

Turbulence and Resilience in the Economy

MaineMBA Alumni Awards

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Amanda Rector

Maine State Economist



Turbulence



What does turbulence look like when we're talking about economic data?

Keep in mind: sometimes volatility is noise, sometimes it's a trend

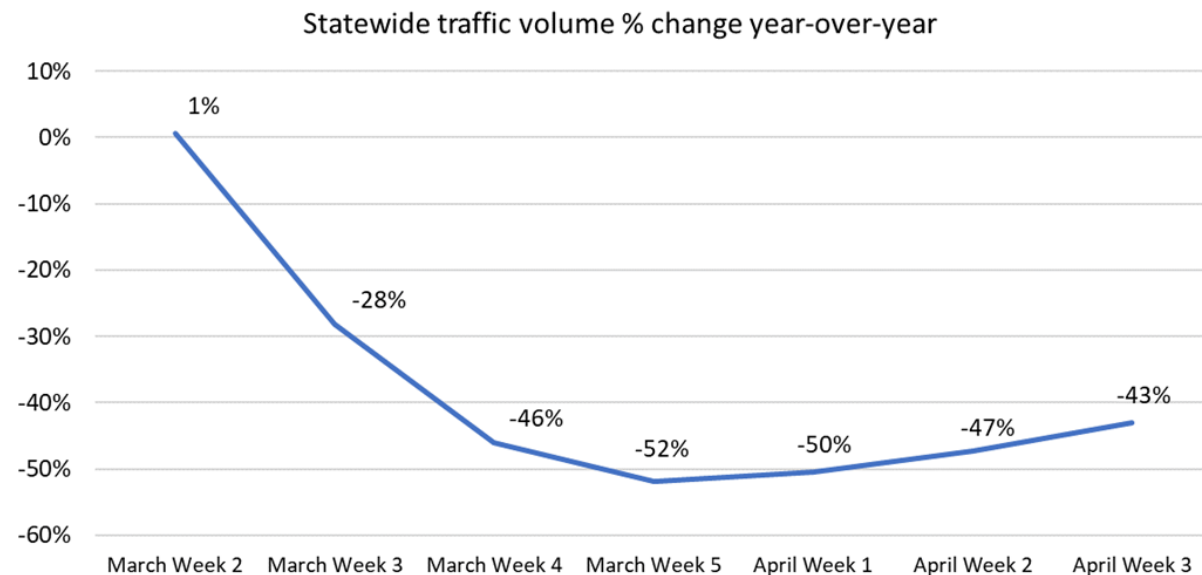
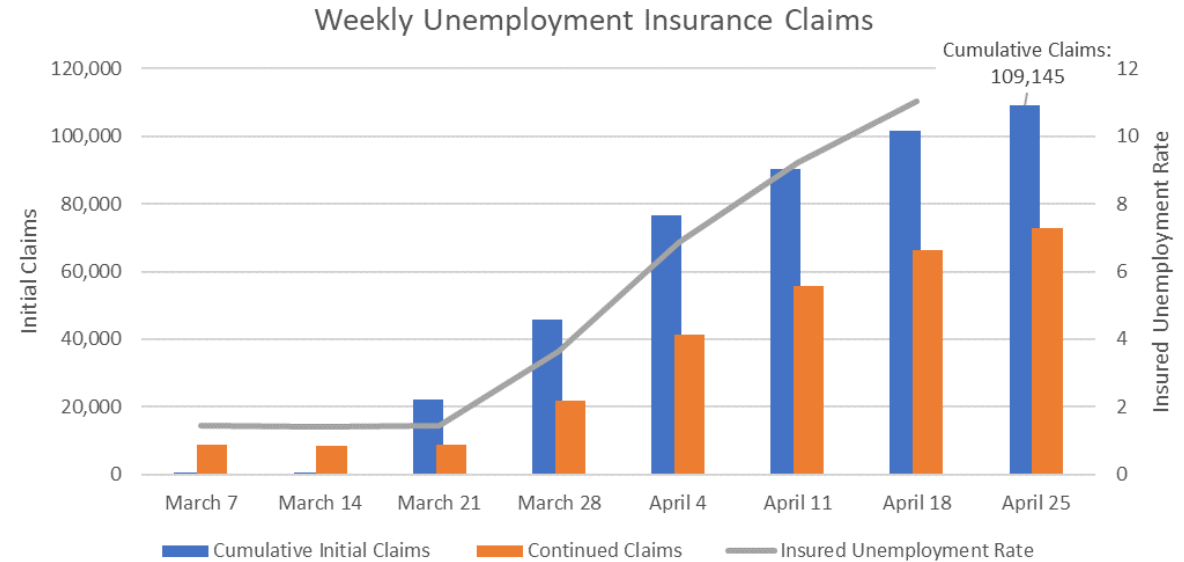
Triangulating economic data in the early days of COVID-19

What we did have:

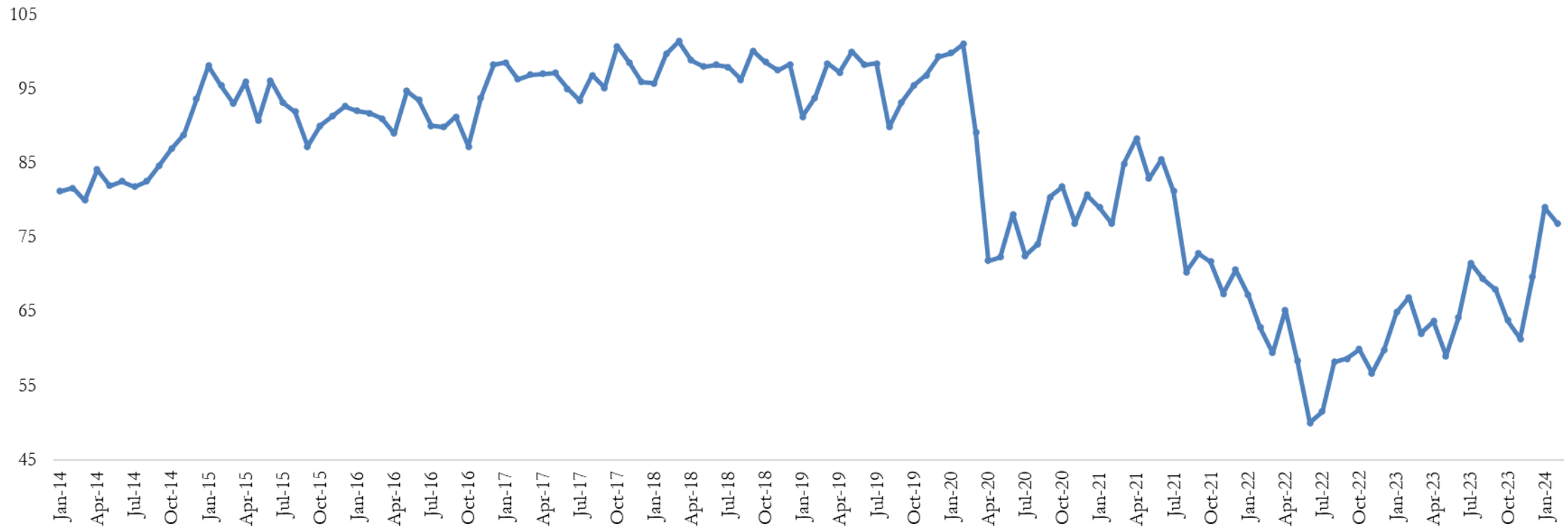
...and lots of phone conversations

What we didn't have:

- Taxable retail sales
- Employment and labor force
- Gross Domestic Product
- Wages and salaries
- Household income



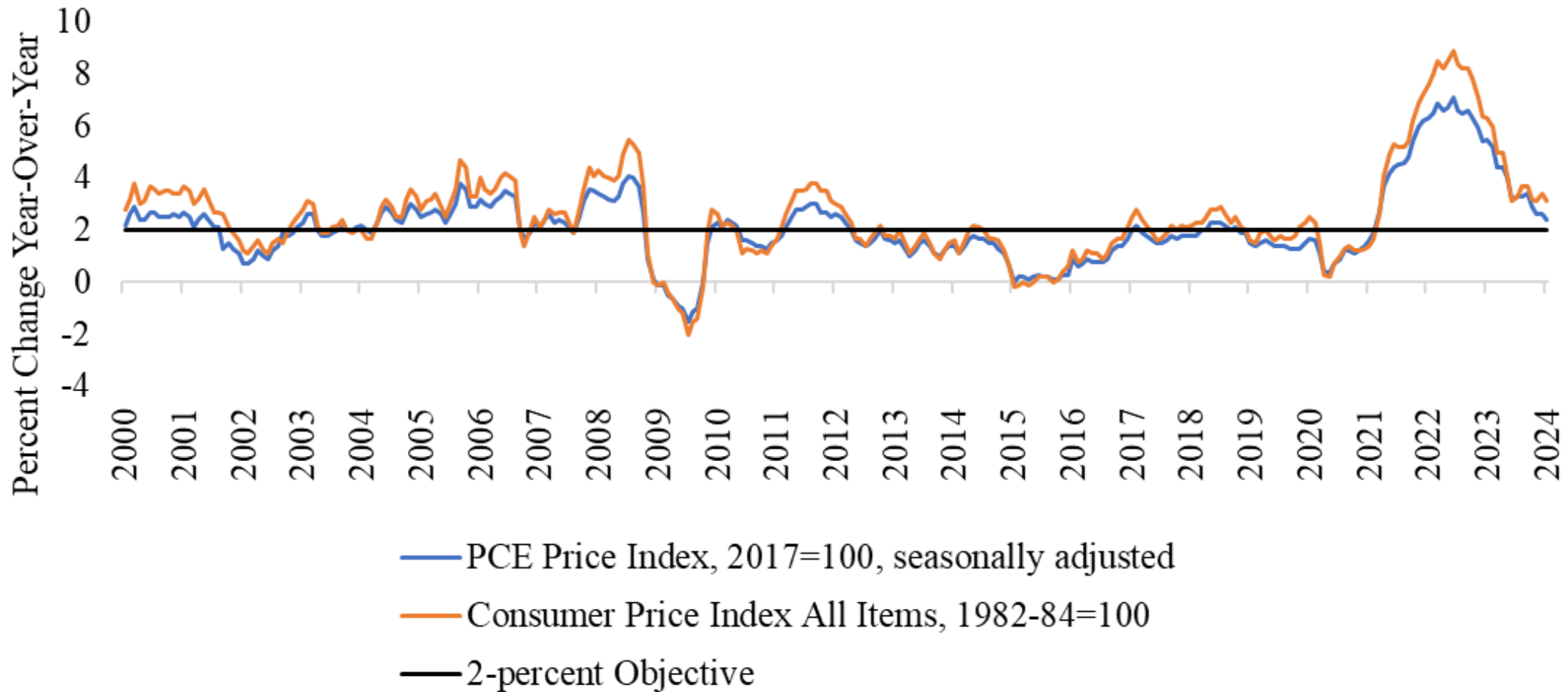
University of Michigan Consumer Sentiment Index (1966 = 100)



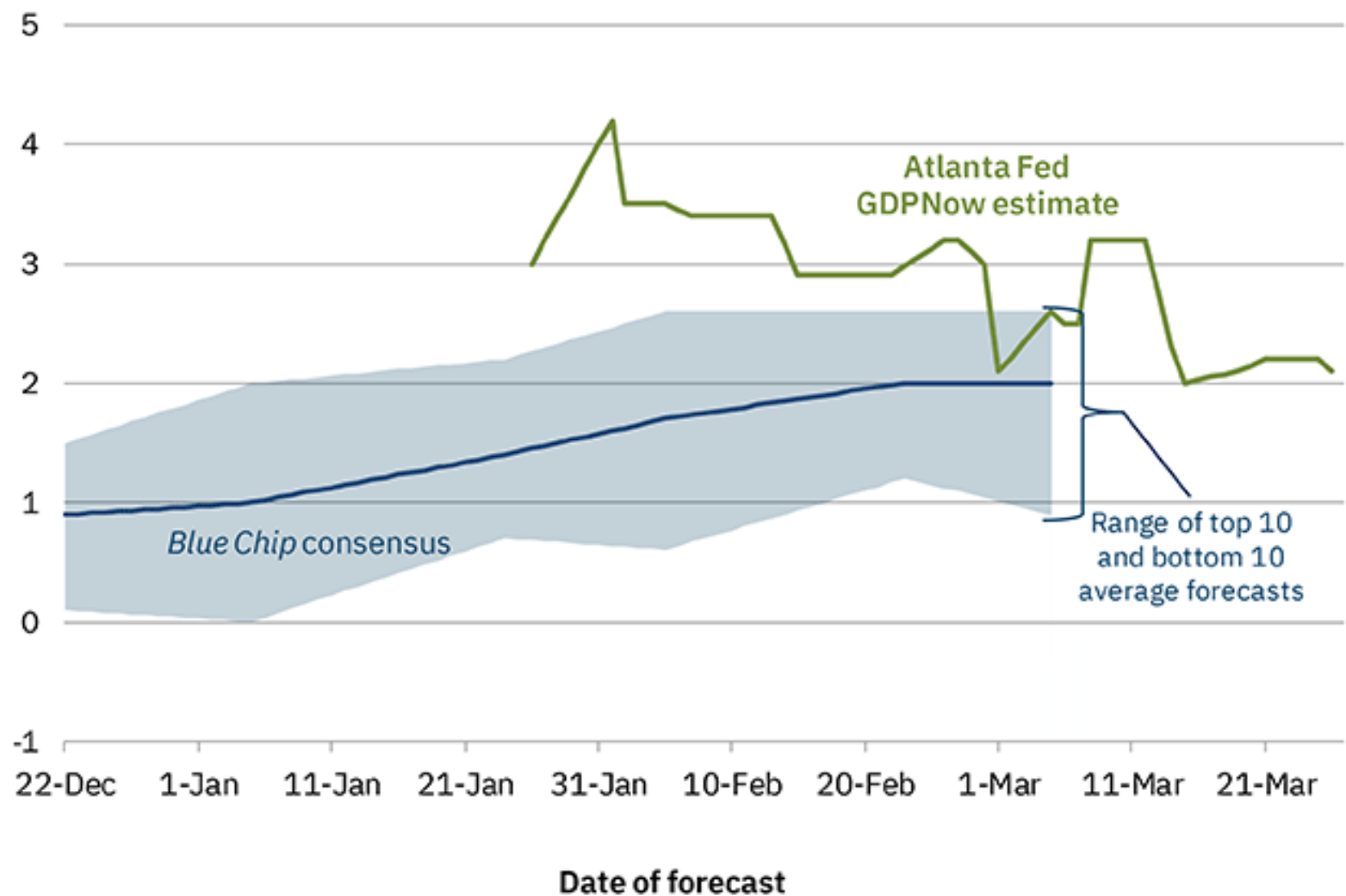
Look ahead (with caution) using leading indicators...

...and the things that influence those leading indicators (like inflation)

Measures of inflation, Year-Over-Year Percent Change



Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q1 Quarterly percent change (SAAR)



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Calendar Years	2022	2023	2024	2025	2026	2027	2028	2029
Wage & Salary Employment (Annual Percentage Change)								
CEFC Forecast 11/2023	2.4	1.2	0.8	0.4	0.2	0.1	-	-
CEFC Forecast 02/2024	2.4	1.8	0.8	0.4	0.2	0.1	0.1	0.1
Personal Income (Annual Percentage Change)								
CEFC Forecast 11/2023	3.9	5.9	4.5	4.3	4.4	4.4	-	-
CEFC Forecast 02/2024	3.9	5.1	4.7	4.4	4.3	4.2	4.2	4.2
Wage and Salary Income (Annual Percentage Change)								
CEFC Forecast 11/2023	8.5	7.5	5.0	4.0	4.3	4.3	-	-
CEFC Forecast 02/2024	8.5	6.1	5.0	4.0	4.0	4.0	4.0	4.0
CPI (Annual Percentage Change)								
CEFC Forecast 11/2023	8.0	4.1	3.2	2.7	2.7	2.7	-	-
CEFC Forecast 02/2024	8.0	4.1	2.7	2.4	2.3	2.2	2.2	2.2

What do turbulence and resilience look like in economic forecasting?
Revisions, and holding steady in the far distant future

Know the assumptions and risks!

“Demographic changes and global geopolitical tensions were among the key risks to continued economic growth identified by the CEFC. The Commission also had conversations concerning potential future risks posed by skill shortages and emotional strains on workers in the healthcare sector and by the impacts of climate change, most notable in Maine by the damage from flooding and ocean storm surge.”

plus

9

key assumptions



Resilience