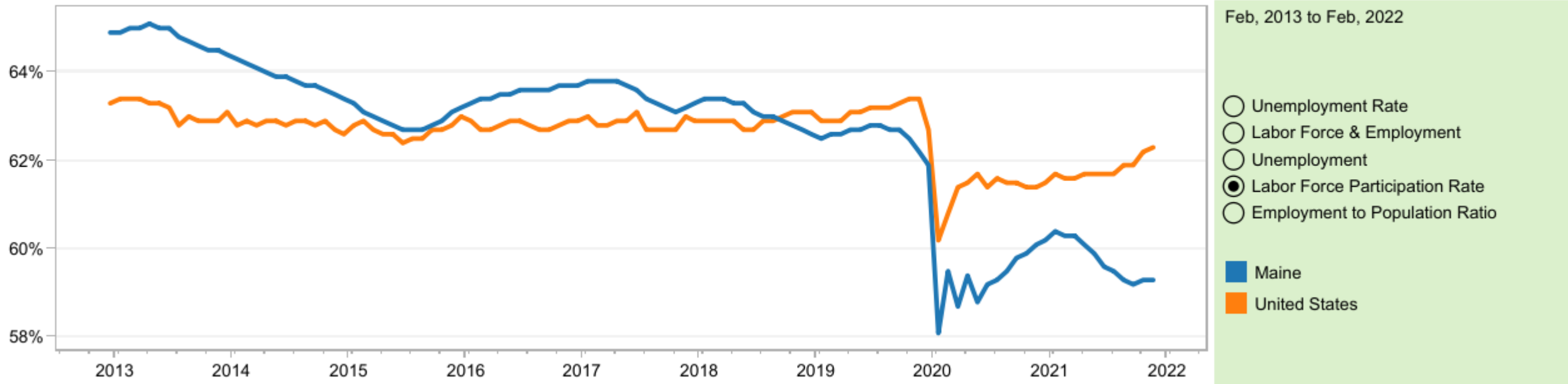


Maine Civilian Labor Force



In Feb. 2022, unemployment in Maine was 7,200 higher than in Feb. 2020 and the labor force was 19,500 lower

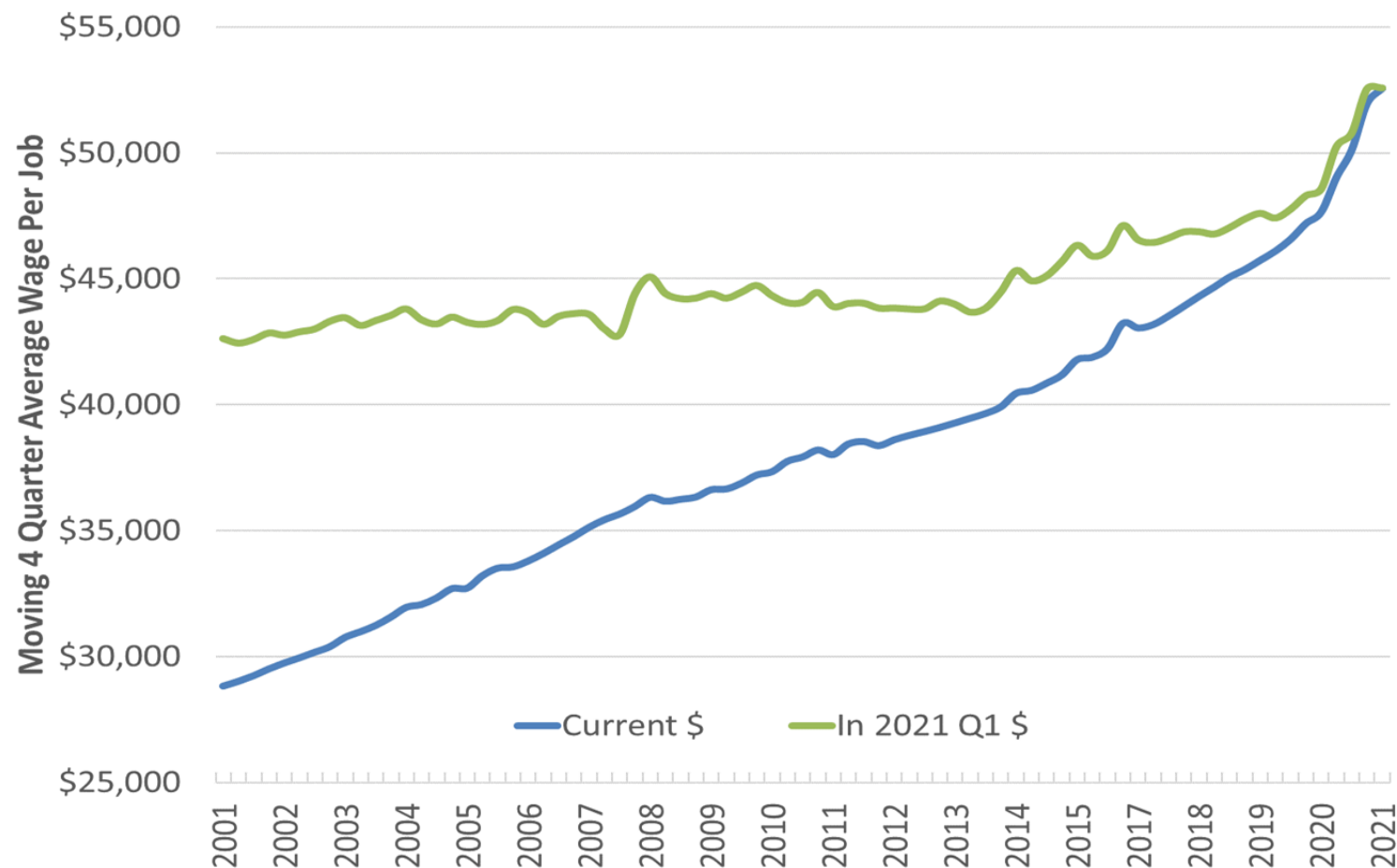
Labor Force Participation Rate
(seasonally adjusted)



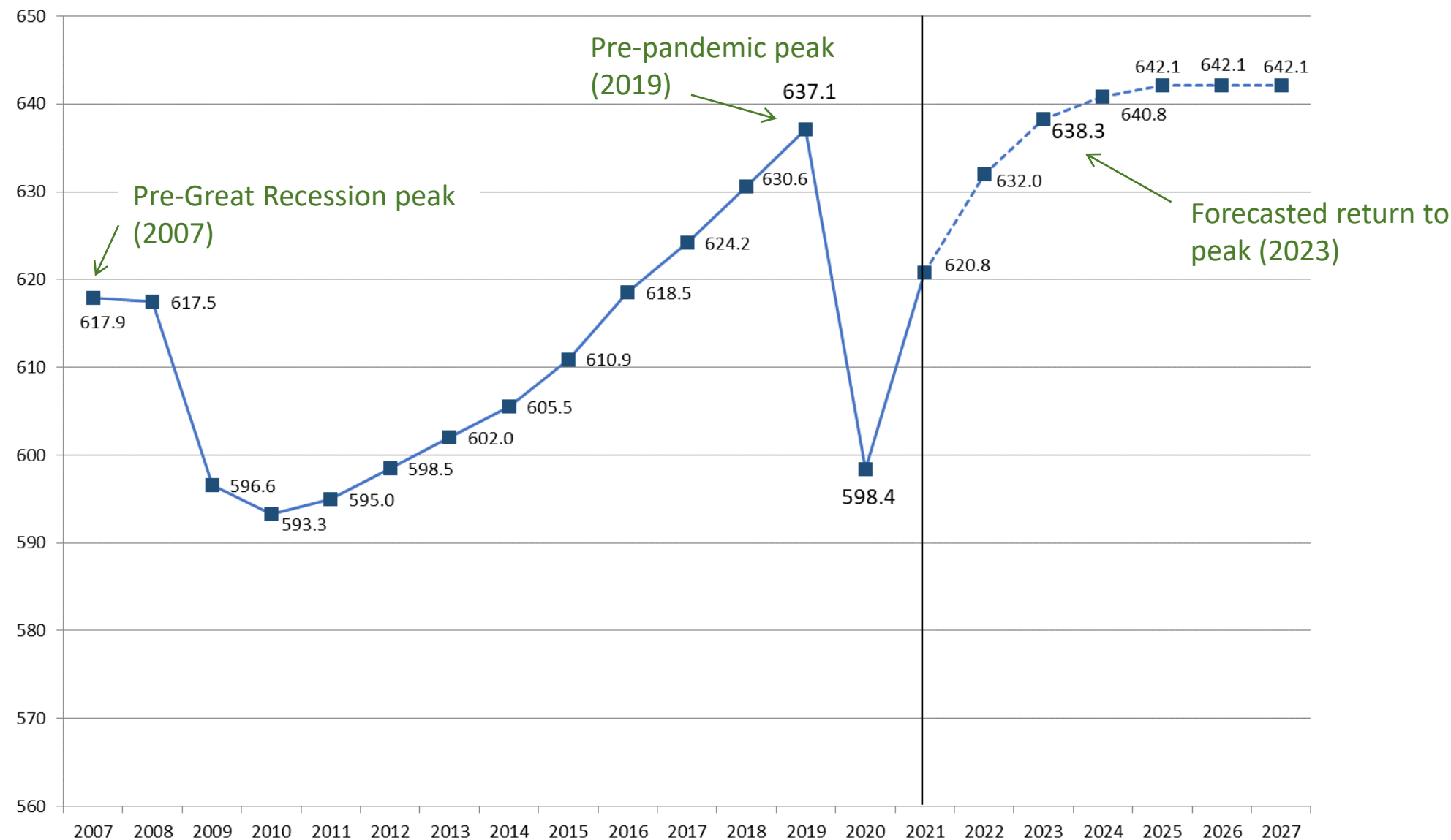
The Maine Department of Labor estimates that around two-thirds of the people who have left the labor force during the pandemic could be retirees

Nationally, in 2020, 22% of all parents were either not working (9%) or working less (13%) due to disruptions to childcare or education

Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era

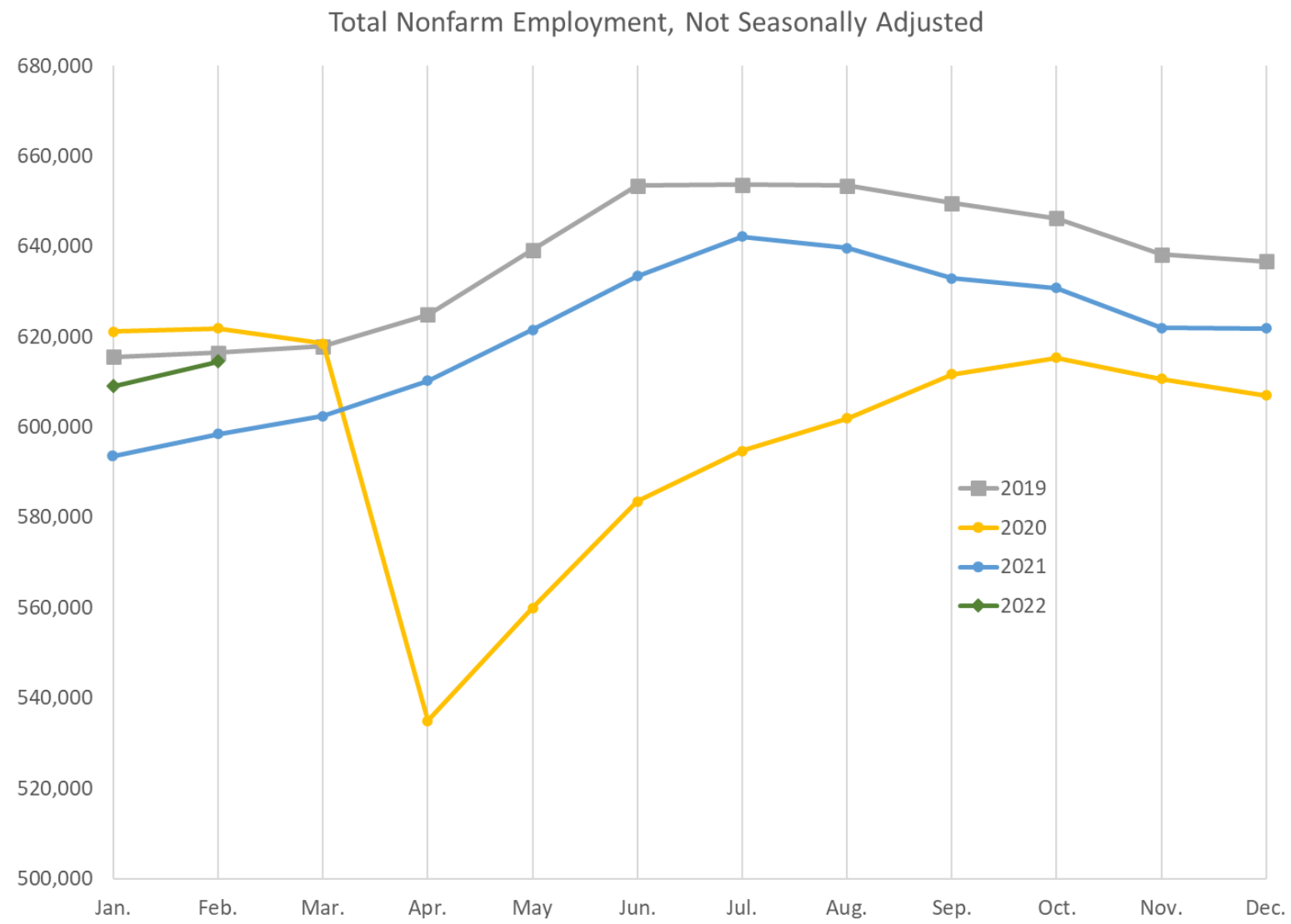


Total Nonfarm Employment (in thousands)
History and CEFC forecast

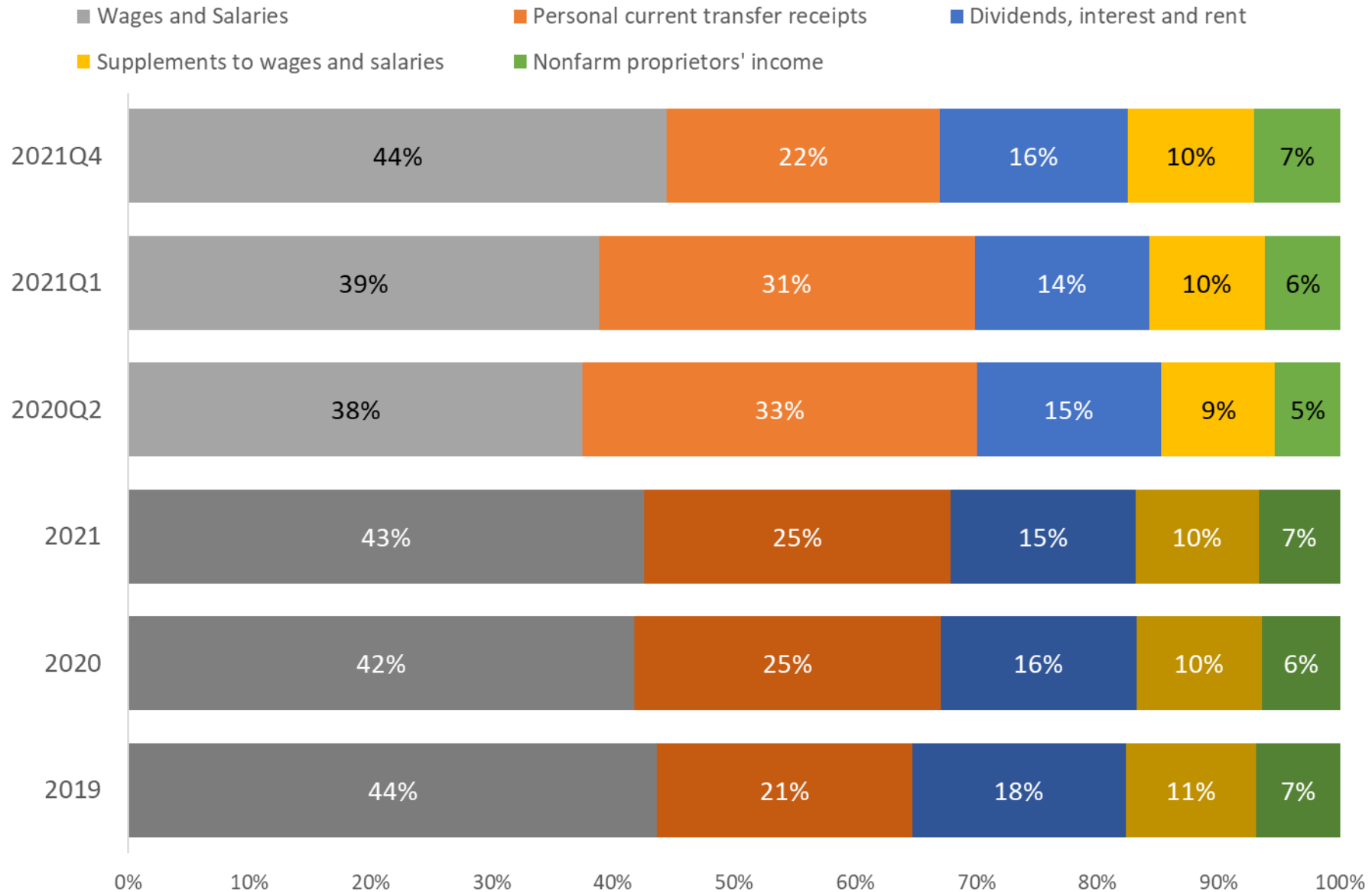


Sectors with remaining employment loss between Feb. 2020 and Feb. 2022:

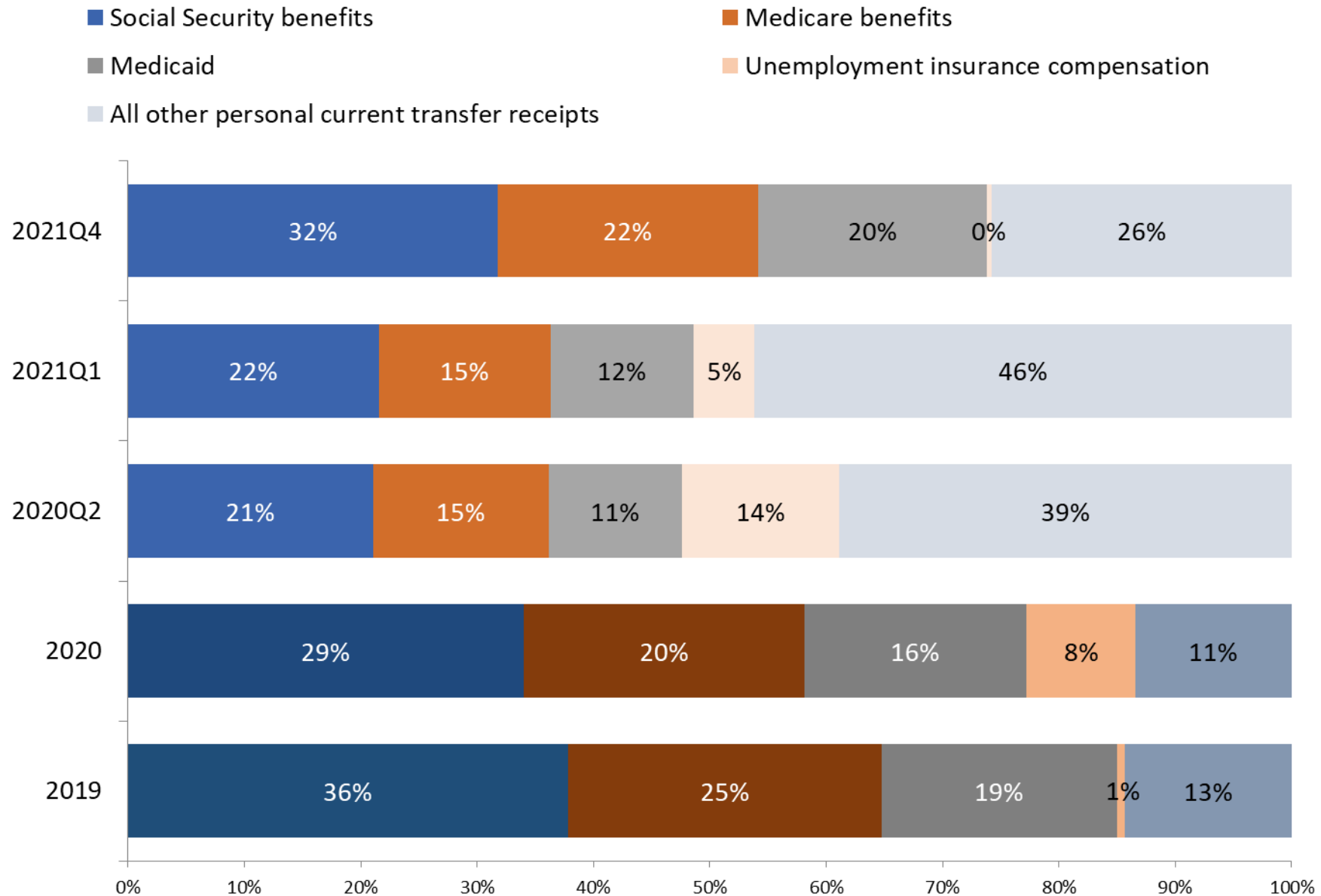
- 5,700 in healthcare and social assistance (half in long-term care, half split between hospitals and social assistance)
- 4,300 in leisure and hospitality (mostly restaurants and bars)
- 4,100 in state and local government (about two-thirds public education)



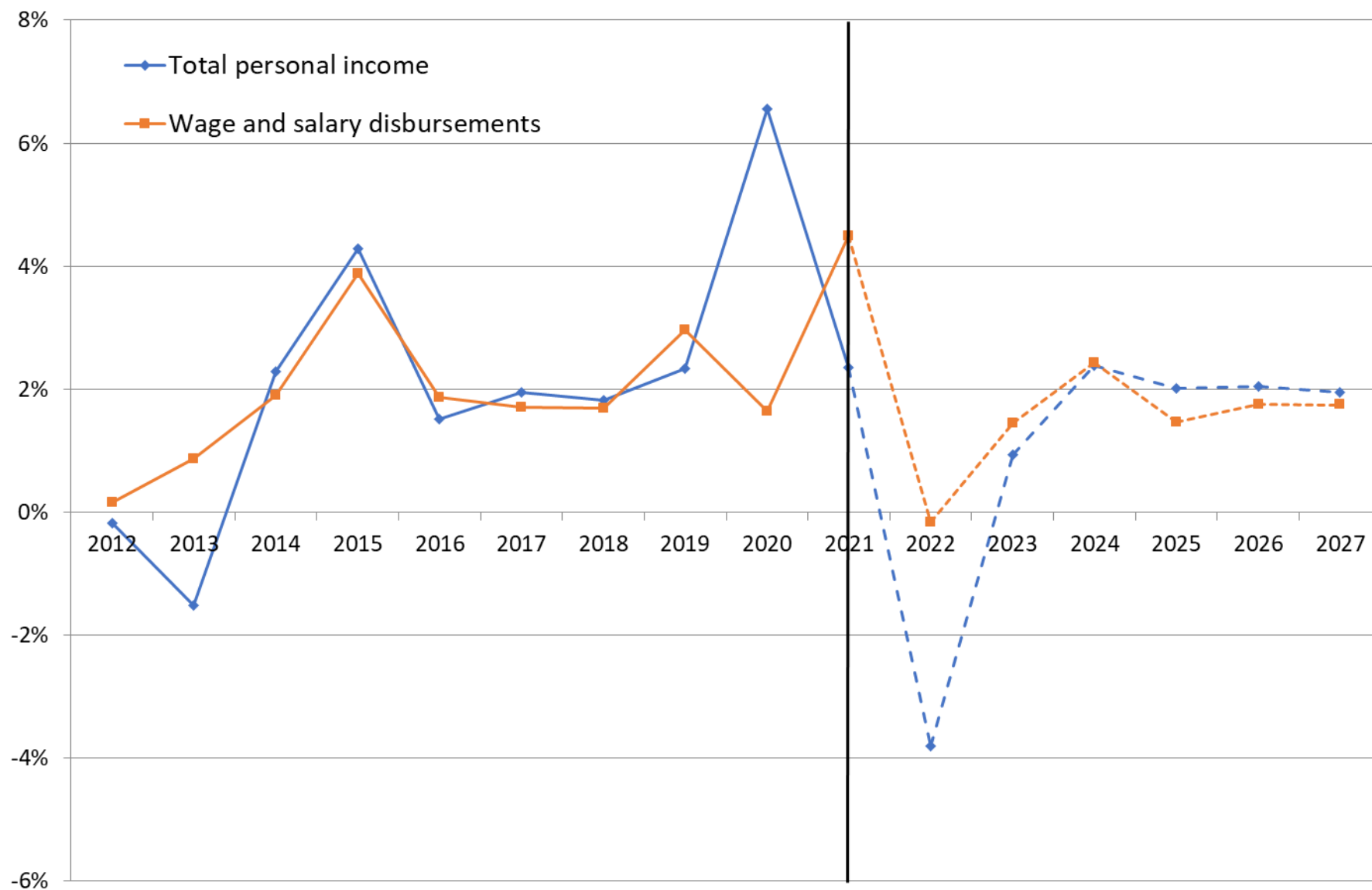
Major Components of Personal Income, Maine



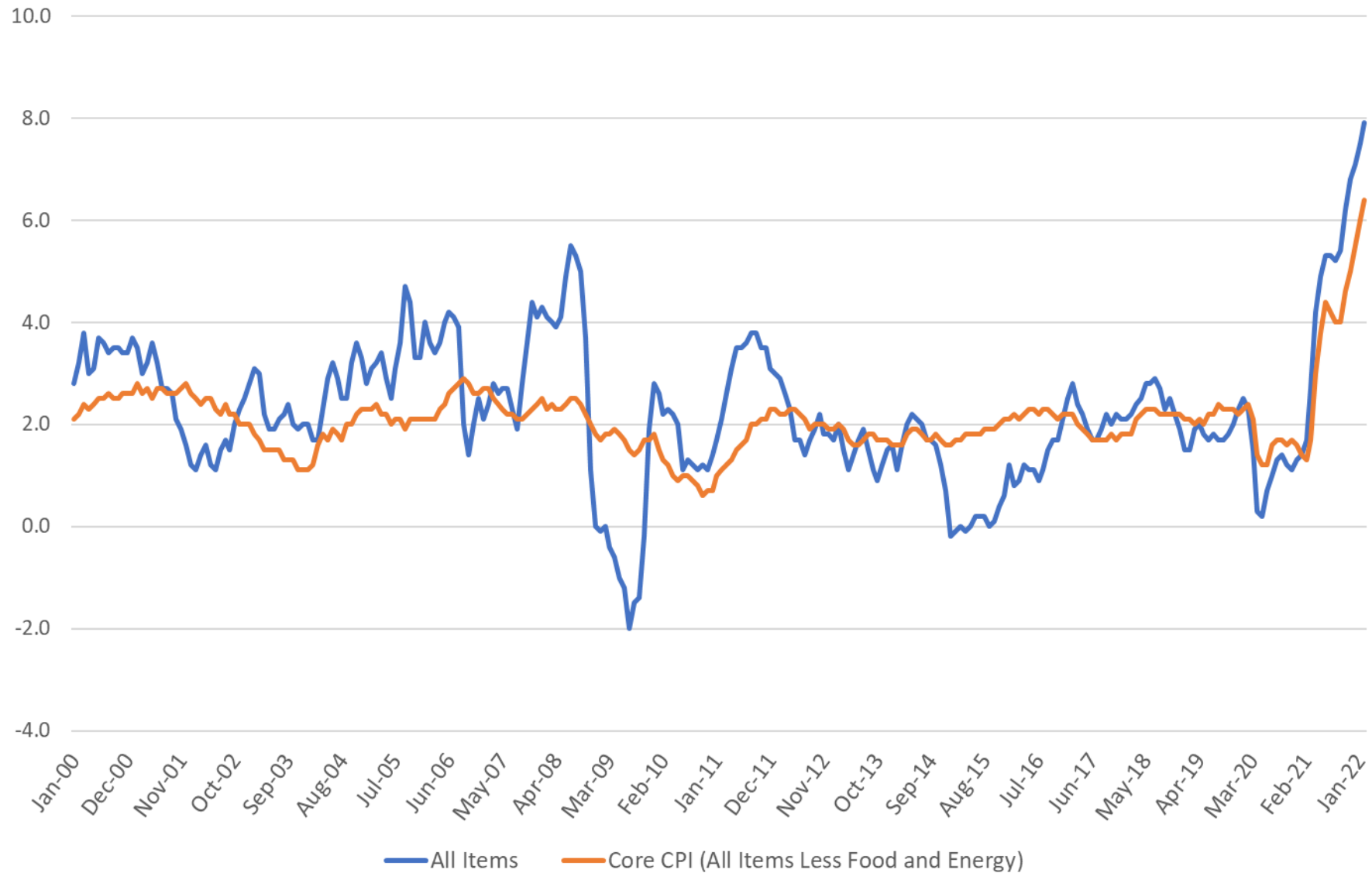
Components of Personal Current Transfer Receipts, Maine



Percent Change in Real Personal Income, Maine 2012-2021 and forecast to 2027



Year-over-year percent change in Consumer Price Index (1982-84=100, seasonally adjusted)

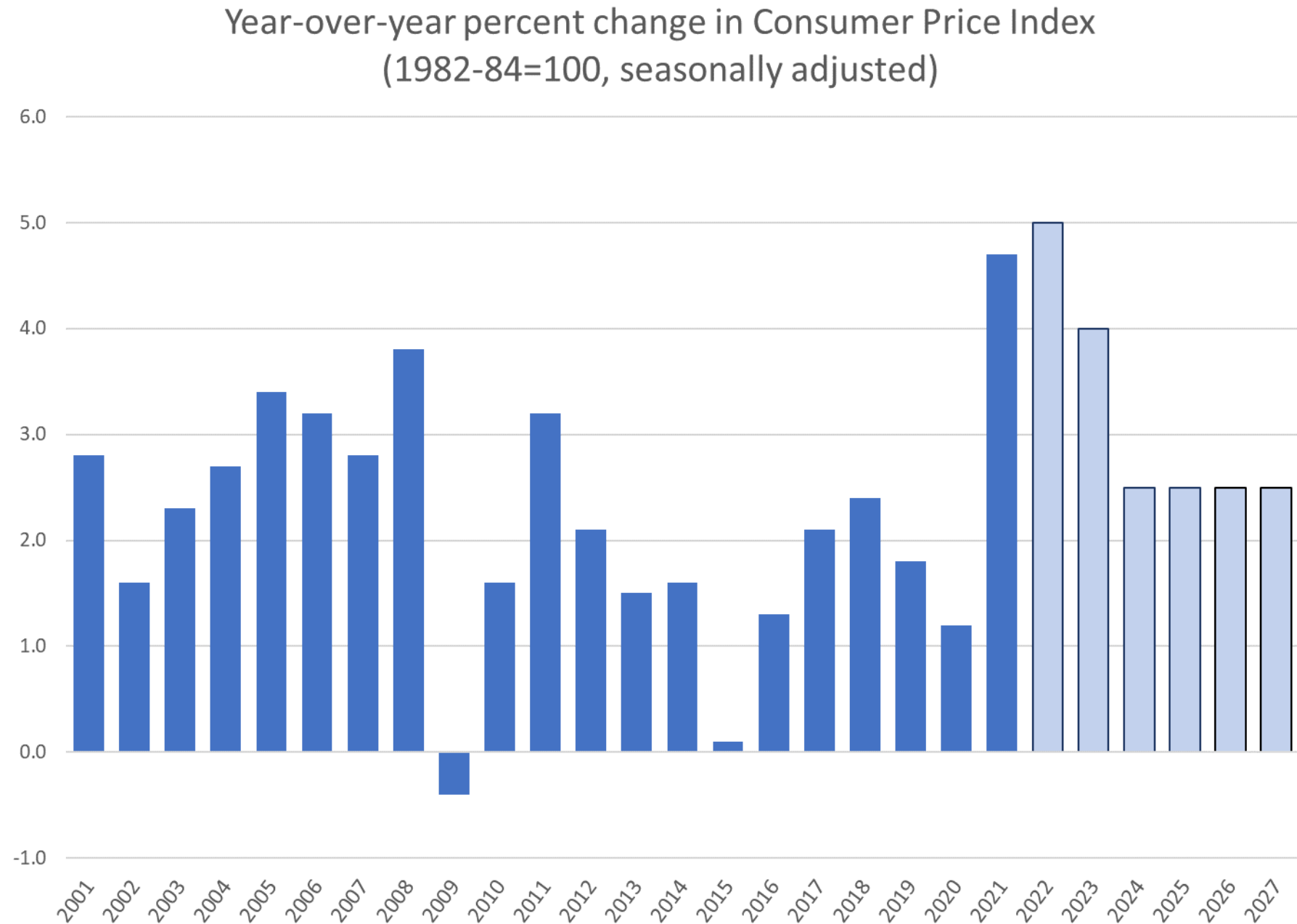


February 2022 inflation expectation from national Survey of Consumers (University of Michigan)

Next year: 4.9%
(up from 3.3% one year ago)

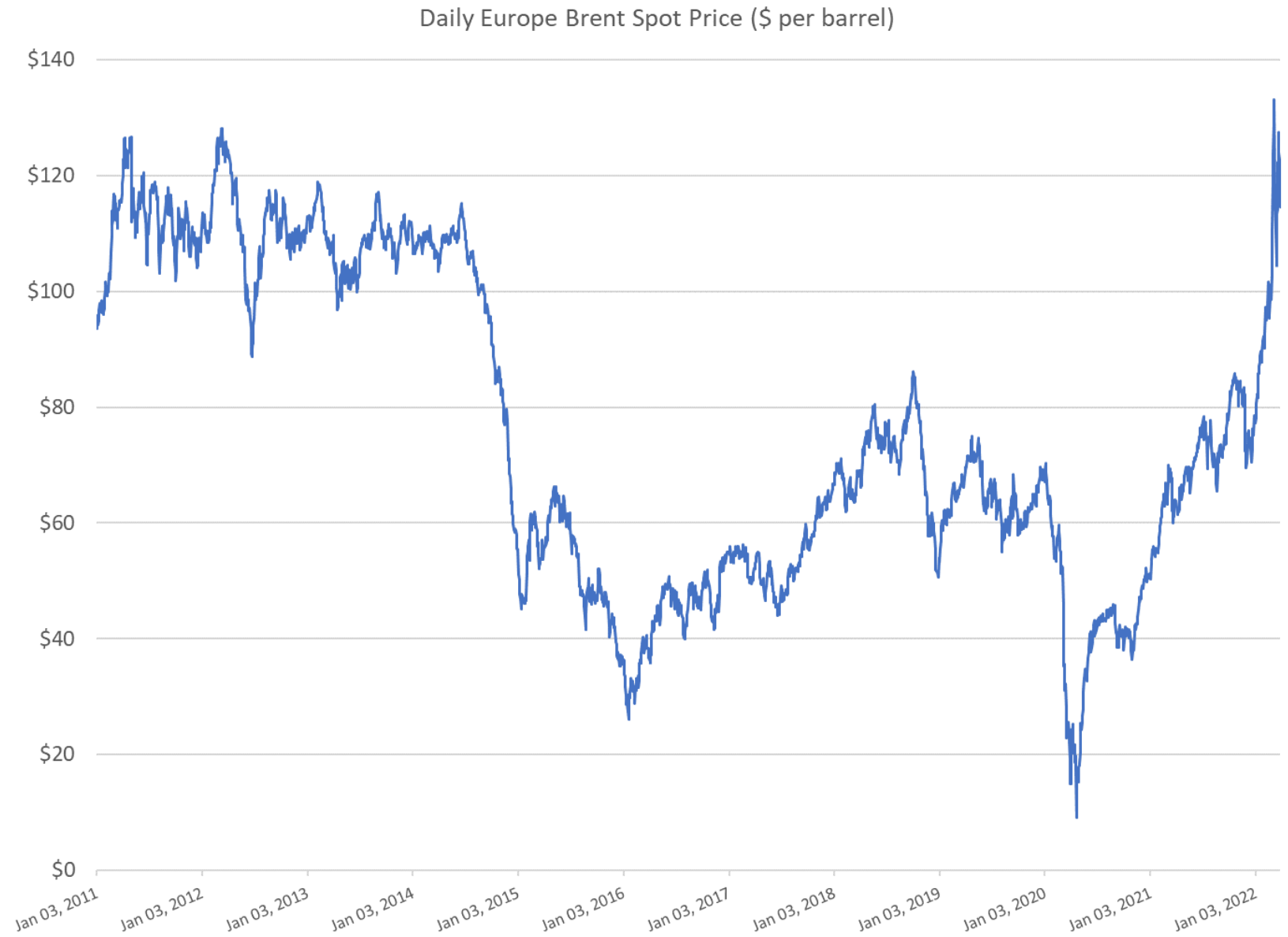
Next 5 years: 3.0%
(up from 2.7% one year ago)

Sources: U.S. Bureau of Labor Statistics; CEFC report, February 1, 2022; University of Michigan Survey of Consumers

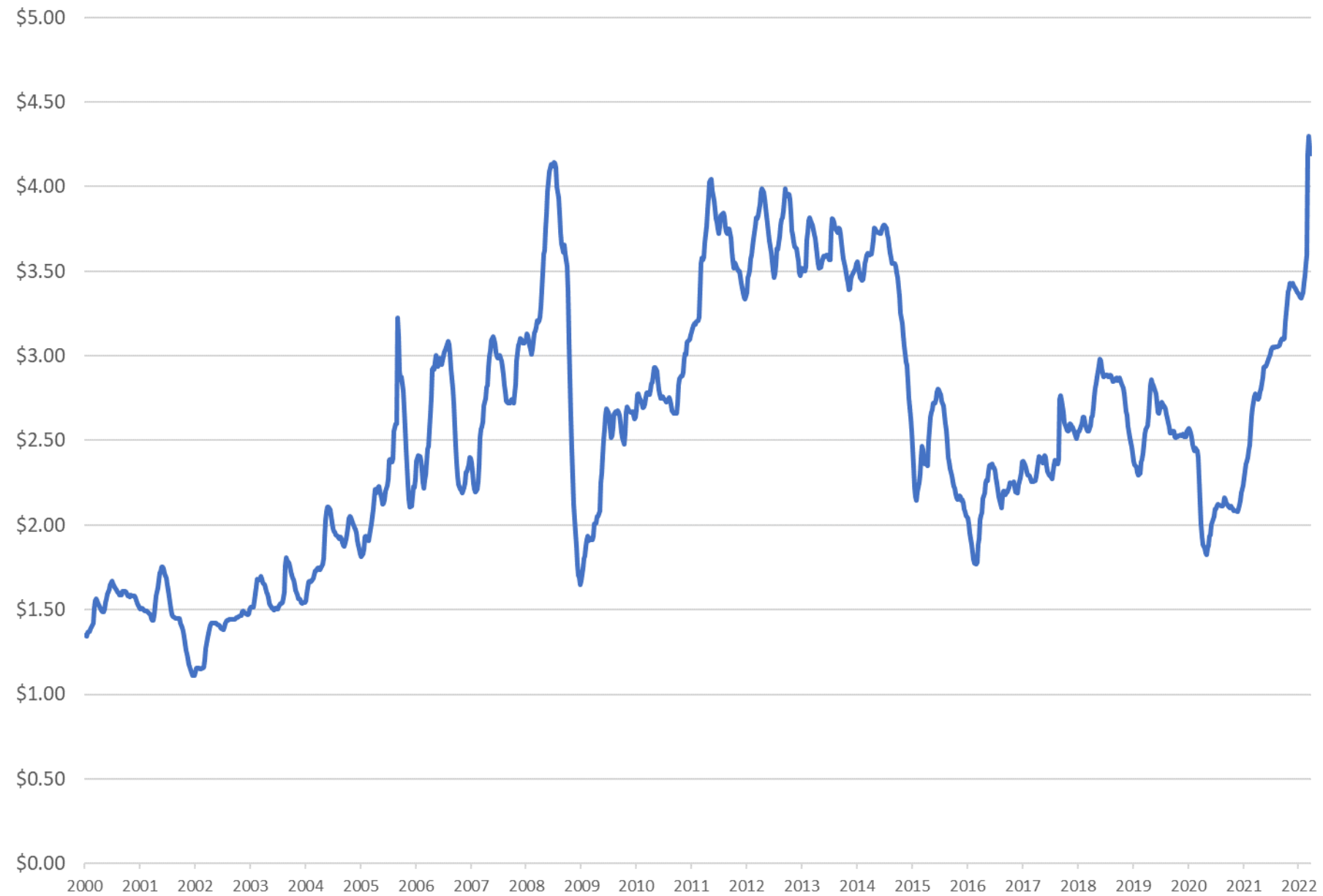


Oil prices have increased and are highly volatile

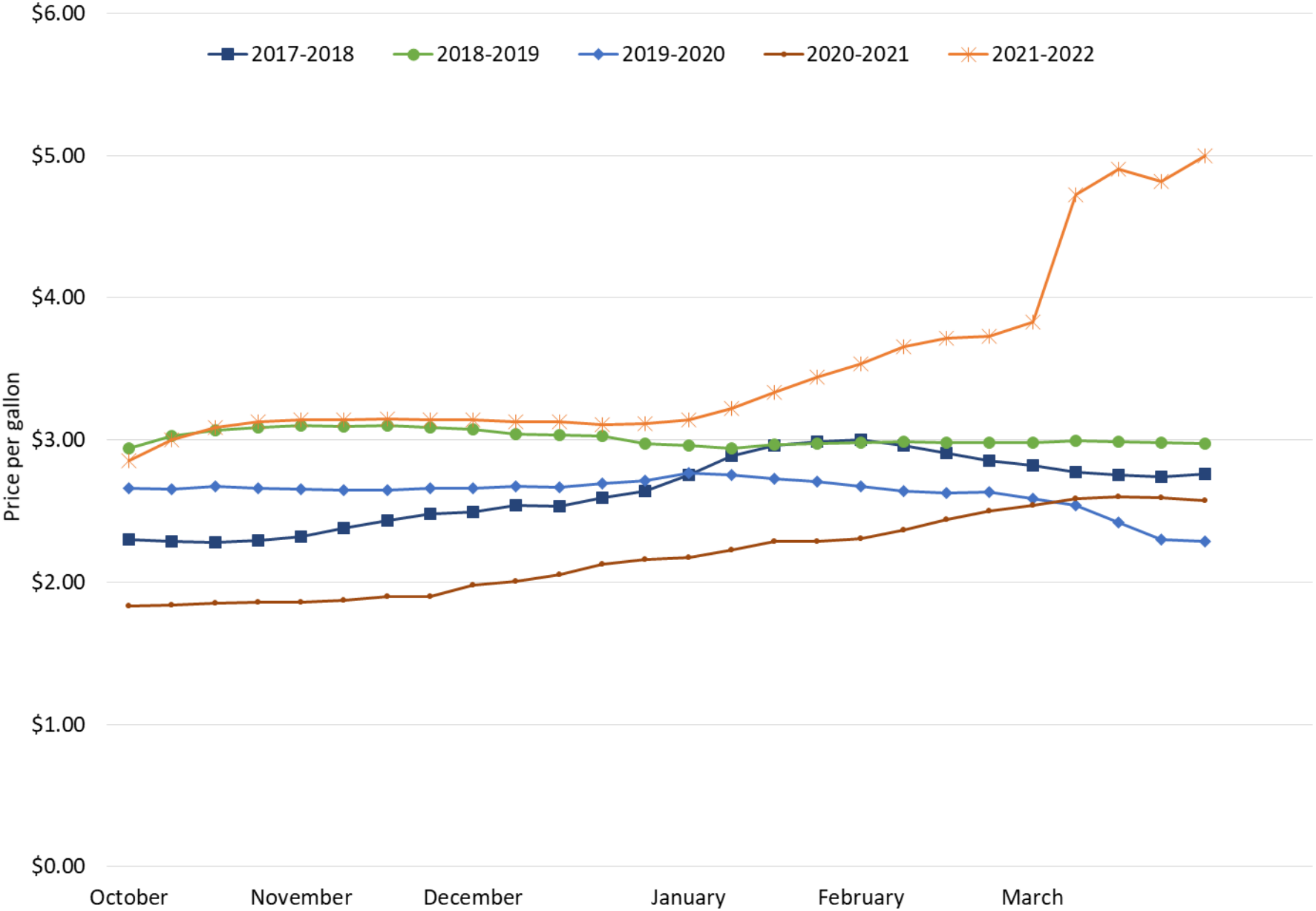
- As of March 28, 2022, the daily Brent spot price was \$114.50
- Prices have recently reached levels not seen since 2008



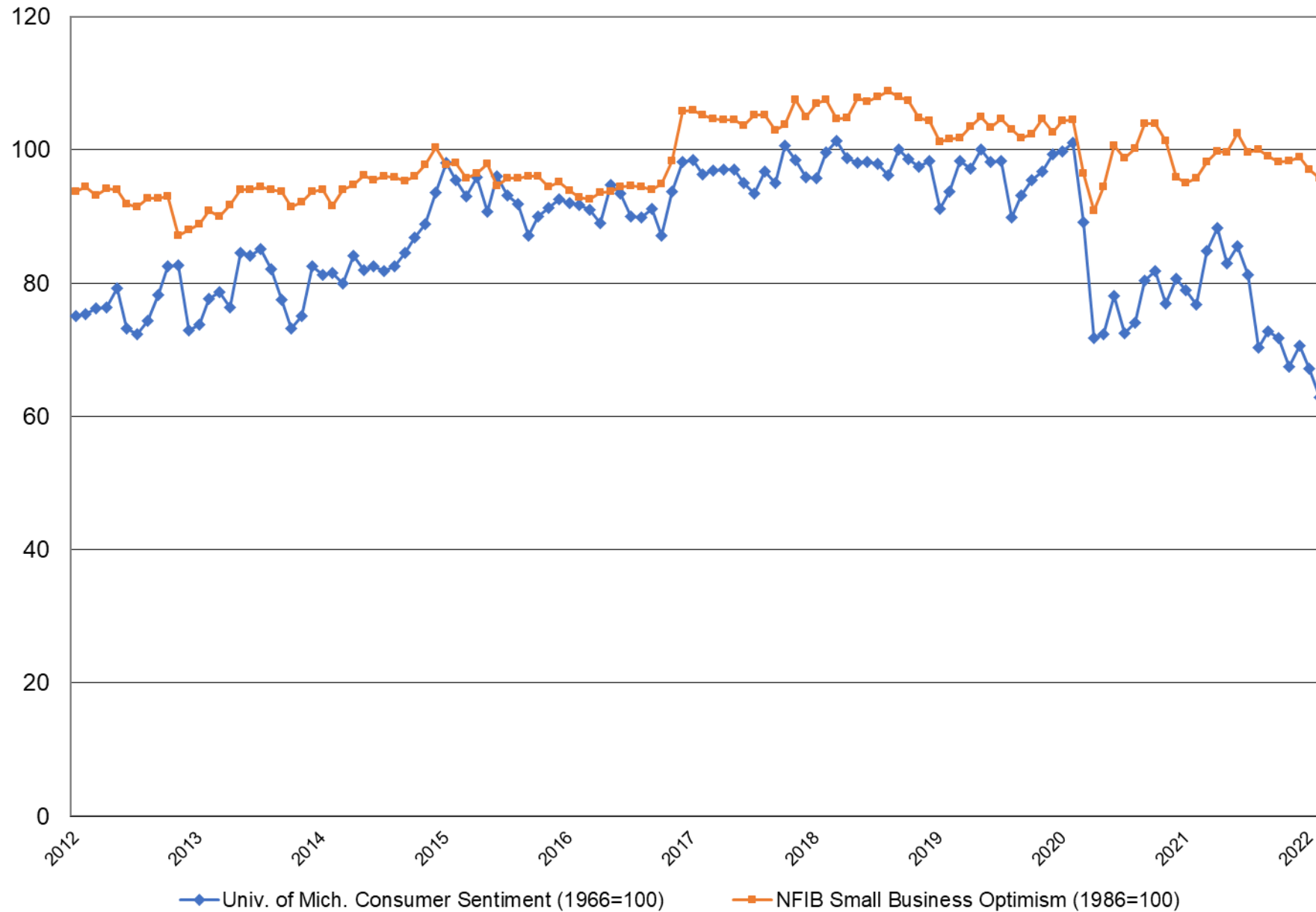
New England - Regular All Formulations Retail Gasoline Price Per Gallon



Maine No. 2 Heating Oil Residential Price



Consumer Sentiment and Small Business Optimism Indexes



Maine Taxable Retail Sales	% Change from Jan. 2021 to Jan. 2022	% Change from Jan. 2020 to Jan. 2022	% Change last three months / same 3 month period one year ago
Building Supply	4.2%	32.8%	8.9%
Food Store	2.0%	8.0%	1.3%
General Merchandise	-3.0%	15.1%	10.0%
Other Retail	2.3%	46.2%	10.2%
Restaurant	10.9%	-6.6%	29.4%
Lodging	61.9%	50.2%	78.4%
Auto Transportation	0.6%	17.1%	5.4%
Total	4.2%	21.5%	11.0%

Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020

Official 2020 U.S. poverty rate = 11.4%, 1.0 percentage points higher than 2019

Supplemental Poverty Measure (SPM) = 9.1%, 2.6 percentage points LOWER than 2019

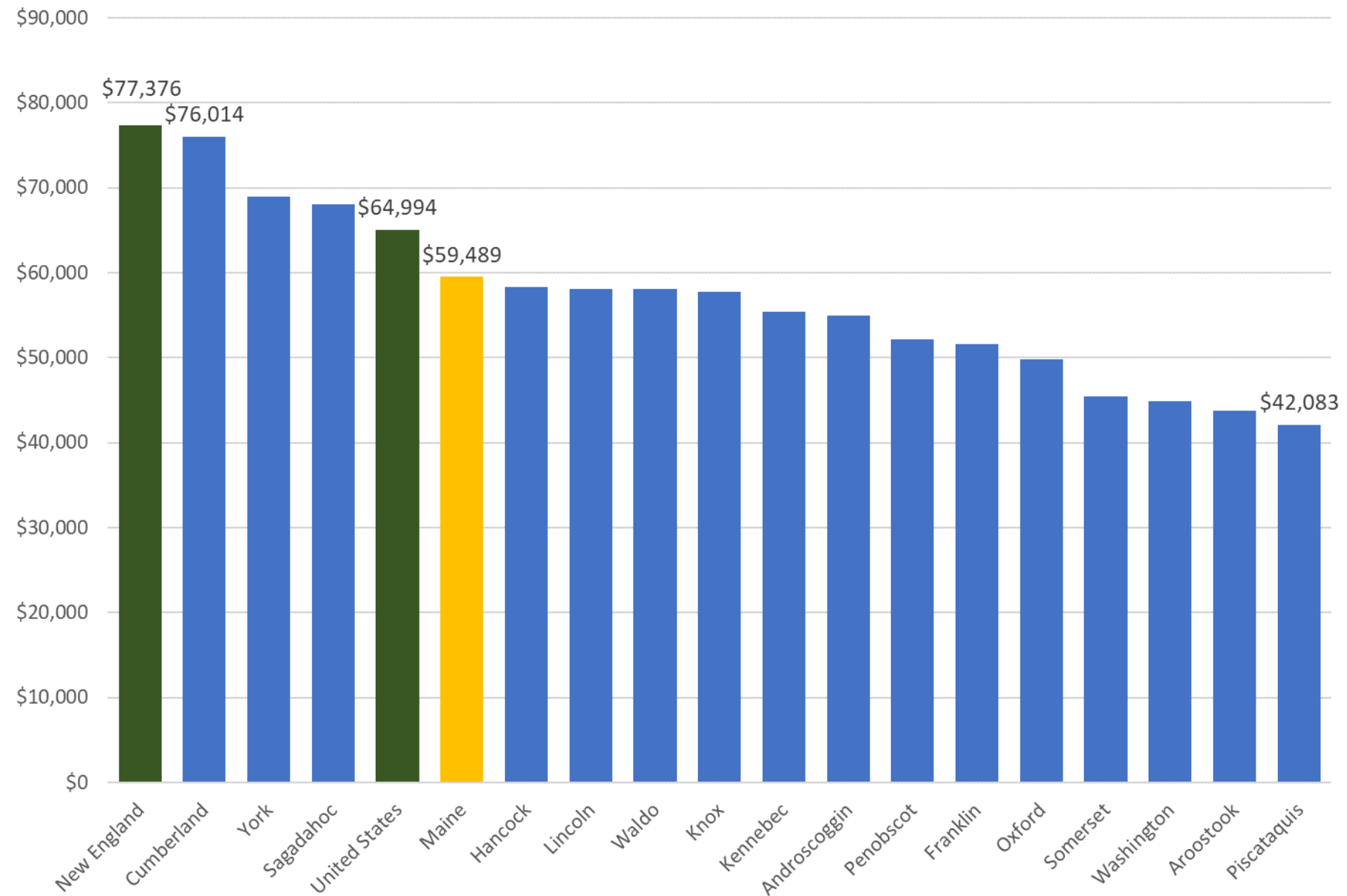
- Without stimulus payments, the SPM would have been 12.7%

Maine was one of 30 states where the 2018-2020 SPM (7.3%) was lower than the official measure (10.0%)

Nationally, people moved out of poverty due to federal programs:

- Social Security moved 26.5 million people out of poverty
- Unemployment benefits = 5.5 million
- Stimulus payments = 11.7 million

Median Household Income



The ongoing roll-out of funding from the **Maine Jobs and Recovery Plan** (which distributes the nearly **\$1 billion** Maine is getting from the federal American Rescue Plan Act) will continue to bolster economic activity

- Areas of focus based on 10-year Economic Development Strategy and recommendations of the Governor's Economic Recovery Committee
- \$300 million already rolling out for job training, housing/health care/childcare affordability, and small business assistance

<https://www.maine.gov/jobsplan/>

Things to keep in mind:

- The 2020 recession was both the deepest and the shortest (2 months) on record; federal support was crucial for staving off what could have been far worse economic consequences
- We're moving into an endemic phase of COVID, but widespread global vaccinations are needed to bring the public health crisis fully under control and minimize new variants
- 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
- Other trends likely have been accelerated by the pandemic, e.g. gig work and automation
- What happens with remote work, retirements, migration, and job quality in the long term?
- Near- to medium-term global and national economic conditions are increasingly uncertain

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