Overview of Economic Conditions in New England

- Labor market conditions in New England remain steady but somewhat tight, and with performance varying across states and industries.
  - Maine is comparable to the region as a whole.

- Inflation excluding food and energy prices is fairly low.

- House prices have increased in the region compared to one year ago, approaching the national trend.
  - Once again, Maine aligns with New England overall.

- Expectations for the future appear to be positive.
  - Nationally and regionally, consumers seem to be more confident about the economic outlook.
  - Forecasts for employment and other indicators predict modest improvement.
Employment Remains on the Rise Across the Region

Source: Bureau of Labor Statistics, NBER, Haver Analytics
Recent Employment Growth is Close to Long-Run Trends

**Employment Growth Rates**

<table>
<thead>
<tr>
<th></th>
<th>Annual Long-term Trend</th>
<th>Last 12 months</th>
<th>Since Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>United States</td>
<td>1.4</td>
<td>1.6</td>
<td>2,281,000</td>
</tr>
<tr>
<td>New England</td>
<td>0.9</td>
<td>0.9</td>
<td>66,800</td>
</tr>
<tr>
<td>Connecticut</td>
<td>0.5</td>
<td>0.5</td>
<td>8,100</td>
</tr>
<tr>
<td>Maine</td>
<td>1.1</td>
<td>0.6</td>
<td>3,600</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>0.9</td>
<td>1.1</td>
<td>39,100</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1.5</td>
<td>1.4</td>
<td>9,400</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>0.7</td>
<td>1.3</td>
<td>6,300</td>
</tr>
<tr>
<td>Vermont</td>
<td>1.3</td>
<td>0.1</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics, Haver Analytics
Year-Over-Year Employment Growth in Nation has Exceeded Maine

Source: Bureau of Labor Statistics, NBER, Haver Analytics
Construction & Trans/Warehousing/Util
Industries Lead NE Employment Growth

Employment Growth by Industry
Percent Change, February 2017 - February 2018

- Construction: NE 4.2, US 4.9
- Transportation, Warehousing, and Utilities: NE 2.6, US 2.5
- Other Services: NE 1.7, US 1.8
- Professional & Business Services: NE 1.8, US 2.4
- Wholesale Trade: NE 1.2, US 1.7
- Manufacturing: NE 1.8, US 1.8
- Education & Health: NE 1.4, US 1.9
- Leisure & Hospitality: NE 1.2, US 2.1
- Finance: NE 0.6, US 1.7
- Government: NE 0.2, US 0.2
- Retail Trade: NE -0.7, US -0.4
- Information: NE -2.5, US -2.4

Source: Bureau of Labor Statistics, Haver Analytics
Transportation, Warehousing, and Utilities Industry is Hiring in Maine...

State Employment Growth by Industry
Percent Change, February 2017 - February 2018

- Construction
- Manufacturing
- Retail Trade
- Wholesale Trade
- Information

Source: Bureau of Labor Statistics, Haver Analytics
…with Mixed Employment Growth in Other Maine Industries, Other States

State Employment Growth by Industry
Percent Change, February 2017 - February 2018

Source: Bureau of Labor Statistics, Haver Analytics
Unemployment Rates are Low

Unemployment Rates

<table>
<thead>
<tr>
<th></th>
<th>Feb-17</th>
<th>Feb-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4.7</td>
<td>4.1</td>
</tr>
<tr>
<td>New England</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Connecticut</td>
<td>4.9</td>
<td>4.6</td>
</tr>
<tr>
<td>Maine</td>
<td>3.3</td>
<td>2.9</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Vermont</td>
<td>3.1</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics, NBER, Haver Analytics
Unemployment Rates Vary Across New England Metropolitan Areas

Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston
Inflation in New England is Higher than US but Comparable

Source: Bureau of Labor Statistics, NBER, Haver Analytics
High Energy Price Growth in the Region Helps Drive Overall Inflation

Components of the Consumer Price Index

Percent Change, January 2017 - January 2018

- All Items
- All Items, Less Food and Energy
- Fuel & Utilities
- Shelter
- Transportation
- Medical Care
- Education and Communication
- Food
- Recreation

US
Boston

Source: Bureau of Labor Statistics, Haver Analytics
Decline of Foreclosures in Maine, Comparable to Region and Nation

Source: Mortgage Bankers Association, NBER, Haver Analytics
Housing Prices Continue to Rise

Repeat-Sales Home Price Index

Source: FHFA, NBER, Haver Analytics
House Price Growth Varies Across New England

Repeat-Sales Home Price Index
Percent Change, Q4 2016 - Q4 2017

- United States: 6.7%
- New England: 5.9%
- Rhode Island: 8.0%
- Massachusetts: 6.1%
- Maine: 5.6%
- New Hampshire: 7.6%
- Vermont: 7.1%
- Connecticut: 3.8%

Source: FHFA, Haver Analytics
Consumer Confidence Has Risen

Source: The Conference Board, Haver Analytics
Forecasts for New England Suggest Employment Growth...

Average Annual Growth by Employment Sector, 2016-2021 (Percent)

<table>
<thead>
<tr>
<th>Employment Sector</th>
<th>2016-2021 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm employment (000's)</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Trade, Transportation, Utilities</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td></td>
</tr>
<tr>
<td>Financial Activities</td>
<td></td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td></td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td></td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
</tbody>
</table>

Source: The New England Economic Partnership
...and Some Improvement in Macroeconomic Conditions

<table>
<thead>
<tr>
<th></th>
<th>2011-2016</th>
<th>2017-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force</td>
<td>0.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Unemployment Rate (Average %)</td>
<td>5.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Personal Income</td>
<td>2.9%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Gross State Product</td>
<td>1.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Population</td>
<td>0.3%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Source: The New England Economic Partnership
Concluding Observations

- New England’s labor market still exhibits growth in employment and declines in unemployment.

- Core inflation is low.

- Housing price growth persists, with an increase in the growth rate in the region.

- Consumer sentiment about the present and future economy is fairly positive, and the latter is consistent with forecasts.