



Mississippi Economic Outlook

January 2012

STATE ECONOMY IS WALKING A TIGHT ROPE

Mississippi's economic outlook remains riddled with uncertainty at the start of the new year, despite some recent improvement. Nationally, the U.S. economy continues its unsettling roller-coaster ride, with positive developments alternating with negative. Internationally, the Eurozone is at the start of a recession, and the growth rates of the strongest economies, including China's, are slowing. Contentious policy debates plague leading countries, adding to the general angst. The outlook is for slow growth in Mississippi, with a 70% probability of positive growth but a 30% probability of recession, in line with continuing uncertainty. The forecast presented here is built on the national forecast of IHS Global Insight.

- Slow growth of the state economy is forecast for 2012, resulting in a slow growth of employment, incomes and state revenues.
- Payroll employment is expected to increase 0.8% in 2012, a slightly higher rate than in 2011, and incomes 3.1%, a slightly lower rate.
- State General Fund revenues for FY2012 through December are up 3.8% over the same period in FY2011, or 3.0% ahead of estimate. The economy remains on track to reach FY2012 revenue projections. Budget cuts continue, however, as revenues lag rising costs and stimulus dollars draw to a close.
- Over \$1.8 billion in new investments have been announced since the start of the fiscal year in July. For 2011 as a whole, \$3.1 billion in new

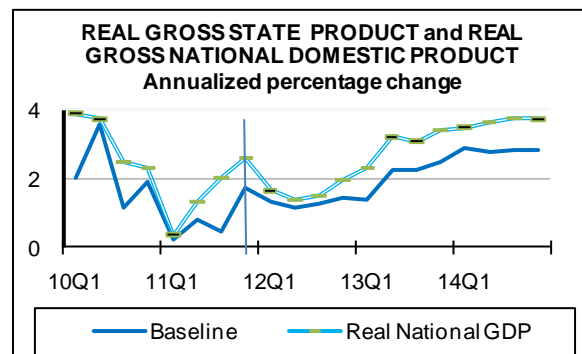
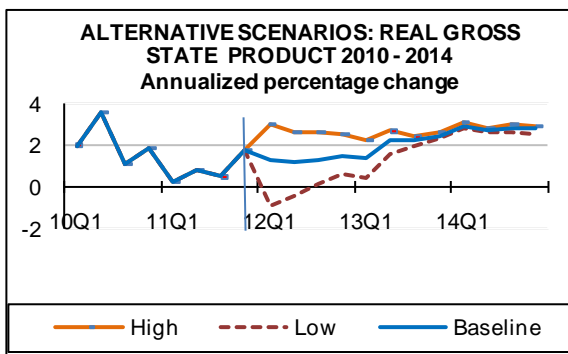
projects were announced. The largest of these is Chevron's \$1.4 billion expansion of its Pascagoula facilities.

- Mississippi's economic recovery is expected to parallel the nation's, with the growth rates of output and employment expected to be somewhat lower in the state.

State Economic Outlook

News on the economic front in Mississippi is gradually, if unevenly, improving. General Fund tax collections are coming in above year-ago levels and payroll employment has been rising. Job gains, however, have been confined to the private sector, however, as fiscal austerity measures result in job cuts in the public sector. High levels of uncertainty continue to plague both the state and the nation, and the baseline forecast numbers presented below could prove to be overly optimistic.

Several major investment projects and post-disaster reconstruction efforts will boost economic activity in the state over the coming years. A \$1.3 billion Toyota auto plant began production this fall. The \$300 million plant just completed by Schultz Extruded (metallurgical pipes) also went into operation in 2011. A \$570 million port upgrade at Gulfport, a \$1 billion natural gas pipeline (Spectra Energy and CenterPoint Energy), and a \$1.4 billion expansion at Chevron are underway. In addition,



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MAJOR NEW & ON-GOING PROJECTS

Chevron	\$1.4 billion
LNG Project	\$1.1 billion
HCL CleanTech	\$1.0 billion
Calisolar	\$600 million
Port at Gulfport	\$570 million
Severstal Expansion	\$550 million
Stion	\$500 million
KiOR	\$500 million
VA Gulf Coast Health Care	\$310 million

SOURCE: Mississippi Authority Development, January 2012.

two \$500 million projects have been announced: one by Stion (thin film solar panels) and the other by KiOR (crude oil from biomass). A total investment of \$3.1 billion in new projects was announced in 2011.

Expectations are that **state revenue estimates** for FY2012 will be met; however, state agency budgets remain tight. The ending of federal stimulus funds is contributing to a budget squeeze that is resulting in a continuing loss of jobs in the public sector.

Mississippi's housing market remains depressed. While sales of existing homes, housing starts and the value of residential building permits issued have each managed to increase occasionally in recent months, these numbers remain below year-ago levels. It appears, though, that the downward trend is ending. The expected upturn in housing is tied to the growth of employment and accordingly will be very gradual. However, 2013 should bring a notable rise in activity. The downward trend in housing prices, on the other hand, is forecast to continue into 2013, both here and nationally.

The state's **foreclosure rate** continues to be lower than the national average. In the third quarter of 2011, the state ranked 24th in the nation in foreclosures with a rate of 3.3%, compared to the national rate of 4.4%. This was a slight increase from the second quarter for the state. The downward trend in housing prices here is slowing after plunging since 2007: the median price of existing homes in the first quarter of 2011 was down 13% when measured against the spring 2007 value, a drop that is about half that suffered by the U.S. as a whole (25%).

Complicating the state's recovery from the Great Recession, most counties in the state were declared **federal disaster areas** in 2011 as a result of tornadoes, severe storms, flooding and drought. Flooding along the Mississippi River and tributaries in the spring broke records set in the 1920s and 1930s. Thousands lost jobs or suffered extensive damage to homes and businesses. Reconstruction near the Mississippi River, then, is adding

to the on-going recovery efforts along the Gulf Coast after Hurricane Katrina and last year's BP oil spill.

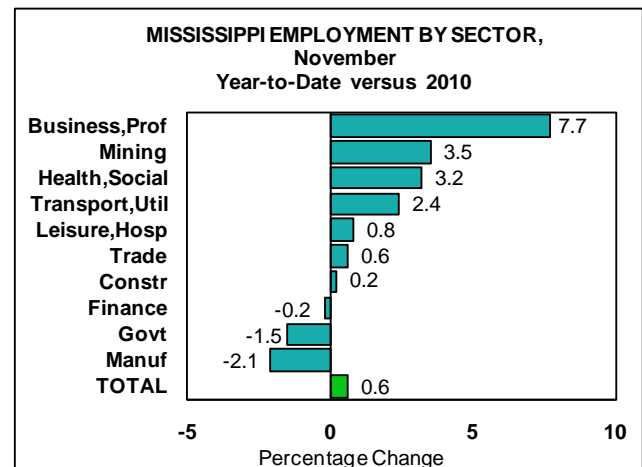
Recent Trends

Key economic indicators confirm a slow improvement in the state economy. In 2011, payroll employment in Mississippi was up an estimated 0.6%, after a drop of the same magnitude in 2010. Personal income rose an estimated 3.6%, while the increase in 2010 was 3.1%. On the other hand, the growth of gross state product (GSP) was somewhat lower, at an estimated 0.9%, versus 1.1% in 2010. Much of the strength of the economy in 2011 was concentrated in the first part of the year, before worries about the European Union's debt crises stalled the recovery.

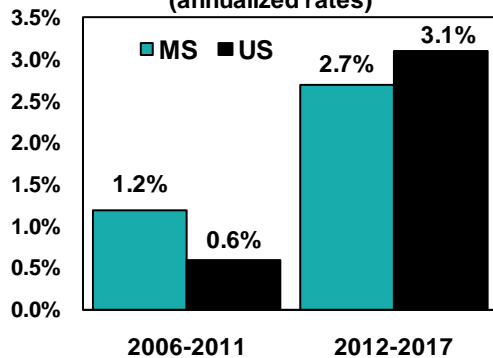
Mississippi's index of coincident indicators has been trending upwards for the past six months, and the index of **leading indicators** has been rising for three. These indicators, published in *Mississippi's Business*, cover a broad range of variables, and the improvement, while welcome, has been relatively modest, as would be expected in these uncertain times.

State **revenue collections** in FY2012 have been higher than year-ago figures. In the first six months of this fiscal year, collections were up 3.8% over the previous fiscal year for the same period, and 3.0% over the sine die estimate. Personal income tax collections were 3.4% above year-ago numbers, while sales tax collections were up a modest 0.9%, indicative of the continuing weakness of the economy. Trends in FY2011 were similar. In FY2011, transfers to the General Fund were up 3.0% above FY2010 levels, and 2.6% above estimate.

Over 10,500 jobs were added by the private sector during the first 11 months of 2011, for an increase of 1.3% over the same period in 2010. Public sector employment was 1.5% lower, on the other hand, with the net gain in payroll employment a modest 0.6%.



**ACTUAL AND PROJECTED CHANGES
IN REAL GSP AND REAL GDP
(annualized rates)**



Employment gains through November were greatest in professional and business services, which employed 7.7% more persons than in the same period in 2010. This was largely due to a 15% jump in administrative support jobs (which includes temporary workers). Mining and logging employment was up 3.5%; health care & social assistance employment, 3.2%; transportation & utilities, 2.4%; retail trade, 1.3%; and leisure & hospitality, 0.8%. Employment in information services and in educational services was unchanged.

Major sectors employing fewer persons in the first 11 months of 2011 compared to the same period in 2010 were manufacturing (down 2.1%), government (down 1.5%), construction (down 0.2%), and finance (down 0.2%).

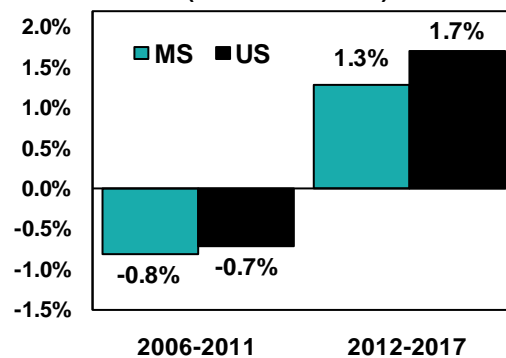
Coastal counties, which account for about 15% of the state's employment and population, continue to recover from the effects of Hurricane Katrina and, to a lesser extent, from the Deepwater Horizon oil spill of 2010. Recovery has been slowed by the nationwide recession and by the increased cost of property insurance. In 2008, employment on the coast was briefly above pre-Katrina levels, but this fall the number of persons employed on the coast was still 4% lower than in August of 2005, the month Katrina hit.

Gaming revenues in the state are sensitive to economic trends and even before spring floods hit, numbers for 2011 did not show any growth over 2010. The spring flooding closed 17 of 19 Mississippi River casinos, pushing revenues from river casinos down 12% year-to-date through October, versus the same period in 2010. On the coast, gaming revenues were down 1% for the same time period. Overall, total gaming revenues in 2011 are expected to be about 6% below the \$2.4 billion level collected in 2010.

State Budget

State General Fund revenues have yet to return to the \$4,823 million of pre-recession FY2007. However, state revenue collections are on track to meet the November re-

**ACTUAL AND PROJECTED CHANGES
IN PAYROLL EMPLOYMENT
(annualized rates)**



vised estimate for FY2012, which represents a 1.3% increase over actual revenues in the previous fiscal year. The estimate for FY2013 is \$4,631 million, which represents a drop of 0.6% compared to FY2012. This estimate, however, takes into account \$62 million in repayments to certain state funds as required under current legislation. Without these repayments, the estimate would be 0.7% above the FY2012 figure.

Continuing, if slow, improvement is expected in General Fund revenue collections over the next two years. Budgets of **state agencies**, however, will remain very tight, not only because of the relatively low level of General Fund revenues collected but more importantly because of the loss of federal stimulus dollars and rising costs. About \$400 million in federal stimulus funds were included in the FY2011 budget and \$126 million in FY2012.

Inflation has been moderate, but still increases costs. Consumer prices rose 1.6% in 2010 and 3.1% in 2011. An increase of 1.5% is forecast for this year by IHS Global Insight. Health care costs for retirees and Medicaid recipients are rising even more rapidly. As a result, the budgets of state agencies will continue to be squeezed, with a negative impact on both state services and the broader economy.

It is worth noting that the state budget is heavily dependent on federal funds, which in FY2011 provided \$9.3 billion of the total \$19.1 billion budget. General Funds accounted for another \$4.4 billion of funding and the remainder was covered by state special funds.

National and International Highlights

U.S. **investment spending** remains below its 2007 level. It is the only component of national demand that is not back to pre-recession levels and its recovery is critical to the upturn. Business investment in software & equipment posted double-digit growth in 2011, but construction, both residential and non-residential, remained weak.

Exports are another pivotal component of demand. In 2010, a strong growth of exports, along with federal stimulus spending, contributed to the 3.0% growth rate of gross domestic product (GDP) achieved. In 2011, the turmoil in Europe unsettled markets globally. Besides slowing sales to the European Union, Europe's inability to solve its sovereign debt crises has led to a recessionary dip there and is impeding growth of the world economy. Even powerhouse economies like China and Brazil are growing more slowly.

As a result, the current forecast for the **world economy** is a growth rate of output of 2.7% this year, compared to an estimated growth rate of 3.0% in 2011.

The Arab spring and resulting changes in Middle Eastern regimes led to higher energy prices, which dropped somewhat in the fall. The current forecast is that the **price of oil** will rise only modestly over the course of the year. IHS Global Insight is forecasting an average price for West Texas Intermediate of about \$98 per barrel in 2012, compared to the \$101 average in 2011.

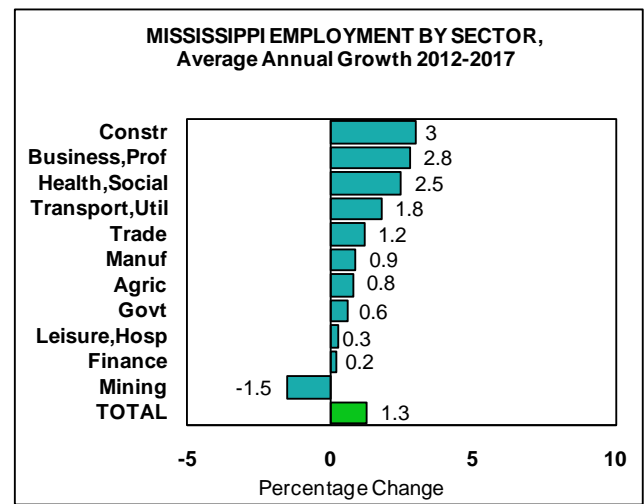
Inflation remains under control. Consumer prices rose 3.1% in 2011 and producer prices of finished goods, 6%. The upward pressures on prices have abated, and the forecast is for a rise in consumer prices of 1.5% this year and an increase in producer prices of 0.6%. The Federal Reserve's focus at present is on preventing any faltering of the recovery and, accordingly, is expected to keep the federal funds rate at 0.1% until the end of the year. (The federal funds rate is the rate at which the Fed lends funds to member banks.)

Consumer spending, the largest component of demand, remains constrained by the high levels of unemployment and household debt – it continues to rise steadily, nonetheless. Government spending, the final component, is more problematic as governments at the local, state and national levels work under tight budgets. The coming austerity measures at the federal level could challenge the viability of the recovery.

Short-Term Outlook

The state's recovery is closely linked to that of the nation, and the growth rate of the state economy will rise in sync with the rest of the country for the most part. The growth rate of gross state product (GSP) was an estimated 0.9% in 2011, compared to a growth rate of 1.8% nationally. In 2012, the growth rate of gross state product is forecast to be 1.7%, versus 2.0% for the U.S. Employment grew an estimated 0.6% in 2011 in Mississippi and is forecast to rise 0.8% in 2012 and 1.3% in 2013. See tables for more detail.

Mississippi's **unemployment rate** will gradually improve from the 10.4% rate averaged in both 2010 and 2011. In 2012, discouraged workers will be re-entering the work-



force, and will keep the unemployment rate above 10% despite an increase in employment. (Persons who drop out of the labor force are not counted among the unemployed.) By 2013 the rate will be down to 9.9% and, by 2017, to 8.4%. Elevated unemployment rates will persist until a restructuring of the nation's industries enables an economic resurgence.

Personal income increased approximately 3.6% in 2011; and is forecast to grow 3.1% in 2012 and 3.4% in 2013. As consumer confidence grows and investment spending increases, the pace of economic activity will also rise.

Inflation is forecast to remain at or below 2% until 2017.

These projections rest on the assumption that the national economy grows at an accelerating rate over the next three years and subsequently continues to grow at a moderate pace, as shown in the forecast table.

Five-Year Forecast, 2012-2017

The growth rate of output and employment in the state over the coming five years will improve as the recovery takes hold. Not all sectors, however, will be back to pre-recession levels of employment by 2017. Accompanying graphs summarize the five-year forecast. As the economy plays "catch-up" after the recession, the growth rate of output gathers momentum, averaging an annual growth rate of GSP of 2.7% over the next five years, versus a growth rate of 3.1% in the U.S.

The rate of **employment growth** averages a strong 1.3% from 2012 to 2017. But, after a drop of 5.5% in employment from 2007 to 2010, progress in job creation will seem slow: it will not be until 2016 that Mississippi reaches the level of payroll employment previously attained in 2000 and 2007.

The growth rate of U.S. employment, at 1.7%, will be higher than that for the state over the same period. (During the previous five years, Mississippi lost relatively

more jobs than did the U.S.) Productivity growth in both the U.S. and Mississippi will be lower than in recent years, averaging about 1.3% in the U.S. and 1.2% in the state over the forecast period, as measured by output per worker.

The graph provided shows the rate of **employment growth by sector**. The 3.0% growth rate of employment forecast for construction is the highest growth rate among the eleven sectors shown. Construction employment nationally is expected to continue shrinking until 2013, but it appears to be turning up in Mississippi as a result of rebuilding after disasters and some major projects.

Business, professional and other services, which lost thousands of jobs during the downturn, will continue to enjoy strong recovery as the economy picks up, averaging a 2.8% annual growth rate of employment. Health and social assistance, which maintained a positive rate of increase throughout the recession, will average an annual growth rate of about 2.5% over the next five years. Some additional lift will be provided to the sector as more health care reform measures go into effect.

Transportation and utilities, whose fate is closely linked to overall production, will experience a strong rebound, with an average growth rate of approximately 1.8%. Wholesale and retail trade will average a growth rate of 1.2%, and will only regain its 2007 employment levels by 2017. The growth rate of 0.6% in agriculture, forestry and fisheries will push the employment level in this sector above its 2007 level of 17,400 before the end of the five-year period.

Manufacturing, construction, finance, leisure & hospitality and mining employment will remain below pre-recession levels even in 2017. The number of persons employed in manufacturing has declined every year since 2000, with the exception of 2004. The percentage of total employment in manufacturing is expected to continue its long-run decline, despite the new and expanded manufacturing facilities opening in the state. Its average growth rate of employment, forecast to be a solid 0.9%, will be well below the state average of 1.3%. Jobs in finance will grow at an even slower rate, 0.2%.

Risks to the Forecast

The times are unsettled. The worst global banking crisis since the 1930s is now in its second phase, which includes a debt crisis in many countries and in many counties and municipalities. The U.S. lost its AAA rating from Standard & Poor's, but the situation in several European countries is of greater immediate concern.

There is a 30% chance that the growth rate of the national economy will turn negative in the second quarter and only a 20% chance that the rate will be higher than anticipated, according to IHS Global Insight alternative forecasts for the national economy.

The state forecast rests on the **baseline national forecast** of IHS Global Insight and the main risks to the state forecast come from the uncertainties facing the nation. Alternative forecasts for Mississippi, then, have the same probabilities as those of the national alternative scenarios. Details are provided in the accompanying table.

Under the **optimistic scenario** (15% probability), the recovery accelerates, with Mississippi's gross state product (GSP) growing 2.6% this year, 2.9% in 2013, and 3.0% in 2014. The corresponding growth rates of U.S. GDP are 3.6%, 4.1% and 3.8% in this scenario. There are several assumptions behind this forecast. One is that business and consumer confidence continue to rise, and lead to increases in consumer purchases and business investment above baseline expectations. Vehicle sales and sales of other consumer durables improve. Europe moves toward a resolution of its debt crises.

The housing sector recovers more quickly, as financial markets return to normal, encouraging greater investment in residential construction. The upturn in the state is less rapid than nationally, given the industry mix here and the skill composition of the labor force.

On the other hand, developments in the areas mentioned above could prove to be more negative than anticipated. If the recovery skids as a result, IHS Global Insight expects that the growth rate of U.S. GDP this year will be lower, a

ALTERNATIVE SCENARIOS AND PROBABILITIES FOR STATE ECONOMIC FORECAST

(Annualized Growth Rates of Real Gross Product)

Probability	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3	14Q4
15% High Growth Scenario	3.0	2.6	2.6	2.5	2.2	2.7	2.4	2.6	3.1	2.8	3.0	2.9
55% Baseline Scenario	1.3	1.2	1.3	1.4	1.4	2.2	2.2	2.5	2.9	2.8	2.8	2.8
30% Pessimistic Scenario	-0.9	-0.4	0.2	0.6	0.4	1.6	2.0	2.3	2.8	2.6	2.6	2.5

SOURCE: University Research Center

0.2%, wobbling up to 0.5% in 2013 before recovering to a 3% rate of increase in 2014. The **pessimistic forecast** for the state shows a growth rate of state output of -0.2% this year, 0.5% in 2013 and 1.5% in 2014.

Downside risks are linked to policy missteps either here or abroad. Global Insight estimates that a failure to extend the 2% employee payroll tax cut and unemployment benefits would knock 0.6 percentage points off the growth rate of GDP. Also, the automatic cuts in government spending mandated for 2013 as a result of the failure of the supercommittee to find a compromise agreement have the potential of nipping a nascent recovery in the bud, and would surely lower the forecast growth rates.

Fallout from the financial crisis continues, and the sovereign debt crises in Europe could trigger a greater downturn in the Eurozone than is assumed in the baseline forecast. Defaults by major countries and their exit from the Eurozone could drop the forecast close to the pessimistic scenario of Global Insight.

State Economic Structure

Eighty-three percent of wage and salary employment in Mississippi is in service-providing industries, with the remaining 17% in the goods-producing industries of manufacturing, construction and natural resources/mining. Despite the dominance of services, goods-producing industries, and manufacturing in particular, are crucial to the state's economy. In the U.S. as a whole, manufacturing provides 9% of total jobs, but in Mississippi the figure is 12%.

Manufacturing also sustains many of the state's service jobs in transportation, business services, finance and agriculture. Within manufacturing, which employs 133,000 workers, the percentage of employees in furniture and in wood products is more than twice the corresponding percentages for the U.S. These industries, along with food products, account for 37% of manufacturing employment, versus 18% for the U.S. as a whole. Transportation equipment (including both shipbuilding and automobile production), machinery manufacturing, electrical equipment, and fabricated metal products account for another 35% of manufacturing employment.

The largest employers in the service-providing sectors, each employing more than 100,000 persons, are local government, retail trade, health care & social assistance, and accommodation & food services.

Written by Marianne Hill with input from members of the University Research Center.

FOR FURTHER READING

Federal Deposit Insurance Corporation. Mississippi State Profile. www.fdic.gov/bank/analytical/stateprofile

Federal Reserve Board of Atlanta, *State of the States, EconSouth*. www.frbatlanta.org

IHS Global Insight, Inc. National and regional forecasts and reports. See www.ihsglobalinsight.com

Inside Mississippi, www.insidemississippi.org

Kaiser Foundation. www.statehealthfacts.org.

Kauffman Foundation Report. http://www.kauffman.org/uploadedFiles/KIEA_2011_report.pdf

Kennesaw State University Econometric Center, "Purchasing Managers Index Report – Mississippi". <http://econometric-center.org>

Mississippi Business, published by the Mississippi Institutions of Higher Learning, available at www.mississippi.edu/URC – go to Publications.

Mississippi Economic Policy Center www.mepconline.org

Mississippi Economic Council, *Blueprint Mississippi*. <http://www.msmecc.com/images/stories/blueprint/XXXXXX.BP.MS.FINALFORPDFONSITE.1.4.12.pdf>

Mississippi Department of Employment Security. www.mdes.ms.

Mississippi Department of Insurance, http://www.mid.state.ms.us/pages/health_care_reform.aspx
Mississippi Development Authority. <http://crossmatch.mississippi.org/NEFReport/>

Mississippi State University, *Economy Watch*. <http://www.economywatch.msstate.edu>
Mississippi Stimulus Information. www.stimulus.ms.us.gov

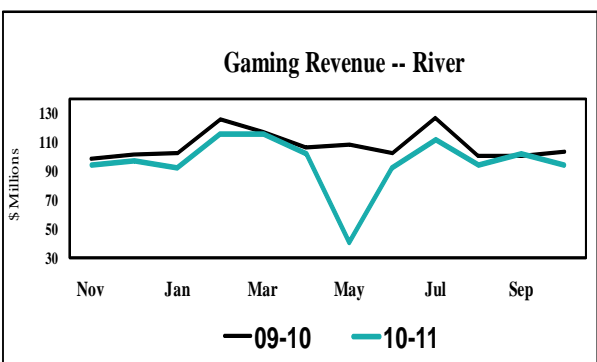
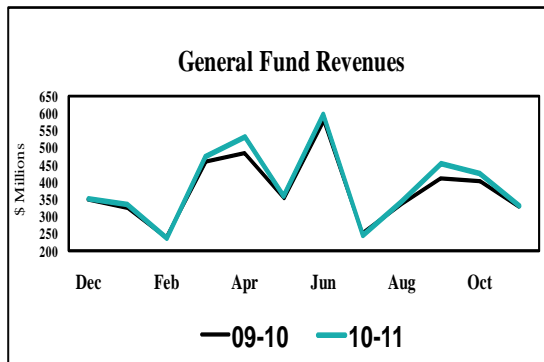
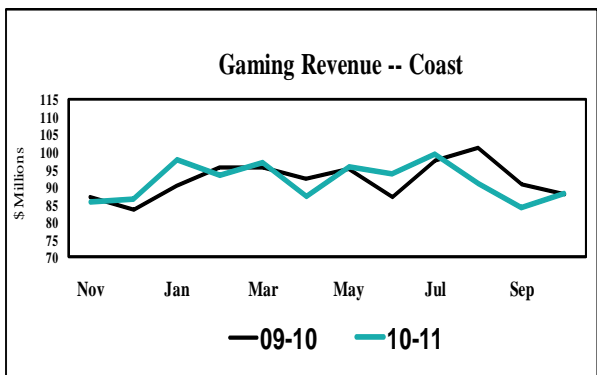
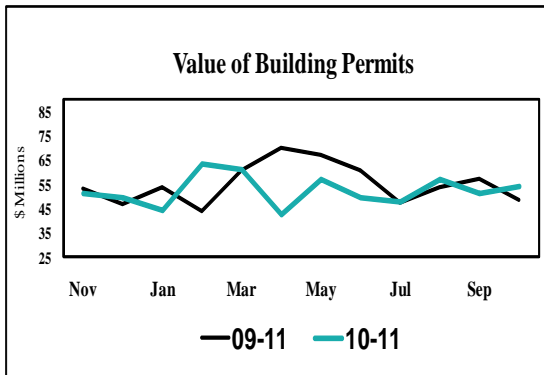
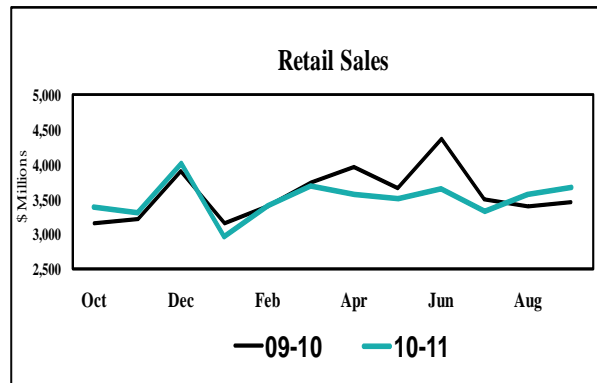
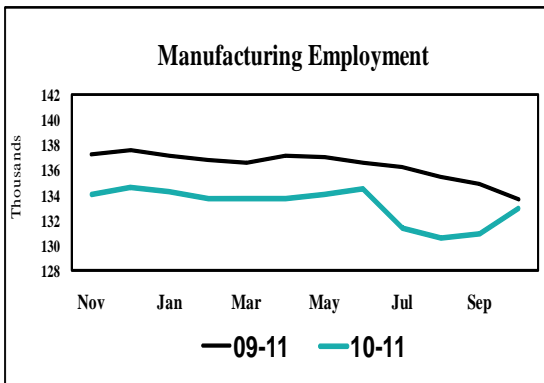
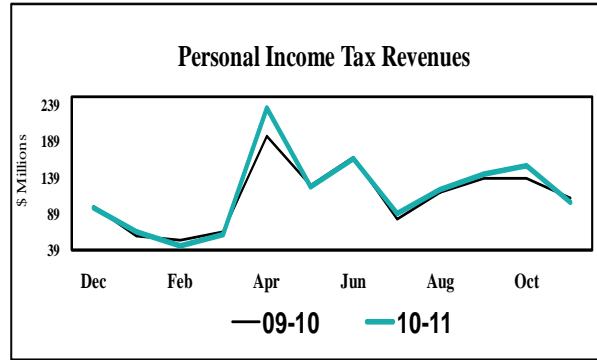
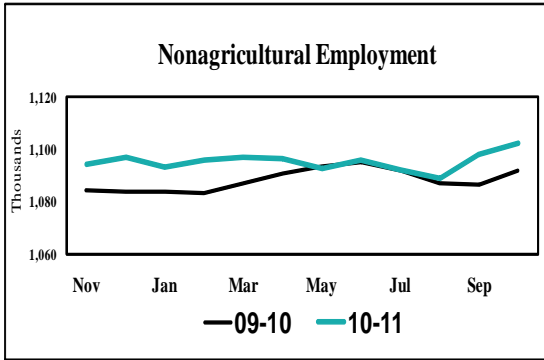
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U.S. Department of Labor and Bureau of Labor Statistics <http://www.ows.doleta.gov/unemploy/finance.asp> for data by state on benefits, finances, reciprocity rates and more.

U.S. Government, www.recovery.gov U.S. Small Business Administration. State Profiles. <http://www.sba.gov/advo/research/profiles/> and http://www.sba.gov/advo/stats/sbei_tab03_v971.xls

A Graphic Overview



Appendix Tables
MISSISSIPPI AND NATIONAL
TRENDS AND FORECAST VALUES
2010 – 2017

NOTE: The historical data in these tables, which are subject to revision, are from the U.S. Bureau of Economic Analysis, the U.S. Bureau of the Census, and the U.S. Bureau of Labor Statistics or are constructed from these sources by the University Research Center or IHS Global Insight, Inc. The index of coincident and of leading indicators for Mississippi are published monthly in *Mississippi's Business*, another publication of the University Research Center. Details about the indicators are provided there.

The forecast numbers in these tables represent the mathematical solution of the state econometric model in which future values of variables are predicted on the basis of past and current trends in the U.S. and Mississippi economies. The U.S. forecasts are the January IHS Global Insight, Inc. forecast. The state model is re-solved as new data becomes available.

RECENT MISSISSIPPI TRENDS

(Annualized Percentage Growth)

	2010: QI	2010: QII	2010: QIII	2010: QIV	2011: QI	2011: QII	2011: QIII	2010 Value (2010\$)
Gross State Product (current\$)	3.5	5.0	2.5	3.8	2.7	3.3	3.0	\$97,460
Gross State Product (millions constant\$)	2.0	3.6	1.1	1.9	0.2	0.8	0.5	\$97,460
GSP Price Index	1.5	1.4	1.4	1.9	2.5	2.5	2.5	100
Other Key Indicators								
Consumer Price Index (South)	0.4	-0.5	1.1	2.0	6.4	3.9	3.6	--
Average Annual Wage	\$36.0	\$36.4	\$36.7	\$36.3	\$36.4	\$36.9	\$36.9	\$36,338
Median Price, Existing Homes	\$79.5	\$82.9	\$82.8	\$80.0	\$76.9	\$80.9	\$79.6	\$81,299
Housing Starts (thousands)	5.6	5.5	4.7	5.3	5.4	4.0	4.2	5,273
Unemployment Rate	10.9	10.4	1.0	10.2	10.2	10.3	10.4	10.4%
Index Coincident Indicators	0.9	3.9	0.4	1.4	2.4	-0.1	1.2	101.7
Index Leading Indicators	2.2	3.2	-6.1	7.8	6.4	-5.1	-8.6	93.8
Employment, Residents (thousands)	2.1	2.3	1.2	2.0	3.8	5.2	-1.3	1,176.1
Payroll Employment (thousands)	0.1	3.1	-1.7	2.2	0.3	0.0	-0.8	1,090.2
Manufacturing	-1.9	0.4	-4.1	-4.2	-0.7	0.7	-9.3	135.9
Durable Goods	-0.9	1.0	-4.4	-7.7	-0.5	3.9	-9.2	87.2
Nondurable Goods	-3.5	-0.7	-3.6	2.0	-1.1	-5.1	-9.4	48.7
contract Construction	-2.6	11.2	-0.2	-0.5	6.9	-7.9	-10.3	48.9
Natural Resources, Mining	16.5	17.6	3.1	-1.5	1.4	0.1	6.1	8.7
Transportation, Utilities	-0.1	1.9	-0.2	8.8	-2.7	2.2	2.3	46.8
Wholesale, Retail Trade	-0.7	1.3	-2.0	1.1	1.0	0.4	0.2	166.2
Finance, Insur, Real Estate	-1.1	-0.9	-1.3	-1.4	-2.6	3.4	4.1	44.9
Health Care & Social Assist.	1.7	1.5	-0.3	7.5	3.8	-2.9	5.6	118.7
Leisure & Hospitality	-0.9	2.2	-0.7	8.3	-6.0	6.8	-5.3	118.6
Business & Other Services	5.1	19.7	7.1	2.7	14.2	1.8	2.2	91.8
Agriculture, Forestry & Fishing	2.6	2.8	2.8	2.8	2.4	3.0	2.4	17.7
Government	0.3	1.2	-5.6	0.3	-3.2	-2.4	1.8	248.9
Personal Income (current \$)								
Wages & Salaries	0.3	7.3	2.2	-2.7	2.1	4.4	0.2	\$41,277
Other Labor Income	4.3	4.1	0.2	-2.1	1.3	1.7	2.7	\$11,487
Proprietors' Income	6.6	22.6	18.2	10.4	-25.7	7.9	9.0	\$7,636
Farm Proprietors	-12.4	40.5	94.4	12.2	-171.3	61.6	51.4	\$1,142
Nonfarm Proprietors	9.6	19.8	6.0	10.0	2.7	1.9	3.6	\$6,494
Property Income	16.2	8.4	1.4	-1.7	10.9	6.8	0.1	\$12,091
Transfer Payments	12.7	5.0	8.2	10.9	-0.2	5.0	-3.0	\$24,062
Less: Social Sec. Payments	4.5	5.2	0.8	-3.1	-39.5	4.4	1.5	\$6,929
Plus: Residence Adjustment	15.5	4.1	5.0	4.2	11.6	6.7	4.3	\$2,583
Equals: Total Personal Income	6.6	7.7	4.9	2.4	3.5	4.9	0.4	\$92,207
Less: Individual IRS Collections	8.5	8.3	3.5	-0.9	61.0	4.8	4.3	\$4,420
Less: Individual S & L Taxes	-15.4	8.3	3.5	-0.9	22.0	4.8	1.3	\$1,628
Equals: Disposable Pers. Income	7.0	7.7	5.0	2.6	0.4	4.9	0.2	\$86,159
Per Capita Income (thousands \$)	\$30.4	\$31.0	\$31.3	\$31.4	\$31.7	\$32.0	\$32.0	\$31,025
Population (thousands)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	2,972

RECENT NATIONAL TRENDS

(Annualized Percentage change unless otherwise indicated)

	2010:	2010:	2010:	2010:	2011:	2011:	2011:	2010
	QI	QII	QIII	QIV	QI	QII	QIII	Value
								(2010\$)
National Product (billions constant \$)								
Gross Domestic Product	3.9	3.7	2.5	2.3	0.4	1.3	1.8	\$14,527
Consumer Expenditures	2.7	2.9	2.6	3.5	2.1	0.7	1.7	\$10,246
On Durable Goods	9.5	7.6	8.5	16.2	11.2	-5.4	5.6	\$1,085
On Nondurable Goods	4.7	1.9	3.0	4.2	1.5	0.2	-0.5	\$2,302
On Services	1.0	2.5	1.6	1.3	0.8	1.8	1.9	\$6,859
Gross Private Domestic Investment	28.4	24.1	8.9	-7.3	3.8	6.3	1.3	\$1,795
In Equipment and Software	20.1	21.4	13.4	7.8	8.4	6.1	15.3	\$1,016
In Nonresidential Structures	-27.4	7.3	4.2	10.1	-15.2	20.9	13.6	\$374
In Residential Structures	-17.0	21.3	-32.0	2.3	-2.6	4.1	1.2	\$329
Change in Inventories	682.5	247.6	171.5	-234.0	112.8	-81.5	-420.5	\$67
Government Purchases	-1.2	3.7	1.0	-2.8	-6.0	-0.9	-0.1	\$3,003
Federal Purchases	2.8	8.5	3.1	-3.0	-9.7	1.9	2.0	\$1,223
State & Local Purchases	-3.9	0.4	-0.5	-2.7	-3.4	-2.8	-1.6	\$1,780
Net Exports of Goods & Services	-34.5	-64.3	-19.5	38.8	-9.9	7.5	13.1	-\$517
Exports	7.1	9.7	9.7	7.6	7.6	3.5	4.6	\$1,840
Imports	12.0	20.1	11.7	-2.3	8.1	1.4	1.2	\$2,357
Other Key Indicators								
Total Payroll Employment (millions)	-0.3	2.0	-0.2	0.8	1.3	1.4	0.9	129.8
Private Sector Employment (millions)	-0.3	1.4	1.0	1.5	1.8	2.1	1.4	107.3
State and Local Govt. Employment (millions)	-1.3	-0.9	-1.6	-1.2	-1.6	-1.8	-1.2	19.5
Federal Employment (millions)	6.7	42.4	-31.9	-12.4	0.6	-1.7	-2.9	3.0
Unemployment (%)	9.7%	9.6%	9.6%	9.6%	8.9%	9.1%	9.1%	9.6%
Personal Income (billions constant \$)	4.8	5.9	3.2	2.1	4.7	1.3	-1.6	\$11,136
Retail Sales (billions \$)	8.2	6.3	3.7	11.8	10.1	4.6	4.7	\$4,354
Median Price Exist Single Home (% of 2007price)	74.2%	79.1%	79.6%	76.3%	71.0%	75.7%	75.8%	77.3%
Housing Starts (millions)	33.1	-8.2	-11.7	-31.3	32.4	-6.9	30.1	0.6
Index of Industrial Production (% change)	7.9	6.9	6.6	3.1	4.7	0.5	6.0	90.1
Commercial & Industrial Loans (billions constant \$)	-15.5	-6.6	-2.9	2.3	9.4	7.6	10.8	\$1,213
Consumer Credit Outstanding (billions constant \$)	-3.9	-3.3	-2.1	2.5	2.2	3.5	1.2	\$2,409
After-Tax Profit (billions constant \$)	7.5	14.2	-14.1	-21.6	35.0	4.2	8.5	\$1,408
West Texas Intermediate Oil (\$ per barrel)	\$78.6	\$77.9	\$76.1	\$85.0	\$94.0	\$102.6	\$89.7	\$79
Light Vehicle Sales (millions of units)	8.2	14.2	8.8	23.1	22.4	-26.5	11.3	11.6
Prices and Wages								
GDP Price Index	1.5	1.4	1.4	1.9	2.5	2.5	2.5	...
Consumer Price Index	1.3	-0.5	1.4	2.6	5.1	4.0	3.0	...
Producer Price Index	13.9	-4.3	-2.0	17.7	18.9	6.6	-2.5	...
Real After-Tax Compensation Index	1.1	3.1	0.7	-2.1	4.1	-1.3	-1.9	...
Financial Markets								
Prime Rate (%)	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Federal Funds Rate (%)	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%
Exchange Rate (\$ vs. Major Currencies)	0.89	0.93	0.90	0.87	0.86	0.83	0.83	0.90
S&P Index (% of Q2:2007 level)	75.0	75.9	73.3	80.5	87.1	88.1	82.1	76.1
Payroll Employment (millions)								
Manufacturing	-0.8	2.3	1.0	-0.2	3.3	2.2	1.5	11.5
Contract Construction	-9.2	-1.5	-1.7	-0.5	0.1	1.5	0.5	5.5
Transportation, Utilities	-2.4	1.4	1.5	3.4	0.6	2.5	0.9	4.7
Wholesale, Retail Trade	-0.3	0.5	0.2	0.9	1.2	1.9	1.1	19.9
Finance, Insur, Real Estate	-1.6	-0.9	-1.2	0.0	-0.5	0.4	-0.3	7.6
Health & Social Assistance	1.7	2.0	2.0	2.5	1.8	2.2	2.3	16.4
Business & Professional Services	2.2	2.7	1.4	3.1	4.0	3.2	2.4	16.7
Leisure & Hospitality	-0.9	1.9	1.6	0.4	1.7	2.1	1.5	13.0
Government	-0.3	4.7	-5.9	-2.7	-1.3	-1.8	-1.4	22.5
Total Payroll Employment	-0.3	2	-0.2	0.8	1.3	1.4	0.9	129.8

MISSISSIPPI FORECAST 2012 - 2017 (Percentage Change Unless Otherwise Indicated)

	2012	2013	2014	2015	2016	2017	2011 Value (2011\$)
Gross State Product (constant \$)	1.7	2.1	2.8	2.8	2.7	2.3	\$100,135
Manufacturing	3.0	3.5	3.9	3.6	3.2	2.8	\$17,275
Durable Goods	3.5	4.5	5.1	4.7	3.9	3.5	\$8,483
Nondurable Goods	2.4	2.5	2.6	2.4	2.3	2.0	\$8,792
Contract Construction	1.6	1.0	7.6	4.4	3.9	3.2	\$4,102
Natural Resources, Mining	3.6	3.2	3.0	3.1	2.8	2.0	\$1,596
Agric, Forestry & Fishing	2.7	2.4	2.6	1.1	1.9	-0.9	\$2,640
Transportation, Utilities	2.1	2.6	3.1	3.2	2.8	2.7	\$6,183
Wholesale, Retail Trade	1.6	1.5	1.6	2.1	1.9	2.0	\$12,326
Finance, Insur, Real Estate	0.6	1.3	2.3	2.4	2.2	1.9	\$13,408
Health Care & Social Assist.	2.8	2.9	3.4	3.5	3.0	2.9	\$7,591
Leisure & Hospitality	1.6	2.4	2.6	2.5	2.4	2.3	\$4,368
Business & Other Services	2.8	2.7	2.7	3.3	3.2	2.4	\$12,416
Government	-0.4	0.7	1.5	1.6	2.4	1.9	\$18,230
Other Key Indicators							
Gross State Product (current)	3.0	3.6	4.7	4.7	4.6	4.1	\$100,135
GSP Price Index	1.3	1.5	1.9	1.8	1.9	1.8	--
Consumer Price Index (South)	1.7	1.9	2.0	2.0	2.0	2.1	--
Employment, Residents (thousands)	1.0	1.1	1.2	1.3	1.1	1.0	1,199
Payroll Employment (thousands)	0.8	1.3	1.4	1.4	1.2	1.2	1,096
Unemployment Rate	10.3	9.9	9.7	9.1	8.7	8.4	10.40%
Payroll Employment	0.8	1.3	1.4	1.4	1.2	1.2	1,095,876
Manufacturing	0.8	2.2	1.4	0.8	0.1	0.3	132,991
Durable Goods	1.4	3.1	2.0	1.4	0.3	0.9	85,266
Nondurable Goods	-0.3	0.5	0.2	-0.4	-0.5	-1.0	47,725
contract Construction	0.4	0.6	4.2	4.0	3.0	2.4	48,925
Natural Resources, Mining	1.1	-2.1	-0.7	-2.2	-2.8	-0.1	8,961
Transportation, Utilities	1.2	2.2	2.4	1.7	1.1	1.0	47,653
Wholesale, Retail Trade	1.0	1.8	0.8	1.3	0.8	0.9	167,322
Finance, Insur, Real Estate	0.4	0.8	0.3	0.4	-0.3	-0.5	44,542
Health Care & Social Assist.	2.1	2.4	2.1	2.3	2.5	2.4	121,387
Leisure & Hospitality	1.0	0.3	0.4	0.0	0.2	0.3	119,921
Business & Other Services	2.3	2.2	3.0	2.9	2.7	2.4	158,546
Government	-1.1	-0.2	0.3	0.7	0.9	1.0	245,628
Personal Income (current \$)							
Wages & Salaries	2.9	3.3	4.3	4.8	5.3	4.9	\$42,014
Other Labor Income	2.4	3.9	4.6	4.8	5.7	5.4	\$11,648
Proprietors' Income	4.3	6.6	5.2	5.8	3.4	3.8	\$7,670
Farm Proprietors	7.6	5.6	-7.9	5.6	-4.3	-0.2	\$917
Nonfarm Proprietors	3.8	6.8	7.0	5.8	4.3	4.2	\$6,754
Property Income	3.8	2.3	4.0	5.7	5.5	4.1	\$12,664
Transfer Payments	3.0	3.2	4.6	4.7	4.9	4.4	\$25,153
Less: Social Sec. Payments	3.8	5.9	6.2	8.1	6.8	6.0	\$6,361
Plus: Residence Adjustment	3.2	4.4	4.1	4.7	4.3	4.6	\$2,715
Equals: Total Personal Income	3.1	3.4	4.3	4.7	5.0	4.6	\$95,502
Less: Individual Taxes	5.2	6.6	5.2	5.1	5.0	5.2	\$4,932
Equals: Disposable Pers. Income	2.9	3.2	4.3	4.7	5.0	4.5	\$88,833
Per Capita Income	2.6	2.9	3.8	4.2	4.5	4.0	\$32,002
Population (thousands)	0.4	0.5	0.5	0.5	0.5	0.5	2,984.30
US FORECAST 2012-2017 (Percentage Change Unless Otherwise Indicated)							
Gross Domestic Product (billions \$)	3.2	3.6	5.1	5.3	4.7	4.5	\$15,094
Real Gross Domestic Product (billions \$)	2	2.4	3.4	3.3	2.8	2.6	\$13,318
GDP Deflator	1.3	1.2	1.6	1.9	1.8	1.8	--
Total Employment, Residents (millions)	0.8	0.9	1.6	1.8	1.4	1.1	139.8
Total Payroll Employment (millions)	1.2	1.6	1.9	2	1.7	1.2	131.1
Unemployment Rate (Percent)	8.8	8.6	7.9	7.1	6.6	6.4	9
Personal Income (billions \$)	3.4	3.8	5.1	5.2	5.1	4.7	\$12,960
Per Capita Income	2.4	2.8	4.1	4.2	4.1	3.7	\$41,348
Consumer Price Index	1.5	1.8	2.0	2.0	1.9	1.8	--
Prime Rate (Percent)	3.25	3.25	4.23	6.27	7.0	7.0	3.25%