

WELCOME TO THE
**2019 Economic
Forecast Breakfast**

MARCH 29, 2019



Fidelity Bank 
Helping you get where you want to beSM





OUR MISSION
 LIKE SMART FRIENDS,
WE CARE
 DEEPLY ABOUT YOUR
 WELL-BEING AND WILL USE
OUR HEARTS
 AND OUR HEADS TO
HELP YOU
 GET WHERE YOU
 WANT TO BE.

Ed Manzi

CHAIRMAN & CEO
 FIDELITY BANK



Today's agenda

- 7:45 am - Registration/Networking Breakfast

- 8:00 am - Program

Welcome – Ed Manzi, Fidelity Bank

Economic Outlook Survey Results – Chris McCarthy, Fidelity Bank

Economic Forecast Panel

Cheryl Molebash, Plant Manager, Dixie Consumer Products

Jeff Fuhrer, Federal Reserve Bank of Boston

Keith Williamson, PhD, Fitchburg State University

- 9:20 am - Q&A



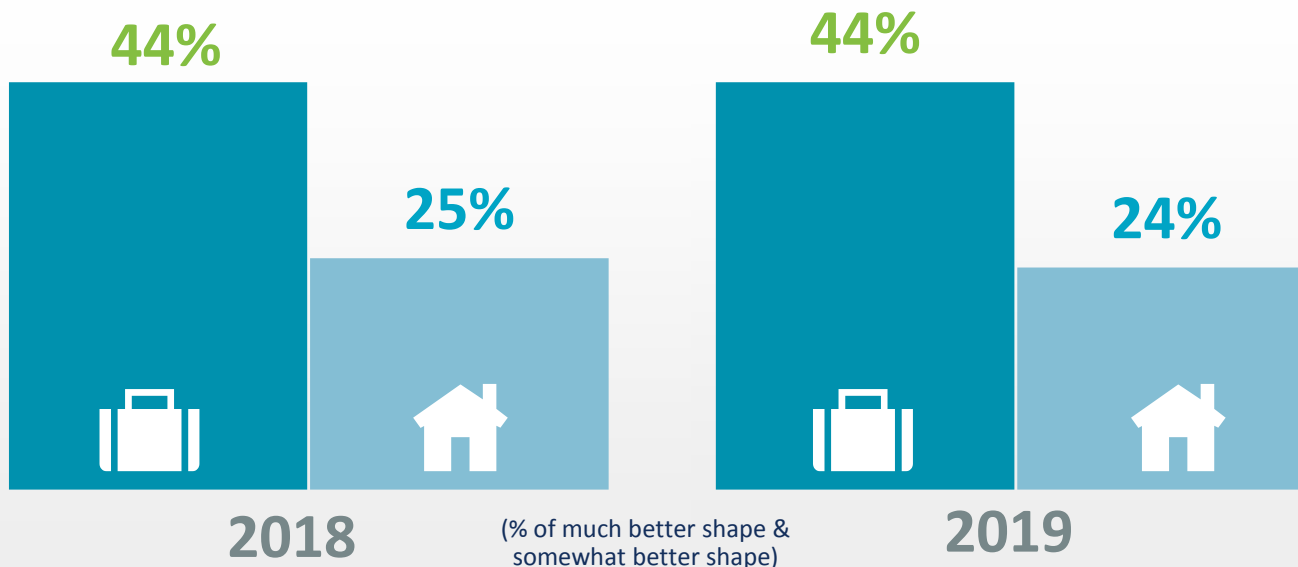
Chris McCarthy

PRESIDENT & COO
FIDELITY BANK



CONSUMERS & BUSINESSES

How do you think the **North Central Massachusetts** economy will look over the next year compared with today?



Optimism for Massachusetts as a whole is the same for both consumer and business as the regional results.



CONSUMERS & BUSINESSES

What worries you?

Top 5 threats to growth over the next year.

1



Overall cost of living

24%



Availability of skilled labor

27%

2



Cost of health care

11%



Cost of health care

12%

3



Government effectiveness

11%



Overall cost of living

10%

4



Taxes

10%



Job Creation/
Employment Outlook

9%

5



Real estate prices/market

8%



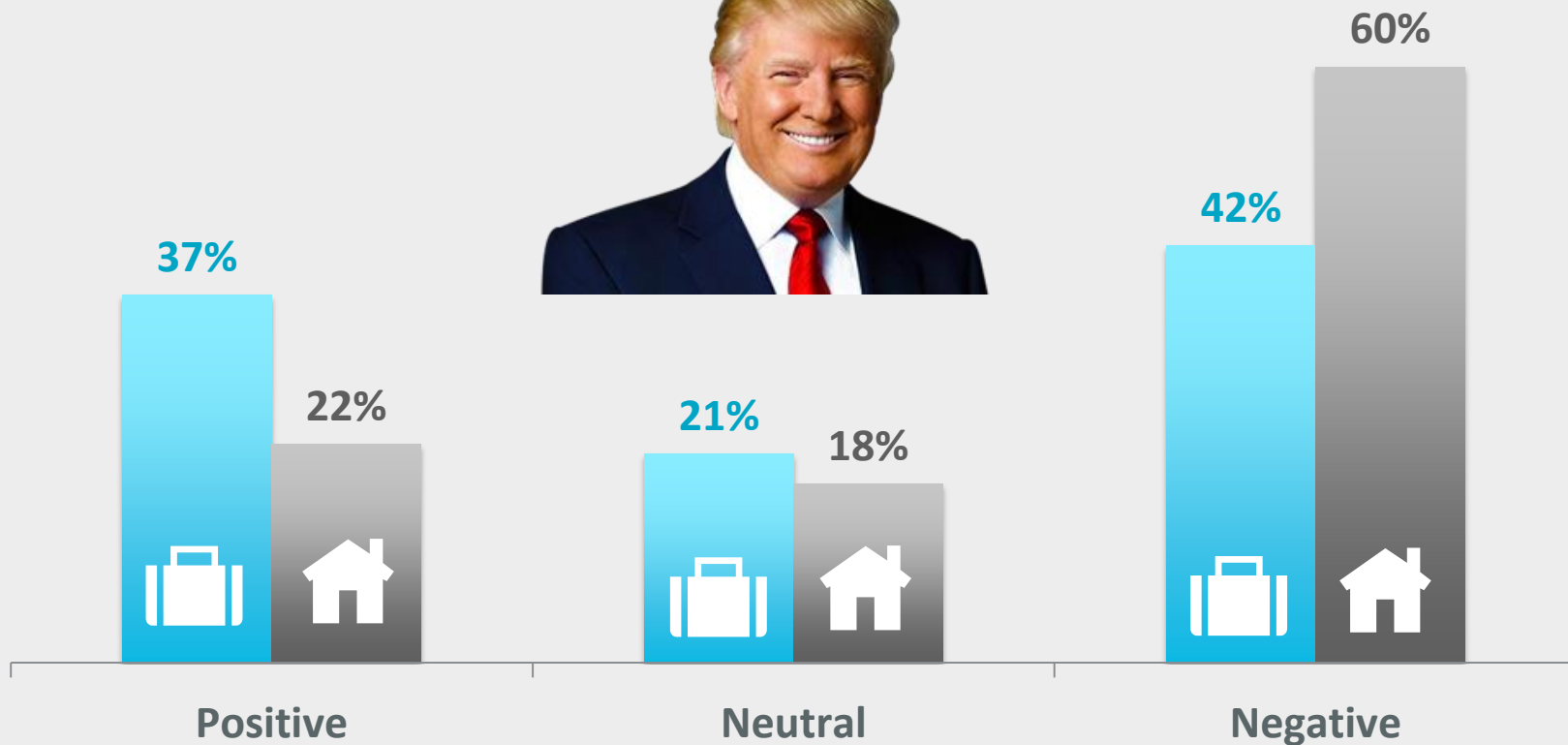
Increasing Interest Rates

7%



CONSUMERS & BUSINESSES

President Trump's Effectiveness



Both consumer and business opinions of Trump has improved slightly since 2018.

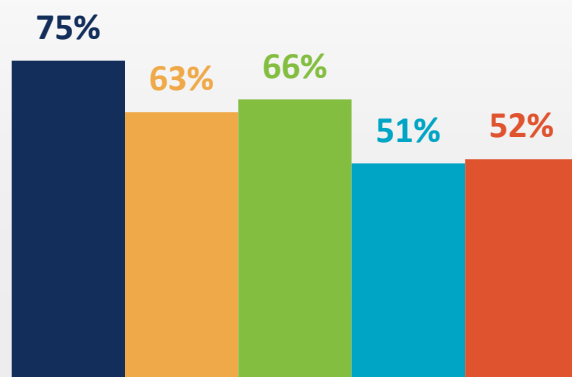


BUSINESSES

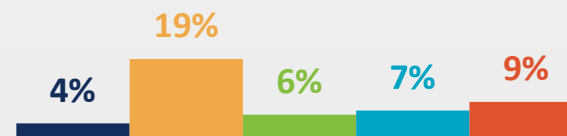
How do you think your business will be over the next year compared to today?



Better Shape



Worse Shape



■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019



BUSINESSES

What is the most challenging issue your business expects to face in the next two years?



Availability of
skilled labor
#1 this year

2019	2018
20%	19%



Pressure
from **larger**
competitors

2019	2018
16%	12%



Cost of
health care

2019	2018
11%	10%



Real estate
prices / market

2019	2018
10%	10%

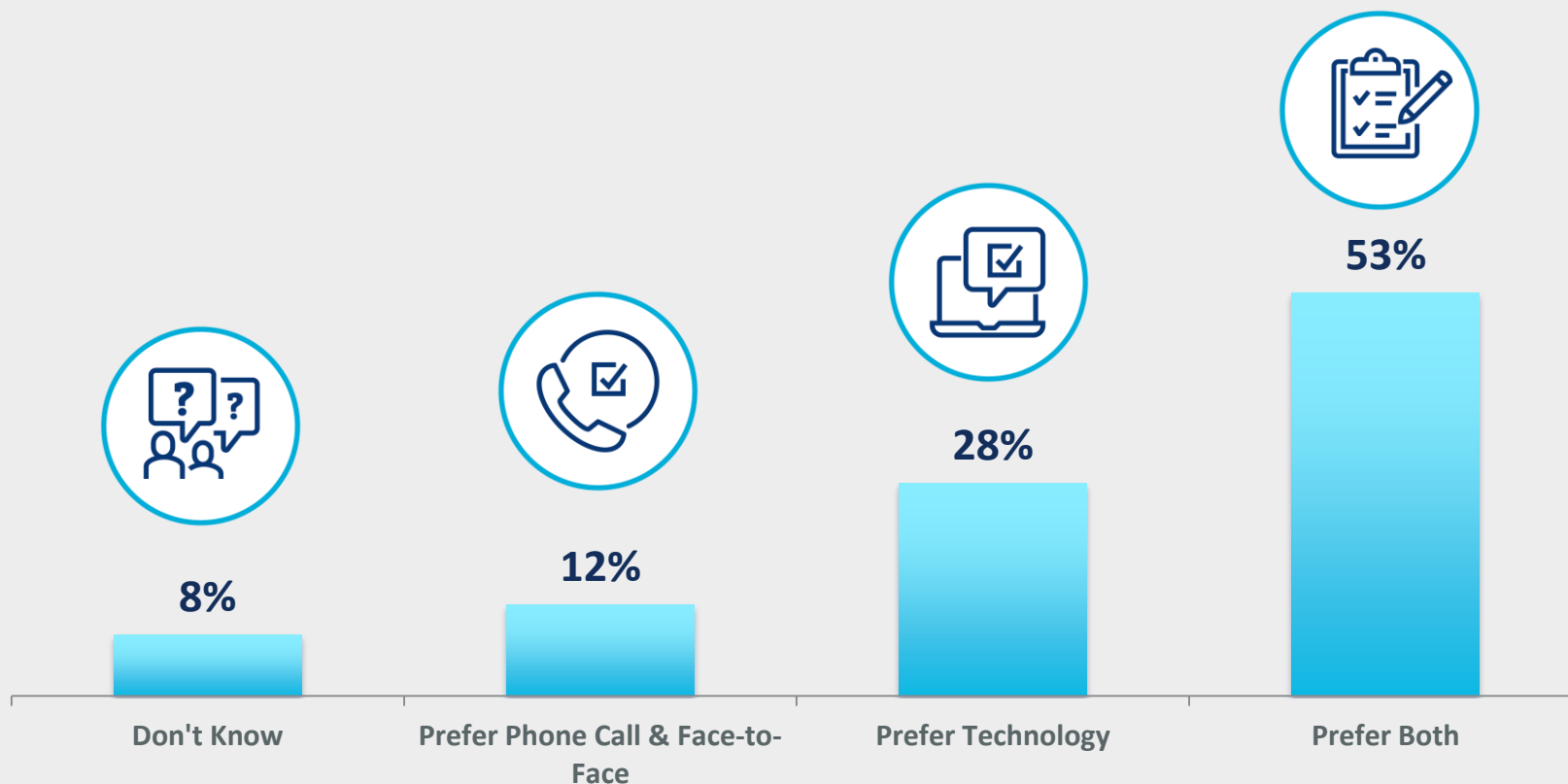
Job creation jumped from 3% to 6%



CONSUMERS

Impact of Technology

How has technology changed your communication preferences?



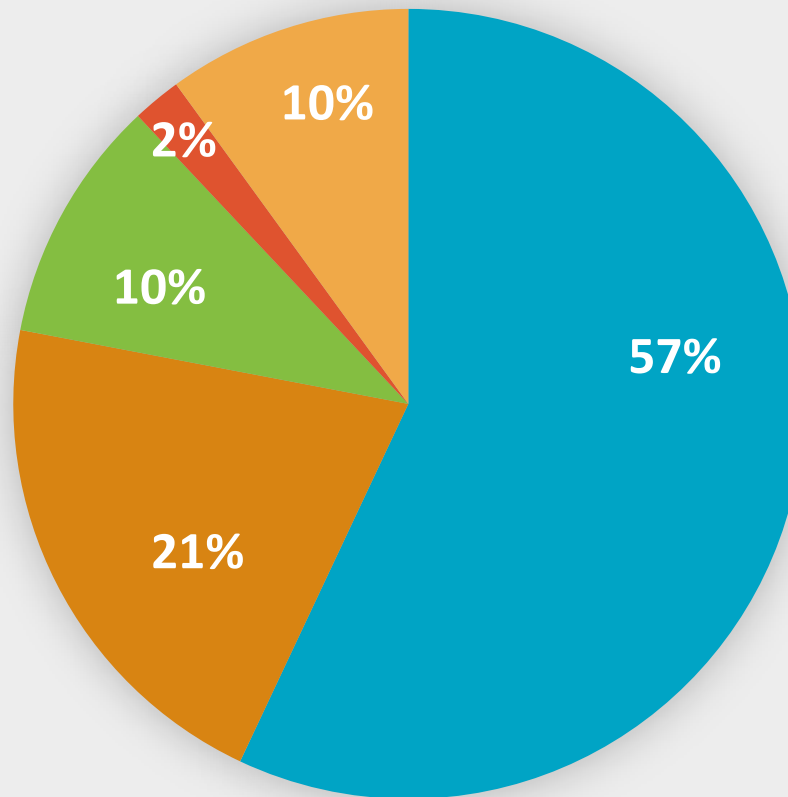
Note: There is almost no change from 2018 results.



CONSUMERS

Shopping Habits

What has most influenced your shopping over the past 12 months?



■ Best price / value ■ Convenience ■ Supporting local ■ Other ■ Online Shopping

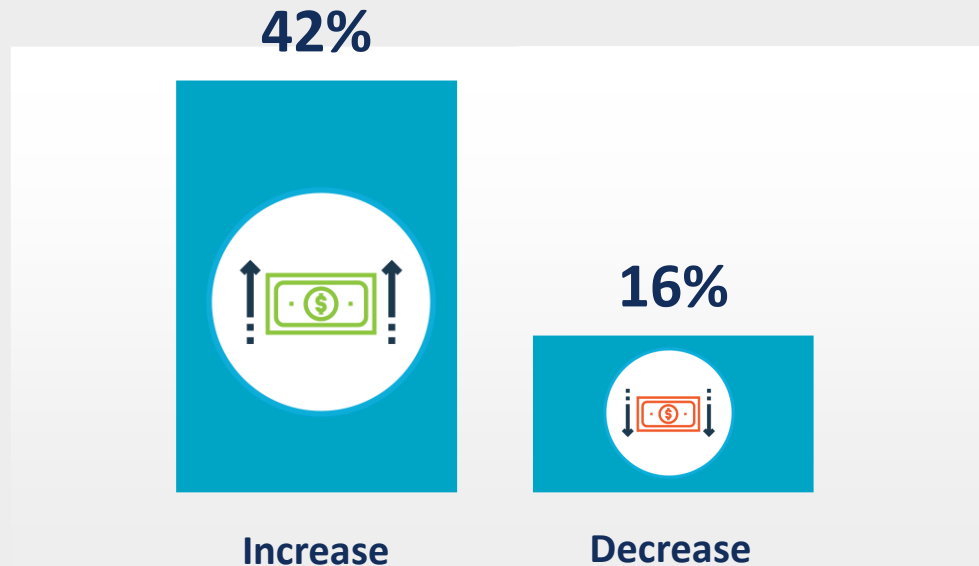




CONSUMERS

Family Income Outlook

Almost half of the respondents expect their family income to increase over the next year.



Results mirror 2018.





CONSUMERS

2019 Spending Habits



23%

of consumers are planning an increase.



31%

of consumers are planning a decrease.

Percentage planning to **increase** is down 3%;

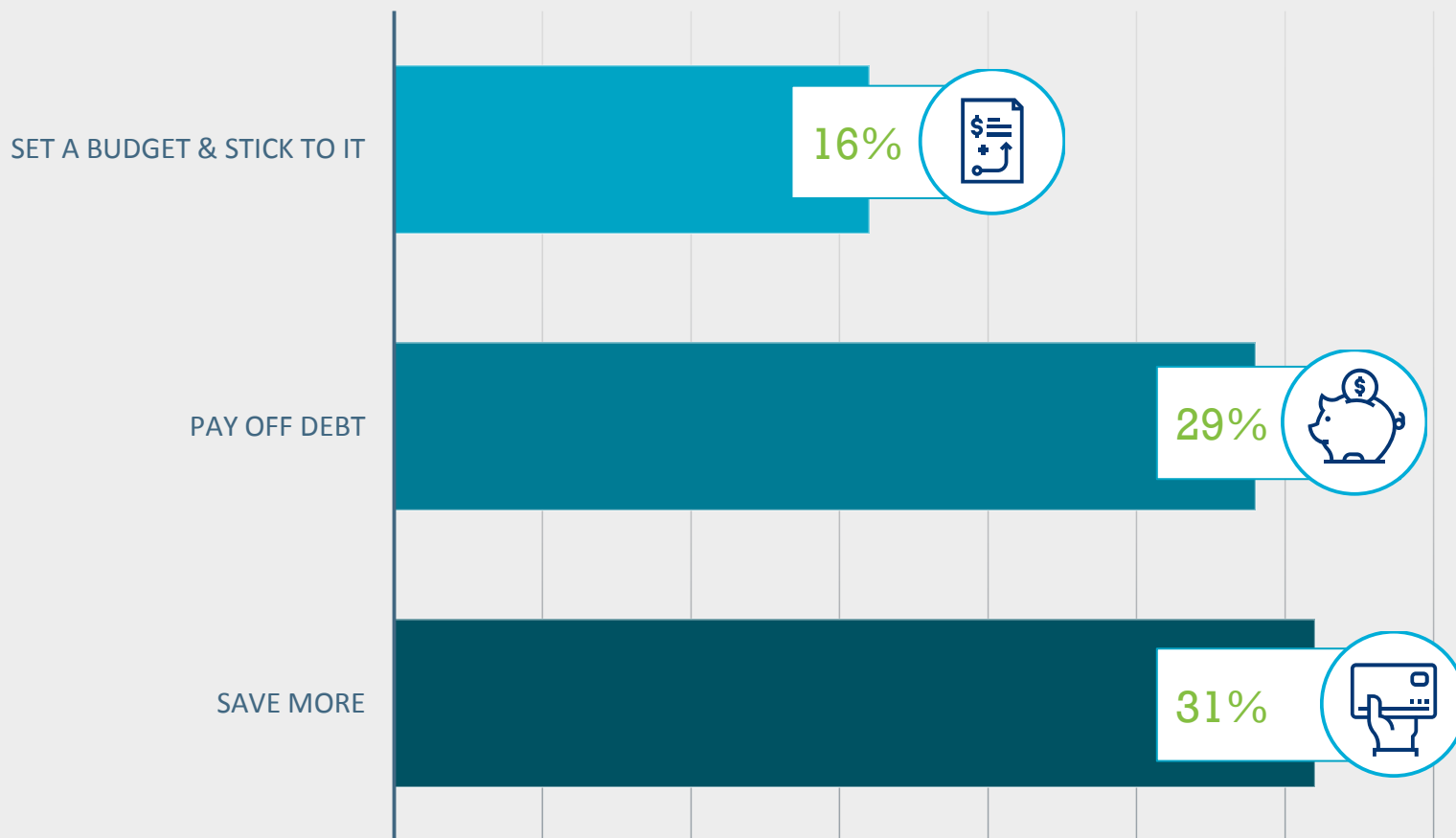
Percentage planning to **decrease** is up to 4%.





CONSUMERS

2019 Financial Priorities – Top 3

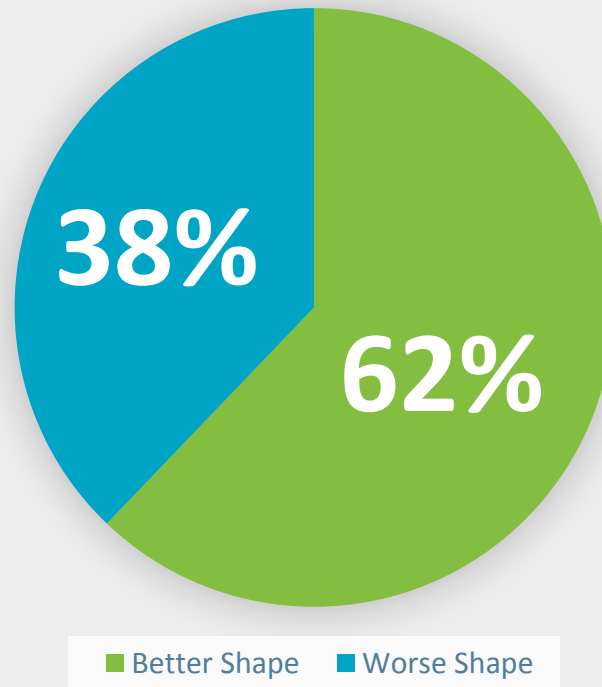




CONSUMERS

Career Advancement Opportunities

Over the Next 12 Months





BUSINESSES

2019 Business Spending Plans

55% plan an increase in capital investments over the next year.

(50% in 2017. 33% in 2016.)



Equipment

41%



New hires

38%



Training

37%



Expansion

28%



Other

13%

Similar to 2018 results.



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Attracting Millennials

22%

are doing things
differently to attract
millennials

30%

are *not* doing things
differently and have
not thought about it

48%

are *not* currently doing
things differently, but
have thought about it

Percentage doing things differently is down from 29%.



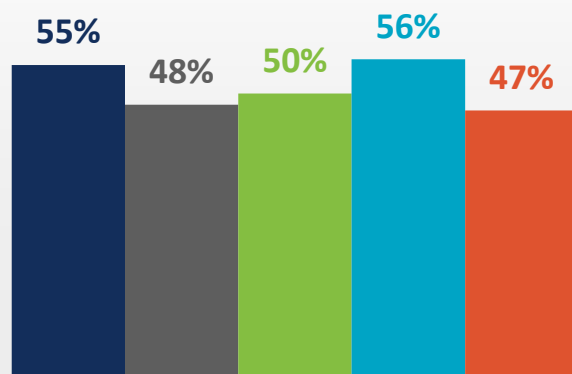


BUSINESSES

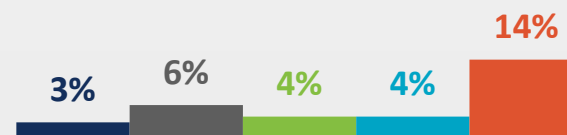
Which of the following best describes your hiring plans for this region in 2019?



Increase



Decrease



■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019



CONSUMERS

Job opportunities, advancement, and security

2/3

of respondents say
their job outlook will
remain the same



There is almost no change from 2017 or 2018.



CONSUMERS

Skilled Labor Opinion & Interest

OVER THE PAST 12 MONTHS



48%

say their opinion of skilled labor & job salaries
has improved.



56%

showed interest in taking a class if it were free.



BUSINESSES

Investment in Workforce

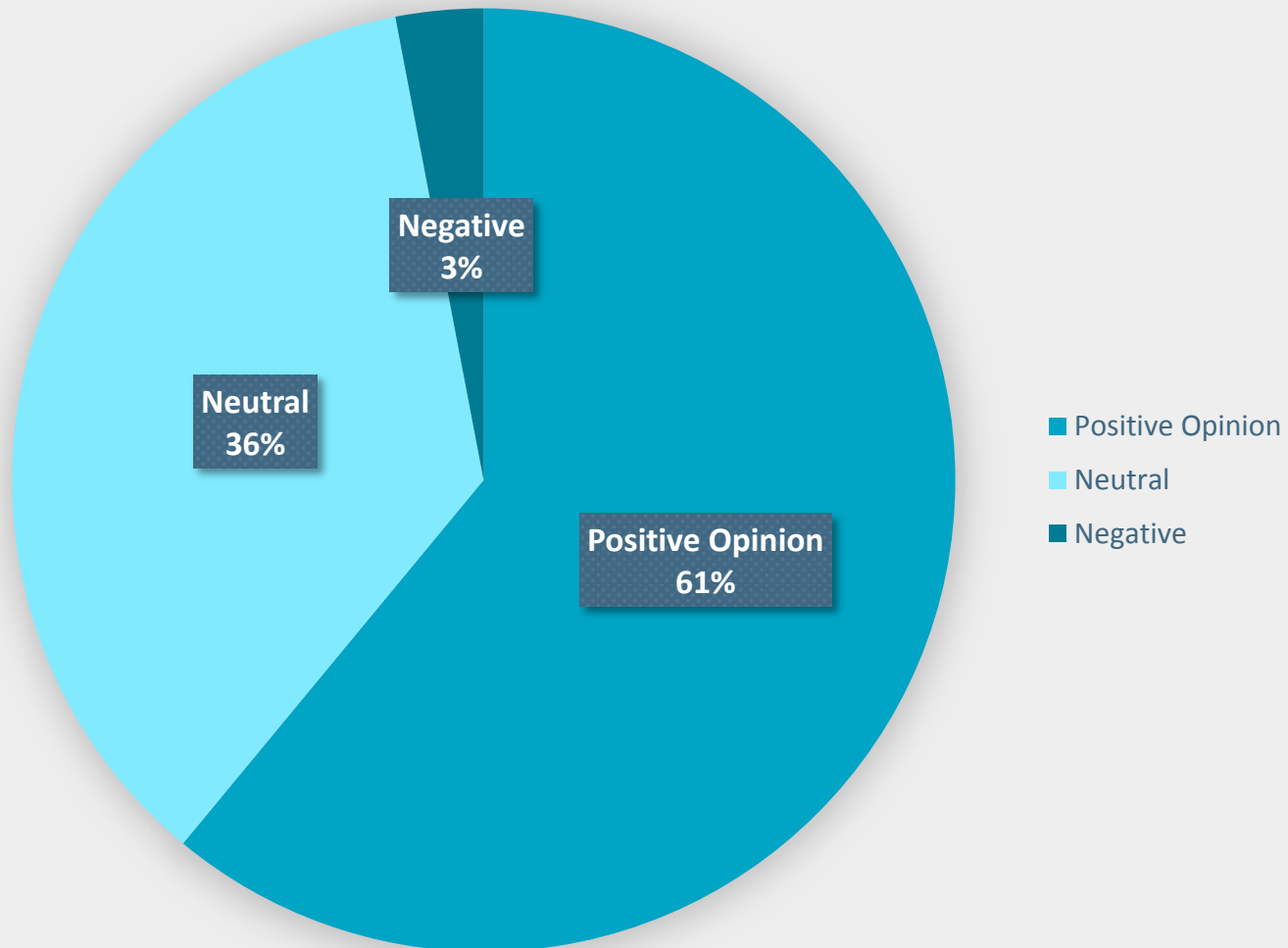
OVER THE PAST 12 MONTHS



BUSINESSES



Baker's Workforce Skills Cabinet





Takeaways

- 1 Both consumer and business optimism for the economy of the state and region has not changed much over the past 12 months.
- 2 Consumers continue to feel threatened by cost of living, health care, and government effectiveness. An increased awareness of taxes has risen in the past 12 months.
- 3 Local businesses continued to feel threatened by the availability of skilled labor, even more so now than last year. Businesses are also now started to worry about increasing interest rates.
- 4 The Workforce Skills Cabinet is seen in a very favorable light by local businesses.



Jeff Fuhrer

Executive VP & Senior Policy Advisor
Federal Reserve Bank of Boston



Cheryl Molebash

Plant Manager
Dixie Consumer Products



Keith Williamson, PhD.

Dean of Business and Technology
Fitchburg University

A smiling man with short dark hair and a beard, wearing a blue denim shirt and a blue and white striped apron, stands in a kitchen. He is leaning on a stainless steel counter. In the background, there is a sink, a faucet, and various kitchen items like pots and plates. The lighting is warm and bokeh-like.

THANK YOU!

Fidelity Bank

Helping you get where you want to beSM

