Report of the CONSENSUS ECONOMIC FORECASTING COMMISSION November 2006

Commissioners

Charles Colgan, Chair Professor of Public Policy and Management University of Southern Maine

Eleanor Baker Managing Principal Baker Newman Noyes, LLC

John Davulis Chief Economist Central Maine Power Co.

Michael Donihue Associate Professor of Economics Colby College

Charles Lawton Senior Economist Planning Decisions, Inc.

Support Staff

Michael Allen, *Maine Revenue Services* John Dorrer, *Maine Department of Labor* David Douglass, *Maine State Planning Office* John Nyada, *Maine Revenue Services* Catherine Reilly, *Maine State Planning Office* Jerome Stanhope, *Maine Revenue Services*

Summary

The Maine Consensus Economic Forecasting Commission (CEFC) met on October 3, 2006. As required by statute, the CEFC updated its February 2006 economic forecast for Maine. The Commission also extended the forecast to 2011 to encompass the next fiscal biennium. This is the Commission's first forecast that takes into consideration the approaching closure of Naval Air Station Brunswick.

For 2006-2009, the Commission made minor adjustments to its February forecast based on updated information reported by the Maine Department of Labor (DOL), Maine Revenue Services (MRS), and the Maine State Planning Office (SPO); recent national and state economic indicators; and current forecast models. The table below summarizes their revised forecast for wage and salary employment growth, personal income growth, and the U.S. Consumer Price Index (a measure of inflation). The CEFC forecasts growth for wage and salary employment in the range of 0.4% to 0.8% annually. This employment growth will be accompanied by growth in personal income, which should grow 5.2% in 2006 and sustain annual growth at or above 4.2% through 2011. The Commission increased its 2006 inflation forecast to 3.5%. However, inflation is projected to return to 2.2% in later years.

Calendar Years	2006	2007	2008	2009	2010	2011
Wage & Salary Employment (Annual % Change)						
CEFC Forecast 2/2006	0.5	0.6	0.6	0.7		
CEFC Forecast 11/2006	0.5	0.4	0.6	0.8	0.7	0.6
Personal Income (Annual % Change)						
CEFC Forecast 2/2006	5.0	4.5	4.5	4.5		
CEFC Forecast 11/2006	5.2	4.3	4.5	4.5	4.3	4.2
CPI (Annual % Change)						
CEFC Forecast 2/2006	2.8	2.5	2.2	2.2		
CEFC Forecast 11/2006	3.5	2.5	2.2	2.2	2.2	2.2

In making these adjustments, the CEFC drew upon information presented by several state agencies. The following sections summarize their reports.

Maine Department of Labor

In the first eight months of 2006, the Maine labor market has sustained increases in both the number of non-farm wage and salary jobs and the number of employed residents. Compared to the first eight months of 2005, the seasonally-adjusted average job count increased by 1,200, or 0.2%, to 608,900. During the same time, the number of employed Maine residents grew by 1.2%. The seasonally-adjusted unemployment rate was 4.5%,

below the national rate of 4.7%. In the more recent period of June, July, and August, both Maine and the nation averaged 4.7% unemployment.

In August 2006, year-over-year job gains were strongest in business and professional services, up 2.9%; construction, up 1.8%; health and social services, up 1.5%; wholesale trade, up 1.4%; and transportation, warehousing and utilities, up 1.2%.

All of the above estimates are from the Current Employment Survey (CES) of approximately 2,000 Maine employers. These preliminary numbers are always revised based on data from the Quarterly Census of Employment and Wages (QCEW). The QCEW covers nearly all Maine employers. Because of the volume of data it provides, it has a longer time lag than the CES. The latest QCEW figures, released after the October 3rd meeting, but reviewed by Commission members, show year-over-year employment increases in all months through June. In each month the increase is greater than the estimates from the CES. These early QCEW data suggest stronger growth than currently reflected by CES estimates.

DOL also noted shorter average duration of unemployment and reductions in the number of individuals exhausting unemployment benefits compared to one year ago.

Regarding the closing of Naval Air Station Brunswick (NASB), DOL indicated that approximately 580 federal civilian positions will be eliminated between 2007 and 2011. These employees will likely have access to federal support for retraining, relocation, or early retirement. The greater impact on the Maine economy is likely to come from the spillover effects of reduced regional demand because of the outmigration of military personnel and their families from the base. Since the timeframe for closing NASB is contingent on the development of capacity in Jacksonville, Florida specific annual job loss estimates are not currently possible. The CEFC forecast is based on the Department of Defense's announced intentions to begin transferring personnel from Brunswick to Jacksonville in 2009, continuing into 2010. This schedule and the impacts of NASB on the economy may be delayed if required improvements to NAS Jacksonville are delayed.

Maine Revenue Services

Maine Revenue Services reported that total taxable sales in the first quarter of 2006 were 7.0% higher than the first quarter of 2005. Second-quarter sales rose 1.0%. Given these initial results, the state is currently on track to exceed the 2.0% taxable sales increase seen in 2005. Two areas to watch are automotive sales and building supply sales. The total value of vehicle sales has fallen as consumer demand has shifted away from large vehicles and toward smaller, more fuel-efficient vehicles. Furthermore, numerous sales increatives over the last few years have likely saturated the market. In particular, many U.S. automakers introduced employee-price incentives in 2005.

Building supply sales, an area that historically has been strong, has also shown signs of slowing. This likely reflects developments in the housing market which both nationally and in Maine is showing signs of significant slowing.

Individual income tax withholdings continue to grow at a rate similar to 2005. The first three quarters of 2006 showed year-over-year growth of 4.2%. Corporate income tax revenues continue to exceed projections, but have recently shown signs of slowing. All other revenue sources are in line with current projections.

Maine State Planning Office

Early indicators for 2006 show expansion in the Maine economy. Unemployment has remained at or below the national level, employment has risen, and personal income increased by 5.2% in the first three quarters. The housing market remained stable in the first half of 2006. The first quarter saw seasonally-adjusted annual sales of 36,400; the highest recorded. However, there is indication that the slow down in the national housing market is reaching Maine. January-August new housing permits dropped 13% compared to the same period in 2005. (At the same time, permits fell 12% in New England. Growth varied from an increase of 3% in Rhode Island to a decrease of 23% in New Hampshire.) The Maine Real Estate Information System reported August existing home sales were down 17.8% compared to August 2005.

The CEFC expects these trends in the housing market to affect the Maine economy over the next 3-4 quarters, but the effects of the national trends are expected to be somewhat less in Maine because of continuing demand for "high amenity" real estate, such as on the coast.

In the first half of 2006, Maine contended with increasing energy prices and rising inflation. The price of a barrel of oil exceeded \$74 in August and the Consumer Price Index grew at a compound annual rate of 3.6% in June, July, and August. Maine has historically had a relatively high energy intensity economy. The amount of energy used per dollar of Gross State Product has increased from 8.9% in 2002 to an estimated 11.0% in 2005. The 2002 energy intensity was 28% higher than the national average. John Davulis noted that much of this difference is due to the paper industry. Independent of paper, Maine is more in line with national averages.

SPO provided an update on plans to redevelop Naval Air Station Brunswick. In advance of the base closure, a redevelopment process is being led by the Local Redevelopment Authorities (LRAs) for the towns of Brunswick and Topsham. The LRAs have hired a consulting firm specializing in base redevelopment. In addition, they have initiated base tours and public workshops for community input on reuse scenarios. They intend to finalize reuse plans over the next 15 months.

SPO also presented historical data on the components of personal income. Since 1970, earnings' share of income has steadily declined in both Maine and the U.S. Meanwhile, the share of income from transfer payments and dividends, interest, and rent has risen. SPO presented further information on the breakdown of the latter income source. In 2005, "dividends, interest, and rent" income in Maine was comprised of 61.4% interest,

31.9% dividends, and 6.7% rent. These proportions have changed over time. Recently, dividend income has appeared to grow faster than income from interest and rent.

Consensus Forecast

The above information and four forecasts formed the basis of the Commission's consensus forecast. The New England Economic Partnership and State Planning Office forecasts were based on a model prepared by Moody's/Economy.com. John Davulis presented a forecast for personal income that he developed. Global Insight, Inc. generated the fourth forecast.

In general, the forecasts presented similar trends for wage and salary employment, personal income, and the Consumer Price Index, but showed differences in magnitude.

Taking into consideration the information presented at the meeting, the Commission concluded that Maine's job market has strengthened since 2005 and should sustain growth through 2011. Using the latest employment estimates from the Department of Labor, the Commission maintained its February projection of 0.5% non-farm wage and salary employment growth in 2006. Employment growth in 2007 was lowered to 0.4% based on evidence of a weakening housing market.

The discussion of 2008-2011 employment growth focused on the impact of closing Naval Air Station Brunswick. The impact is assumed to be somewhere between the worst case scenario (no redevelopment of the base property and facilities) and the best case scenario (quick redevelopment accompanied by ample new job opportunities). Currently there is no definitive information about how the base will be reused. Although the timing for pullout has not been finalized by the Navy, most personnel will probably leave in 2009-2011. This will result in indirect job losses throughout the region. Estimates for wage and salary job growth in 2009, 2010, and 2011 were reduced below the model estimates to reflect this impact.

The CEFC raised its forecast for 2006 personal income growth from 5.0% to 5.2%. The Commission noted that growth in the job market and recent reports of strong dividend earnings will support income growth. However, growth is expected to be 4.3% in 2007, again based on evidence of a softening housing market. The Commission discussed the wealth effect of home values. In Maine and nationwide, falling home prices could reduce household consumption as homeowners feel less wealthy. The Commission left unchanged its forecast for 4.5% income growth in 2008 and 2009, and projected slightly lower growth in the following two years in response to NASB's closure.

The Commission increased its forecast of income growth from wages and salaries and dividends, interest, and rent based on stronger than expected year-to-date growth. The Commission revised its forecast for 2006 wage and salary growth from 4.2% to 4.8%, and held its forecast of 4.2% annual growth in the following three years. In 2010 and 2011, the Commission projects slightly lower growth in response to NASB's closure. Projected growth in dividends, interest, and rent was increased to 5.5% for 2006 and

5.0% for the following years. The Commission also provided individual growth rates for the three components of dividends, interest, and rent.

The forecast for the Consumer Price Index was revised upward by 0.5 percentage points to 3.5%. The Commission made the increase based on year-to-date inflation data. The Commission lowered inflation estimates for 2007 to 2.5% and for 2008-2011 to 2.2%. In making this change they noted the limited likelihood of further oil price spikes and interest rate increases by the Federal Reserve that should reduce inflationary pressure.

Maine Consensus Economic Forecasting Commission November 2006 Forecast

2001 2002 2003 2004 2005 2007 2008 40% 4.5%	November 2006 Forecast											
Maine Unemployment Rate** 3.8% 4.4% 5.0% 4.6% 4.6% 4.7%		2001	2002	2003	2004	History 2005	Forecast 2006	2007	2008	2009	2010	2011
3-Mont Trassury Bill Rate** 3.4% 1.6% 4.6% 4.4% 3.1% 4.7% 4.7% 4.6% 4.6% ToYear Tessury Mote Rate** 5.0% <td< th=""><th>CPI-U* (Annual Change)</th><th>2.8%</th><th>1.6%</th><th>2.3%</th><th>2.7%</th><th>3.4%</th><th>3.5%</th><th>2.5%</th><th>2.2%</th><th>2.2%</th><th>2.2%</th><th>2.2%</th></td<>	CPI-U* (Annual Change)	2.8%	1.6%	2.3%	2.7%	3.4%	3.5%	2.5%	2.2%	2.2%	2.2%	2.2%
10-Year Treasury Note Rate** 5.9% 4.9% 4.9% 4.3% 5.1% 5.1% 5.3% 5.5% 5.5% Maine Vage & Salary Employment* 600.1 600.7 611.7 611.6 614.6 617.7 620.8 623.7 620.7 Maine Vage & Salary Employment* 2.7 2.8 2.8 2.94 30.5 30.7 30.6 30.6 2.96 2.94 2.93 2.94 2.95 2.94 2.95 2.94 2.95 2.94 2.95 2.95 2.94 2.95 3.95 3.93 1.91 1.12 1.11	Maine Unemployment Rate**	3.8%	4.4%	5.0%	4.6%	4.8%	4.5%	4.7%	4.7%	4.5%	4.5%	4.5%
Haine Viseg & Sainy Employment (Housans). Formation 608.4 607.7 611.6 614.6 617.1 620.8 62.7 62.0 Natural Resources 2.7 2.6 2.5 2.4 2.7 <th2.7< th=""> 2.7 2.7 2</th2.7<>	3-Month Treasury Bill Rate**	3.4%	1.6%	1.0%	1.4%	3.1%	4.7%	4.7%	4.6%	4.6%	4.4%	4.4%
Maine Mage & Salary Employment 608.1 606.7 611.7 611.5 614.6 614.7 627.8 620.7 627.7 <	10-Year Treasury Note Rate**			4.0%	4.3%	4.3%	5.1%	5.1%	5.3%	5.5%	5.6%	5.6%
Natural Resources 2.7 <	Maine Wage & Salary Employment*			606.7	611 7	611.6	614.6	617 1	620.8	625.7	630.1	633.9
Construction 298 294 30.5 30.7 30.6 30.6 30.6 30.6 29.6 29.5 29.4 29.6 Trade/Trans_Public Olis. 123.7 123.3 123.2 125.2 125.4 125.5 157.7 Fort.A Business Services 51.8 55.4 58.4 58.4 56.4 57.3 56.4 58.8 50.0 20.2 20.4 20.4 20.6 20.6 Construction 102.0 103.7 104.7 105.1 105.9 105.2 10.4 103.7 102.7 Construction 102.0 103.7 107.1 105.9 105.2 0.6% 0.5% 0.5% 0.5% 0.5% Construction 20.9 0.3% 0.3% 0.4% 0.2%												2.6
Manufacturing Trade/Trans./Public Uills. 74.6 68.0 64.1 63.0 61.2 89.6 99.6 99.3 99.3 99.1 Trade/Trans./Public Uills. 12.1 11.6 11.3 11.2 11.2 11.4 11.3 11.7 11.7 11.7 Financial Activities 35.1 <												29.8
Trade/Trans./Fublic Uils. 123.7 123.3 123.2 125.2 125.4 126.4 126.4 126.4 127.0 127.4 Information 12.1 11.6 11.3 11.2 11.2 11.4 11.4 11.5 11.7 11.8 11.6 11.8 11.6 11.8 11.7 <th></th> <th>59.0</th>												59.0
Financial Activities 35.1 35.1 35.1 35.1 35.1 35.1 35.1 35.3 Education & Heath Sorvices 100.8 104.9 107.3 110.9 112.2 113.8 114.8 116.6 116.9 12.2 Leisure & Hospitality Services 191.1 19.8 20.3 20.0 20.0 20.2 2.0.4 2.0.4 2.0.5 2.0.5 3.0.5 6.0.7 6.0.3 Other Services 191.1 103.1 103.7 104.7 10.5 10.5 10.5 10.4 10.2 10.3.1 10.7 10.1 17.1 <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th>127.8</th></td<>												127.8
Prof. & Business Services51.851.451.451.351.451.351.451.251.451.251.451.251.451.251.451.251.451.251.451.251.451.251.251.351.451.251.251.351.451.251.351.451.251.351.451.251.351.451.251.251.351.451.251.251.351.451.251.451.251.451.251.451.251.451.251.451.251.451.251.451.251.451.251.251.351.2 <td>Information</td> <td>12.1</td> <td>11.6</td> <td>11.3</td> <td>11.2</td> <td>11.2</td> <td>11.2</td> <td>11.4</td> <td>11.5</td> <td>11.7</td> <td>11.7</td> <td>11.8</td>	Information	12.1	11.6	11.3	11.2	11.2	11.2	11.4	11.5	11.7	11.7	11.8
Education & Heath Services 100.8 104.9 107.3 110.9 112.2 113.8 114.8 116.6 118.0 12.7 Leisure & Hospitality Services 19.1 19.8 20.3 20.0 20.0 20.2 20.4 20.4 20.4 20.5 62.7 63.3 Government 102.0 103.1 103.7 104.7 105.1 105.8 105.4 10.4 10.7 17.1 17.4 0.75 0.45% 0	Financial Activities	35.1	35.1	35.1	34.9	34.1	34.1	34.3	34.7	35.1	35.3	35.9
Leisure & HospitalityServices 56.4 57.3 57.8 57.8 57.9 57.3 57.3 57.4 57.3 57.4 57.3	Prof. & Business Services				49.6	50.1		52.5	53.6		55.7	56.7
Other Services 19.1 19.8 20.3 20.0 20.0 20.2 20.4 20.6 20.6 Government 102.0 103.1 103.7 105.1 105.5 105.2 104.4 103.7 Maine Wage & Salary Employment 17.7 18.0 17.8 17.1 18.1 17.1 <th< th=""><td>Education & Heath Services</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>123.0</td></th<>	Education & Heath Services											123.0
Government 102.0 103.1 103.7 104.7 105.5 105.9 105.2 104.4 103.7 107.7 Agricultural Employment 7.7 18.0 17.8 7.7 16.8 17.1												63.7
Agricultural Employment 17.7 18.0 17.8 17.1 17												21.1
Annual Growth Rate Annual Growth Rate Maine Wage & Salary Employment - -0.3% 0.1% 0.8% 0.0% 0.2% -0.6% 0.0%												102.6
Maine Wage & Salary Employment - -0.3% 0.1% 0.0% 0.0% 0.4% 0.6% 0.6% 0.6% 0.0% <	Agricultural Employment			17.8	17.1	16.8	17.1	17.1	17.1	17.1	17.1	17.1
Natural Resources - -2.5% -2.6% -0.6% 0.02% -0.6% -0.5% -0.5% Construction - -1.3% 3.6% 0.8% -0.6% 0.1% -0.3% -0.1% 0.7% 0.4% -0.3% 0.7% 0.4% 0.2% <th0.2%< th=""> 0.2% <th0.2%< th=""> <th< th=""><th>Maine Wage & Salary Employment*</th><th>-</th><th></th><th>0.1%</th><th>0.8%</th><th>0.0%</th><th>0.5%</th><th>0.4%</th><th>0.6%</th><th>0.8%</th><th>0.7%</th><th>0.6%</th></th<></th0.2%<></th0.2%<>	Maine Wage & Salary Employment*	-		0.1%	0.8%	0.0%	0.5%	0.4%	0.6%	0.8%	0.7%	0.6%
Manufacturing - -8.8% -5.8% -1.7% -2.8% -2.0% -0.7% -0.4% -0.2% -0.2% Information - -0.3% -0.1% 1.7% 0.0% 0.0% 0.7% -0.4% 0.0% 0.3% 1.2% 1.1% 0.1% 0.0% 0.7% -0.1% 1.2% 0.1% 0.0% 0		-										-0.5%
Trade/Trans.Public Utils. - -0.3% -0.1% 1.7% 0.1% 0.0% 0.7% -0.1% 0.5% 0.3% Information - -4.7% -2.0% -1.2% 0.0% 0.0% 1.1% 1.1% 0.1% 0.1% 0.7% 0.1% 0.3%	Construction	-	-1.3%	3.6%	0.8%	-0.6%	0.1%	-3.4%	-0.3%	-0.1%	0.7%	0.5%
Information - -4.7% -2.0% -1.2% 0.0% 0.3% 1.2% 1.1% 1.2% 0.1% Financial Activities - 0.0% 0.0% -2.3% -1.1% 0.8% 1.1% 0.9% 0.7% Prof. & Business Services - -0.9% -2.1% -1.5% 1.1% 0.8% 1.1% 0.9% 2.1% 2.3% 2.3% 1.4% 0.9% 1.5% 1.9% 2.3% 2.3% Leisure & Hospitality Services - 1.5% 2.0% 0.6% 0.4% 0.8% 0.7% 0.8% 0.9% 0.9% 0.9% Government - 1.0% 0.7% 1.0% 0.4% 0.8% 0.0% <th></th> <th>-</th> <th>-8.8%</th> <th>-5.8%</th> <th>-1.7%</th> <th>-2.8%</th> <th>-2.0%</th> <th>-0.7%</th> <th>-0.4%</th> <th>-0.2%</th> <th>-0.2%</th> <th>-0.3%</th>		-	-8.8%	-5.8%	-1.7%	-2.8%	-2.0%	-0.7%	-0.4%	-0.2%	-0.2%	-0.3%
Financial Activities - 0.0% 0.0% -0.5% -2.3% -0.1% 0.8% 1.1% 0.9% 0.7% Prof. & Business Services - -0.9% -2.1% -1.5% 1.1% 2.6% 2.1% 2.0% 2.0% 1.9% 2.1% 1.4% 0.9% 1.2% 2.0% 2.0% 1.4% 0.9% 1.3% 2.0% 0.9% 0.0%	Trade/Trans./Public Utils.	-	-0.3%	-0.1%	1.7%	0.1%	0.0%	0.7%	-0.1%	0.5%	0.3%	0.2%
Prof. & Business Services - -0.9% -2.1% -1.5% 1.1% 2.6% 2.1% 2.0% 2.0% 1.9% Education & Heath Services - 4.2% 2.3% 3.4% 1.2% 1.4% 0.9% 1.5% 1.9% 2.3% Other Services - 1.5% 2.0% 0.6% 0.4% 0.5% 1.3% 0.9% 0.9% Government - 1.0% 0.7% 1.0% 0.4% 0.6% 0.0% 0.0% 0.0% 0.0% 0.0% Agricultural Employment - 1.0% 0.03 2004 2005 2006 2007 208 209 2010 Seasonally Adjusted (millumant) - 1.3% 1.0% 0.42% 2055 2066 2007 208 2098 2018 Supplements Sassonally Adjusted (millumant) 1972.9 18551.6 1927.0 20213.1 20612.9 21610.5 22518.2 2447.2 25487.6 5292.7 5494.1 574.1 <t< th=""><th></th><th>-</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th>0.9%</th></t<>		-										0.9%
Education & Heath Services - 4.2% 2.3% 3.4% 1.2% 1.4% 0.9% 1.5% 1.9% 2.3% Leisur & Hospitality Services - 1.5% 2.0% 0.6% 0.4% 0.5% 1.3% 2.4% 1.8% 0.9% Other Services - 3.5% 2.5% -1.1% 0.1% 0.7% 0.8% 0.3% 0.2% 0.0% 0.3% 0.9% 0.9% 0.9% 0.3% 0.0%		-										1.7%
Leisure & Hospitality Services-1.5%2.0%0.6%0.4%0.5%1.3%2.4%1.8%0.9%Other Services-3.5%2.5%-1.1%0.1%0.1%0.7%0.8%0.3%0.9%0.9%Agricultural Employment-1.0%0.7%1.0%0.4%0.8%0.7%0.8%0.0%0.0%0.0%0.0%Agricultural Employment-1.3%2.002002002002000.0% <th></th> <th>-</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>1.8%</th>		-										1.8%
Other Services - 3.5% 2.5% -1.1% 0.1% 0.7% 0.8% 0.3% 0.9% 0.9% Government - 1.0% 0.7% 1.0% 0.4% 0.8% 0.7% 0.8% 0.0%		-										1.1%
Government-1.0%0.7%1.0%0.4%0.4%0.8%-0.7%0.0%0.0%0.0%0.0%Agricultural Employment-200120022032004200520062007200820092010Personal Income*Seasonally Advised (million00.04%0.04%0.04%0.04%0.0% <th></th> <th>-</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>0.8% 1.2%</th>		-										0.8% 1.2%
Agricultural Employment-1.3%-1.0%-4.2%-1.5%2.0%0.0%0.0%0.0%0.0%2001200220032004200520062007200820092010Bersonal Income*35107.135998.537588.039313.740713.642830.744672.446682.648783.450881.0Wage & Salary Disbursements*17982.918551.619277.02021.12012.921610.52518.22347.024472.424587.8Supplements to Wages & Salaries4058.44422.44710.25004.55255.55494.15743.3602.5627.76388.64055.7Don-Farm Proprietors' Income27.3-35.80.932.529.931.232.433.835.2366.6Dividends, Interest, & Rent*6338.26089.36048.05796.35772.06091.86306.4671.37058.77015.0Dividends1538.31673.71878.21916.41841.41977.7212.0227.82438.62438.62438.6Dividends1538.31673.71878.21916.41841.41977.7212.022.022.023.42438.62438.6Interest4078.33797.63623.33352.83731.33899.24074.74254.04441.2Rent721.6617.5647.77033.37486.88155.78607.59012.1942.0984.21012.1Less: C		-										-0.1%
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 Seasonally Adjusted (millions) 35107.1 35998.5 37588.0 39313.7 40713.6 42830.7 44672.4 46682.6 48783.4 50881.0 Wage & Salary Disbursements' 17982.9 18551.6 19277.0 20213.1 20612.9 21610.5 22518.2 23475.0 24472.4 25487.8 Supplements to Wages & Salaries' 17982.9 18551.6 19277.0 20213.1 20612.9 21610.5 2551.8 3717.5 3886.6 4055.7 Farm Proprietor's Income 27.3 -35.8 0.9 32.5 2.99 31.2 32.4 338.6 2475.0 2417.8 2438.6 2611.8 Dividends Interest Rent 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 6719.3 7058.7 7415.0 Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 1977.7 <t< th=""><th></th><th>-</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th>0.0%</th></t<>		-										0.0%
Seasonally Adjusted (millions) 42830.7 44672.4 46682.6 48783.4 50881.0 Wage & Salary Disbursements* 35107.1 35998.5 37588.0 39313.7 40713.6 22612.9 21610.5 22518.2 23475.0 24472.4 25487.8 Supplements to Wages & Salaries* 4058.4 4422.4 4710.2 5004.5 5255.5 5494.1 5741.3 6002.5 6275.6 6529.7 Non-Farm Proprietors' Income* 27.8 0.2630.7 2704.2 3031.7 3239.4 3402.6 3555.8 3717.5 3886.6 4055.7 Dividends, Interest, & Rent* 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 6719.3 7058.7 7415.0 Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 1977.7 2122.0 2274.8 24386.2 2611.8 Interest 4078.3 3797.6 3623.3 3352.8 3731.3 3899.2 4074.7 4245.0 4441.2 1027.9.1 <												
Personal Income* 35107.1 35998.5 3758.0 39313.7 40713.6 42830.7 44672.4 46682.6 48783.4 50881.0 Wage & Salary Disbursements* 17982.9 18551.6 19277.0 20213.1 20612.9 21610.5 22518.2 2347.0 24472.4 2588.7 Supplements to Wages & Salaries* 4058.4 4422.4 4710.2 5004.5 5255.5 5494.1 5741.3 6002.5 6275.6 6652.7 Non-Farm Proprietors' Income 27.3 -35.8 0.9 32.5 2.9 31.2 32.4 33.8 35.2 36.6 Dividends, Interest, & Rent* 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 6719.3 7058.7 7415.0 Dividends Interest 4078.3 3797.6 3623.3 3352.8 3543.5 3713.3 3894.2 4074.7 4254.0 4441.2 Rent 721.6 618.0 546.5 527.1 387.1 371.3 394.2 364.3					2004	2005	2006	2007	2008	2009	2010	2011
Wage & Salary Disbursements* 17982.9 18551.6 1927.0 20213.1 20612.9 21610.5 22518.2 23475.0 24472.4 2587.7 Supplements to Wages & Salaries* 4058.4 4422.4 4710.2 5004.5 5255.5 5494.1 5741.3 6002.5 6275.6 6529.7 Non-Farm Proprietors' Income* 2768.0 2630.7 2704.2 3031.7 3239.4 3402.6 355.8 371.7 3886.6 4005.7 Dividends, Interest, & Rent* 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 671.9.3 7058.7 7415.0 Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 197.7 212.0 2274.8 243.6 2611.8 Interest 4078.3 3797.6 3623.3 3352.8 3543.5 3731.3 3899.2 4074.7 425.0 4441.2 Rent 721.6 6477.5 7033.3 748.6 8155.7 807.5 9012.1 942.0 9841.2	Personal Income*		•	,	39313 7	40713.6	42830 7	44672 4	46682.6	48783 4	50881.0	53018.1
Supplements to Wages & Salaries* Non-Farm Proprietors' Income* 4058.4 4422.4 4710.2 5004.5 5255.5 5494.1 5741.3 6002.5 6275.6 6529.7 Farm Proprietors' Income* 2768.0 2630.7 2704.2 3031.7 3239.4 3402.6 3555.8 3717.5 3886.6 4055.7 Farm Proprietors' Income 27.3 -35.8 0.09 32.5 29.9 31.2 32.4 33.8 35.2 36.6 Dividends, Interest, & Rent* 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 6719.3 7058.7 7415.0 Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 1977.7 212.0 2274.8 2438.6 2611.8 Rent 721.6 618.0 546.5 527.1 387.1 379.3 371.8 364.3 357.0 349.9 Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3654.2												26519.8
Non-Farm Proprietors' Income* 2768.0 2630.7 2704.2 3031.7 3239.4 3402.6 355.8 371.5 388.6 4055.7 Farm Proprietors' Income 27.3 -35.8 0.9 32.5 29.9 31.2 32.4 33.8 35.2 36.6 Dividends, Interest, & Rent* 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 6719.3 7058.7 7415.0 Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 1977.7 2122.0 2274.8 2438.6 2611.8 Interest 4078.3 3777.6 3623.3 3352.8 3543.5 3731.3 3899.2 4074.7 4254.0 4441.2 Rent 721.6 618.0 546.5 527.1 387.1 379.3 371.8 364.3 357.0 349.9 Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3664.2 3842.3 4030.3	c											6790.9
Farm Proprietors' Income 27.3 -35.8 0.9 32.5 29.9 31.2 32.4 33.8 35.2 36.6 Dividends, Interest, & Rent* 6338.2 6089.3 6048.0 5796.3 5772.0 6091.8 6396.4 6719.3 7058.7 7415.0 Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 1977.7 2122.0 2274.8 2438.6 2611.8 Interest 4078.3 3797.6 3623.3 3352.8 3543.5 3731.3 3899.2 4074.7 4254.0 4441.2 Rent 721.6 618.0 546.5 527.1 387.1 379.3 371.8 364.3 357.0 349.9 Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3654.2 3842.3 4036.3 Residence Adjustment 726.5 709.6 706.0 749.9 788.6 834.7 875.1 918.5 964.5 1012.2	•••											4230.1
Dividends 1538.3 1673.7 1878.2 1916.4 1841.4 1977.7 2122.0 2274.8 2438.6 2611.8 Interest 4078.3 3797.6 3623.3 3352.8 3543.5 3731.3 3899.2 4074.7 4254.0 4441.2 Rent 721.6 618.0 546.5 527.1 387.1 379.3 371.8 364.3 357.0 349.9 Transfer Payments* 6017.5 6477.5 7033.3 7486.8 8155.7 8607.5 9012.1 9422.0 9841.2 10279.1 Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3654.2 3842.3 4036.3 Farm Income 726.5 709.6 706.0 749.9 788.6 834.7 875.1 918.5 964.5 1012.2 Farm Income* 726.5 709.6 706.0 749.9 788.6 52.4% 4.3% 4.5% 4.4% 4.6% 36.6% 52.4%	Farm Proprietors' Income	27.3	-35.8	0.9	32.5	29.9	31.2	32.4	33.8	35.2	36.6	38.1
Interest4078.33797.63623.33352.83543.53731.33899.24074.74254.04441.2Rent721.6618.0546.5527.1387.1379.3371.8364.3357.0349.9Transfer Payments*6017.56477.5703.37486.88155.78607.59012.19422.09841.210279.1Less: Contributions to Social Ins.2811.72846.92891.63001.13140.43317.63475.23654.23842.34036.3Residence Adjustment726.5709.6706.0749.9788.6834.7875.1918.5964.51012.2Farm Income*111.470.792.5127.8114.7120.6125.8131.5137.4143.3Wage & Salary Disbursements*-2.5%4.4%4.6%3.6%5.2%4.3%4.5%4.5%4.3%Supplements to Wages & Salaries*-2.5%4.4%4.6%3.6%5.2%4.3%4.5%4.5%4.3%Non-Farm Proprietors' Income*-2.5%2.8%12.1%6.9%5.0%4.5%4.5%4.5%4.3%Farm Proprietors' Income5.0%2.8%12.1%6.9%5.0%4.5%4.5%4.5%4.5%Dividends, Interest, & Rent*3.9%-0.7%-4.2%-0.4%5.5%5.0%5.0%5.0%5.0%5.0%5.0%5.0%5.0%5.0%5.0%<	Dividends, Interest, & Rent*	6338.2	6089.3	6048.0	5796.3	5772.0	6091.8	6396.4	6719.3	7058.7	7415.0	7785.8
Rent 721.6 618.0 546.5 527.1 387.1 379.3 371.8 364.3 357.0 349.9 Transfer Payments* 6017.5 6477.5 703.3 7486.8 8155.7 8607.5 9012.1 9422.0 9841.2 10279.1 Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3654.2 3842.3 4036.3 Residence Adjustment 726.5 709.6 706.0 749.9 788.6 834.7 875.1 918.5 964.5 1012.2 Farm Income 111.4 70.7 92.5 127.8 114.7 120.6 125.8 131.5 137.4 143.3 Wage & Salary Disbursements* - 2.5% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.5% 4.3% Wage & Salary Disbursements* - 3.2% 3.9% 4.9% 2.0% 4.8% 4.2% 4.2% 4.2% 4.2% 4.5% 4.5%	Dividends	1538.3	1673.7	1878.2	1916.4	1841.4	1977.7	2122.0	2274.8	2438.6	2611.8	2797.2
Transfer Payments* 6017.5 6477.5 7033.3 7486.8 8155.7 8607.5 9012.1 9422.0 9841.2 10279.1 Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3654.2 3842.3 4036.3 Residence Adjustment 726.5 709.6 706.0 749.9 788.6 834.7 875.1 918.5 964.5 1012.2 Farm Income 111.4 70.7 92.5 127.8 114.7 120.6 125.8 131.5 137.4 143.3 Munual Growth Rate - 2.5% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.3% 4.5% 4.3% 4.5% 4.3% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.3% 4.5% 4.3% 4.5% 4.3% 4.2% 4.2% 4.2% 4.2% 4.1% 4.1% 4.1% 4.1% 4.1% 4.1% 4.1% 4.1% 4.1% 4.1%<												4632.1
Less: Contributions to Social Ins. 2811.7 2846.9 2891.6 3001.1 3140.4 3317.6 3475.2 3654.2 3842.3 4036.3 Residence Adjustment 726.5 709.6 706.0 749.9 788.6 834.7 875.1 918.5 964.5 1012.2 Farm Income 111.4 70.7 92.5 127.8 114.7 120.6 125.8 131.5 137.4 143.3 Manual Growth Rate - 2.5% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.3% 4.5% 4.3% Wage & Salary Disbursements* - 3.2% 3.9% 4.9% 2.0% 4.8% 4.2% 4.2% 4.2% 4.2% 4.1% Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% 4.5% 4.5% 4.5% 4.5% 4.5% 4.5% 4.5% 4.0% Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% <												342.9 10736.5
Residence Adjustment 726.5 709.6 706.0 749.9 788.6 834.7 875.1 918.5 964.5 1012.2 Farm Income 111.4 70.7 92.5 127.8 114.7 120.6 125.8 131.5 137.4 143.3 Personal Income* - 2.5% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.5% 4.3% Wage & Salary Disbursements* - 3.2% 3.9% 4.9% 2.0% 4.8% 4.2% 4.2% 4.2% 4.1% 4.1% Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% 4.5% 4.5% 4.5% 4.5% 4.0% Non-Farm Proprietors' Income - 5.0% 2.8% 12.1% 6.9% 5.0% 4.5% 4.5% 4.5% 4.5% 4.3% Farm Proprietors' Income NA 3584.5% -80.0% 4.2% 4.0% 4.1% 4.1% Dividends, Interest, & Rent* -	-											4235.4
Farm Income 111.4 70.7 92.5 127.8 114.7 120.6 125.8 131.5 137.4 143.3 Personal Income* - 2.5% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.5% 4.3% Wage & Salary Disbursements* - 3.2% 3.9% 4.9% 2.0% 4.8% 4.2% 4.2% 4.2% 4.1% Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% 4.5% 4.5% 4.0% Non-Farm Proprietors' Income* - -5.0% 2.8% 12.1% 6.9% 5.0% 4.5% 4.5% 4.5% 4.5% 4.3% Farm Proprietors' Income - NA NA 3584.5% -8.0% 4.2% 4.0% 4.1% 4.1% Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0%<												1062.3
Annual Growth Rate Annual Growth Rate Personal Income* - 2.5% 4.4% 4.6% 3.6% 5.2% 4.3% 4.5% 4.3% Wage & Salary Disbursements* - 3.2% 3.9% 4.9% 2.0% 4.8% 4.2% 4.2% 4.2% 4.1% Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% 4.5% 4.5% 4.0% Non-Farm Proprietors' Income* - -5.0% 2.8% 12.1% 6.9% 5.0% 4.5% 4.5% 4.5% 4.3% Farm Proprietors' Income - NA NA 3584.5% -8.0% 4.2% 4.1% 4.1% Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0%	-											149.3
Wage & Salary Disbursements* - 3.2% 3.9% 4.9% 2.0% 4.8% 4.2% 4.2% 4.2% 4.1% Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% 4.5% 4.5% 4.5% 4.0% Non-Farm Proprietors' Income* - - 5.0% 2.8% 12.1% 6.9% 5.0% 4.5% 4.5% 4.5% 4.3% Farm Proprietors' Income - NA NA 3584.5% -8.0% 4.2% 4.0% 4.1% 4.1% Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0%												
Supplements to Wages & Salaries* - 9.0% 6.5% 6.2% 5.0% 4.5% 4.5% 4.5% 4.0% Non-Farm Proprietors' Income* - -5.0% 2.8% 12.1% 6.9% 5.0% 4.5% 4.5% 4.5% 4.3% Farm Proprietors' Income - NA NA 3584.5% -8.0% 4.2% 4.0% 4.1% 4.1% Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 7.2% 7.1%		-						4.3%				4.2%
Non-Farm Proprietors' Income* - -5.0% 2.8% 12.1% 6.9% 5.0% 4.5% 4.5% 4.3% Farm Proprietors' Income - NA NA 3584.5% -8.0% 4.2% 4.0% 4.1% 4.1% 4.1% Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 7.2% 7.1%		-										4.0%
Farm Proprietors' Income - NA NA 3584.5% -8.0% 4.2% 4.0% 4.1% 4.1% 4.1% Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 7.2% 7.1% Dividends 8.8% 12.2% 2.0% -3.9% 7.4% 7.3% 7.2% 7.1%		-										4.0%
Dividends, Interest, & Rent* - -3.9% -0.7% -4.2% -0.4% 5.5% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 7.2% 7.1% Dividends 8.8% 12.2% 2.0% -3.9% 7.4% 7.3% 7.2% 7.2% 7.1%	•	-										4.3%
Dividends 8.8% 12.2% 2.0% -3.9% 7.4% 7.3% 7.2% 7.1%	-	-										4.1%
		-										5.0%
Interest -6.9% -4.6% -7.5% 5.7% 5.3% 4.5% 4.5% 4.4% 4.4%	Interest				2.0% -7.5%					7.2% 4.4%		7.1% 4.3%
Rent -6.9% -4.6% -7.5% 5.7% 5.3% 4.5% 4.3% 4.4% 14.4% -11.6% -3.5% -26.6% -2.0% </th <th></th> <th>4.3% -2.0%</th>												4.3% -2.0%
Transfer Payments* - 7.6% 8.6% 6.4% 8.9% 5.5% 4.7% 4.5% 4.4%		-										4.4%
Less: Contributions to Social Ins. - 1.3% 1.6% 3.8% 4.6% 5.6% 4.8% 5.1% 5.1% 5.0%	-											4.9%
Residence Adjustment - -2.3% -0.5% 6.2% 5.2% 5.8% 4.9% 5.0% 4.9%	Less: Contributions to Social Ins.	-										2.0
Farm Income36.6% 30.9% 38.2% -10.3% 5.2% 4.3% 4.5% 4.5% 4.3%		-					5.8%	4.9%	4.9%	5.0%	4.9%	4.9%

*CEFC Forecast

**Maine Unemployment Rate, and 3-month Treasury Bill and 10-year Treasury Bond rates from Moody's Economy.com - Sept. 2006

Remaining lines derived from the CEFC forecast by CEFC staff and reviewed by the CEFC.