



# MISSISSIPPI'S BUSINESS

*Monitoring the State's Economy*

## ECONOMY AT A GLANCE

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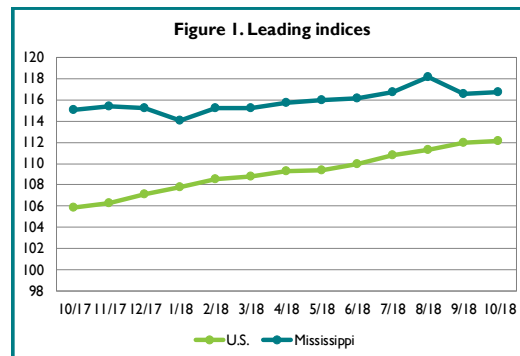
As seen in Figure 1 below the value of the Mississippi Leading Index (MLI) edged higher by 0.1 percent in October. Compared to one year ago the value of the MLI was 1.5 percent higher for the month.

The value of the Mississippi Coincident Index (MCI) increased 0.2 percent in October as seen in Figure 2. The value for the month was 1.9 percent higher compared to one year ago.

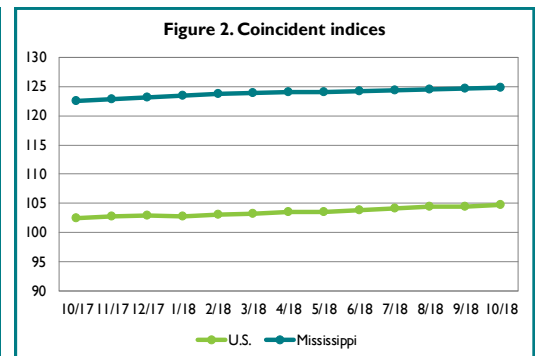
In its second estimate of the change in U.S. real gross domestic product (GDP) in the third quarter of 2018, the U.S. Bureau of Economic Analysis (BEA) reported an increase of 3.5 percent, unchanged from its first estimate. Real GDP in the second quarter grew 4.2 percent according to BEA. While nonresidential fixed investment and private inventory investment

were revised up by BEA, these increases were offset by reductions to consumer spending and state and local government spending.

The MLI eked out a gain in October despite increases in only three of its seven components. None of the three components were specific to Mississippi, however. Both building permits and income tax withholdings were basically flat in October, and nonfarm employment was little changed as well. The value of the Mississippi Manufacturing Employment Intensity Index continued the slide that has gone on for most of the year. Initial unemployment claims rose in October, but the value was coming off a historic low. The Mississippi economy appears to lack momentum in either direction as 2018 winds down, a common situation since the end of the Great Recession.



Sources: University Research Center and The Conference Board



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

**Notes:** The Mississippi Coincident Index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2004. The index is based on changes in nonfarm employment, the unemployment rate, average manufacturing work-week length, and wage and salary disbursements. The Mississippi Leading Index is constructed by the Mississippi University Research Center. The U.S. Indices are from The Conference Board. All series are indexed to a base year of 2004.

**MISSISSIPPI'S BUSINESS****MISSISSIPPI LEADING INDEX, OCTOBER 2018**

The value of the **Mississippi Leading Index of Economic Indicators** (MLI) rose slightly in October as seen in Figure 3. The value increased 0.1 percent and placed the Index slightly above its July value. Compared to one year ago the value for October was 1.5 percent higher. Over the last six months the value of the MLI increased 0.9 percent.

Only three of the seven components of the MLI increased in value in October. The largest gain was in the value of retail sales. Each component is discussed below in order of largest to smallest contribution.

Figure 4 indicates the value of **U.S. retail sales** increased 0.8 percent in October, the largest monthly increase since May. However, the values for August and September were revised lower and as a result retail sales declined in both of those months. The value of retail sales was 4.6 percent higher in October compared to one year earlier. Much of the October increase in sales came from gasoline, as the increase in retail sales excluding gasoline stations was 0.5 percent. Other major contributors were motor vehicles and parts and building materials. The only sectors where sales declined for the month were furniture and home furnishings and food service and drinking places.

For the first time since August the value of the **ISM Index of U.S. Manufacturing Activity** increased in November. The value rose 2.8 percent for the month as seen in Figure 5. Following two months of negative year-over-year changes, the value in November was 1.9 percent higher compared to one year ago. All components of the Index increased in November with the exception of Supplier Deliveries. The largest increase among all components occurred in the New Orders component. The value of the prices paid index fell sharply in November to its lowest level of the year.

For the third consecutive month the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) increased in October. The value increased 0.4 percent for the month as seen in Figure 6. Compared to one year ago the October value was 1.6 percent higher. The share of consumers who believe the country will have continuous good times over the next twelve months fell in the most recent survey for the second consecutive month. Short-term (twelve-month) inflation expectations fell in the most recent survey while long-term (five- to ten-year) expectations rose for the first time since August.

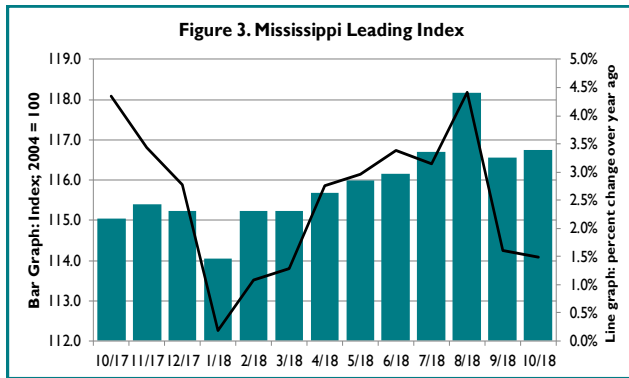
The value of **Mississippi residential building permits** (three-month moving average) edged slightly lower in October, the second consecutive monthly decline. As seen in Figure 7, the value for the month fell 0.1 percent. Compared to one year ago, the value in October was 6.7 percent lower. The seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi, on the other hand, rose 2.2 percent in October. The number of units for the month was down 2.5 percent compared to one year ago. The number of privately-owned housing units in the U.S. authorized by building permits in October decreased 0.6 percent from the revised September value. The number of units in the U.S. in October was 6.0 percent lower compared to one year ago. However, neither decrease was statistically significant.

In October, the value of **Mississippi income tax withholdings** (three-month moving average) was essentially unchanged as Figure 8 indicates. Other than the outsized increase in August, the value of withholdings has remained in a very narrow range since April. The value in October was 0.9 percent higher compared to one year ago. The value of withholdings increased 0.1 percent over the last six months.

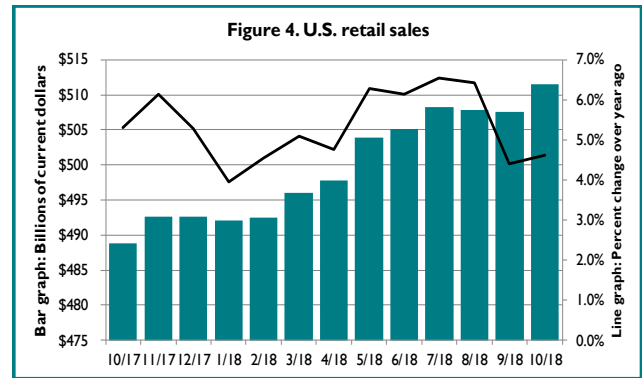
The value of the **Mississippi Manufacturing Employment Intensity Index** decreased 0.5 percent in October as seen in Figure 9, its seventh decline in the last eight months. The value in October was down 2.3 percent compared to one year ago. Manufacturing employment in the state increased slightly for the month, but the decrease in the average weekly hours of production employees more than offset the increase in employment.

As seen in Figure 10 the value of seasonally-adjusted **initial unemployment claims** in Mississippi climbed 13.5 percent in October. Compared to one year ago the value for the month was down 16.4 percent. Figure 14 on page 6 indicates the value of seasonally-adjusted continued unemployment claims in Mississippi decreased 8.3 percent in October. The number of continued unemployment claims in Mississippi for the month was 30.8 percent lower compared to one year ago. The seasonally-adjusted unemployment rate in Mississippi in October decreased 0.1 percentage point to 4.7 percent as seen in Figure 15 on page 6. The decline was the first decrease in the rate since February. Compared to one year ago the unemployment rate for the state was 0.2 percentage point lower in October.

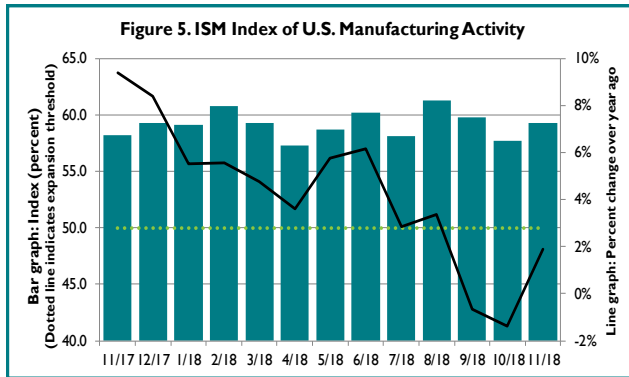
# MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



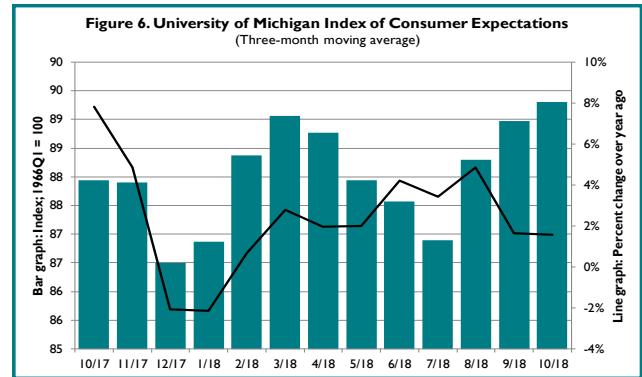
Source: University Research Center



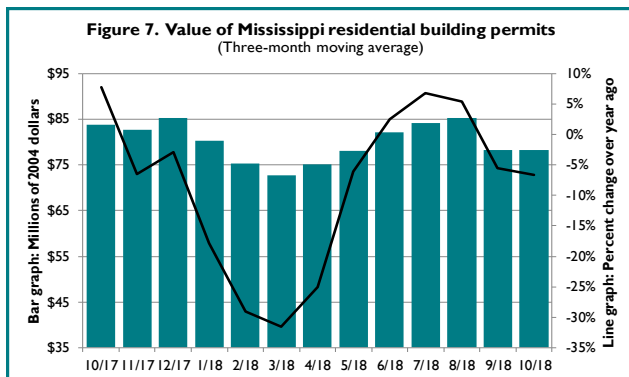
Source: U.S. Bureau of the Census



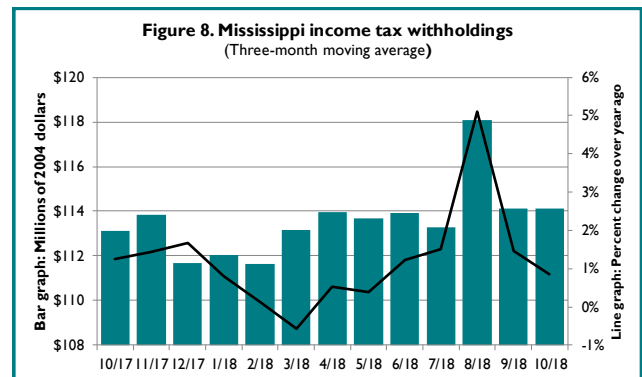
Source: Thomson Reuters/University of Michigan Surveys of Consumers



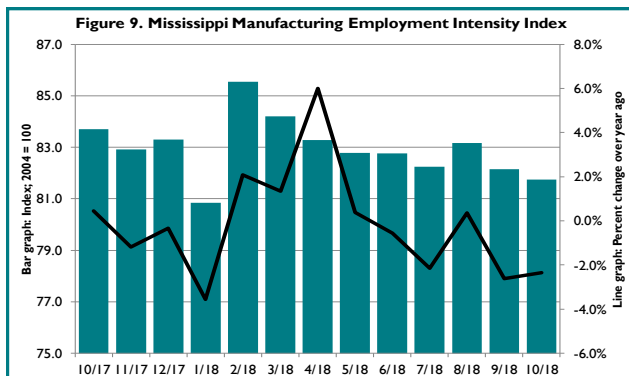
Source: Institute for Supply Management



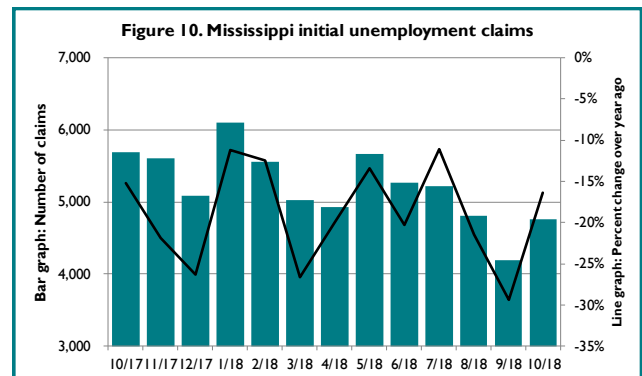
Source: U.S. Bureau of the Census; seasonally adjusted



Source: Mississippi Department of Revenue; seasonally adjusted



Source: URC using data from U.S. Bureau of Labor Statistics



Source: U.S. Department of Labor; seasonally adjusted

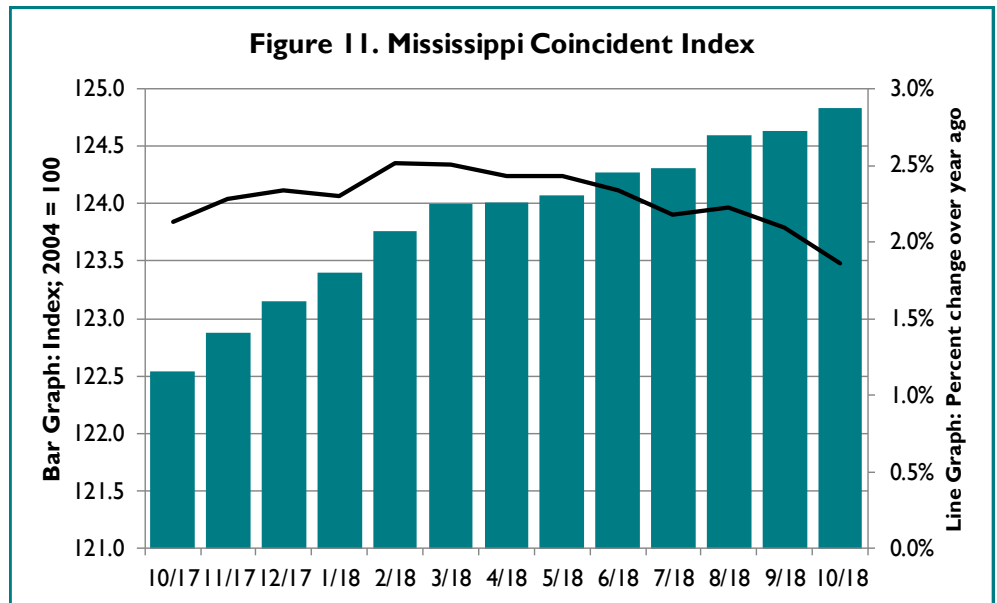
MISSISSIPPI'S BUSINESS

MISSISSIPPI COINCIDENT INDEX, OCTOBER 2018

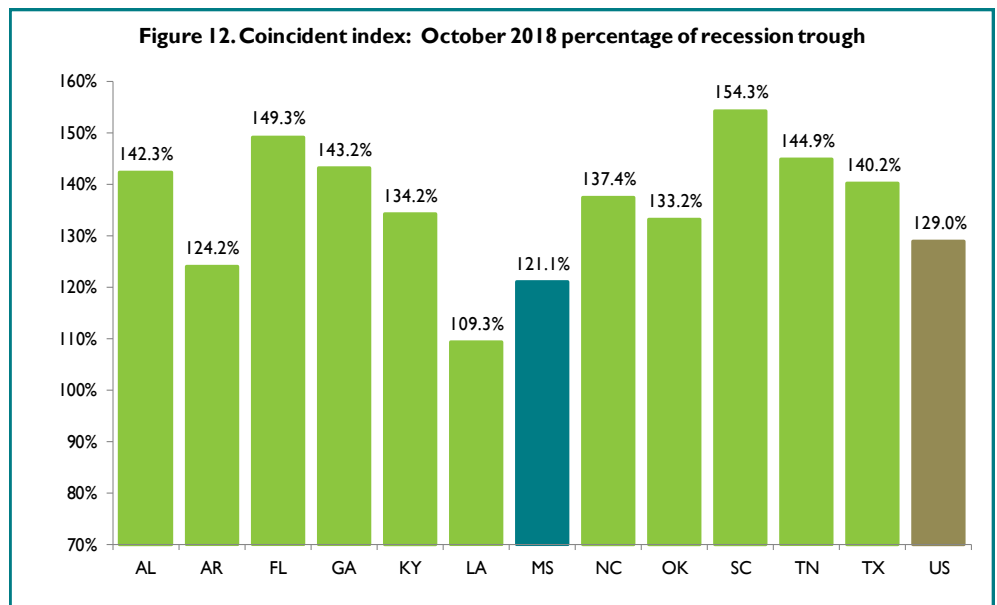
Figure 11 indicates the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** rose 0.2 percent in October according to the Federal Reserve Bank of Philadelphia. The value of the MCI for the month was 1.9 percent higher compared to one year ago.

As seen in Figure 12 the smallest increase in the value of a coincident index from its recession trough among southeastern states in October occurred in Louisiana. This value was unchanged from the previous month. The value of the coincident index in Mississippi again experienced the second-smallest increase from its recession trough among southeastern states as of October. The value was unchanged from the previous month at 21.1 percent. Arkansas was the only other state in the Southeast where the value of its coincident index was up less than 30.0 percent from its respective recession trough as of October. The largest increase in the value of a coincident index from its recession trough among southeastern states in October again occurred in South Carolina, as its coincident index was up 54.3 percent.

The values of the coincident indices increased in forty-four states in October compared to three months prior as seen in Figure 13 on page 5. Mississippi was one of eleven states where the values of the coincident indices increased from 0.0 up to 0.5 percent. In thirty-four states the values of the coincident indices increased by more than 0.5 percent in October compared to July. Hawaii and Maine were the only states where the coincident index fell



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia; URC calculations

by more than 0.5 percent in October compared to three months prior.

## NATIONAL TRENDS

The value of the U.S. Leading Economic Index (LEI) increased 0.1 percent in October according to The Conference Board as seen in Figure 1 on page 1. Compared to one year ago the value of the LEI was up 5.9 percent for the month. Five of the ten indicators that make up the LEI increased in value for the month, led by average consumer expectations for business conditions. The value of the LEI rose 2.6 percent over the last six months.

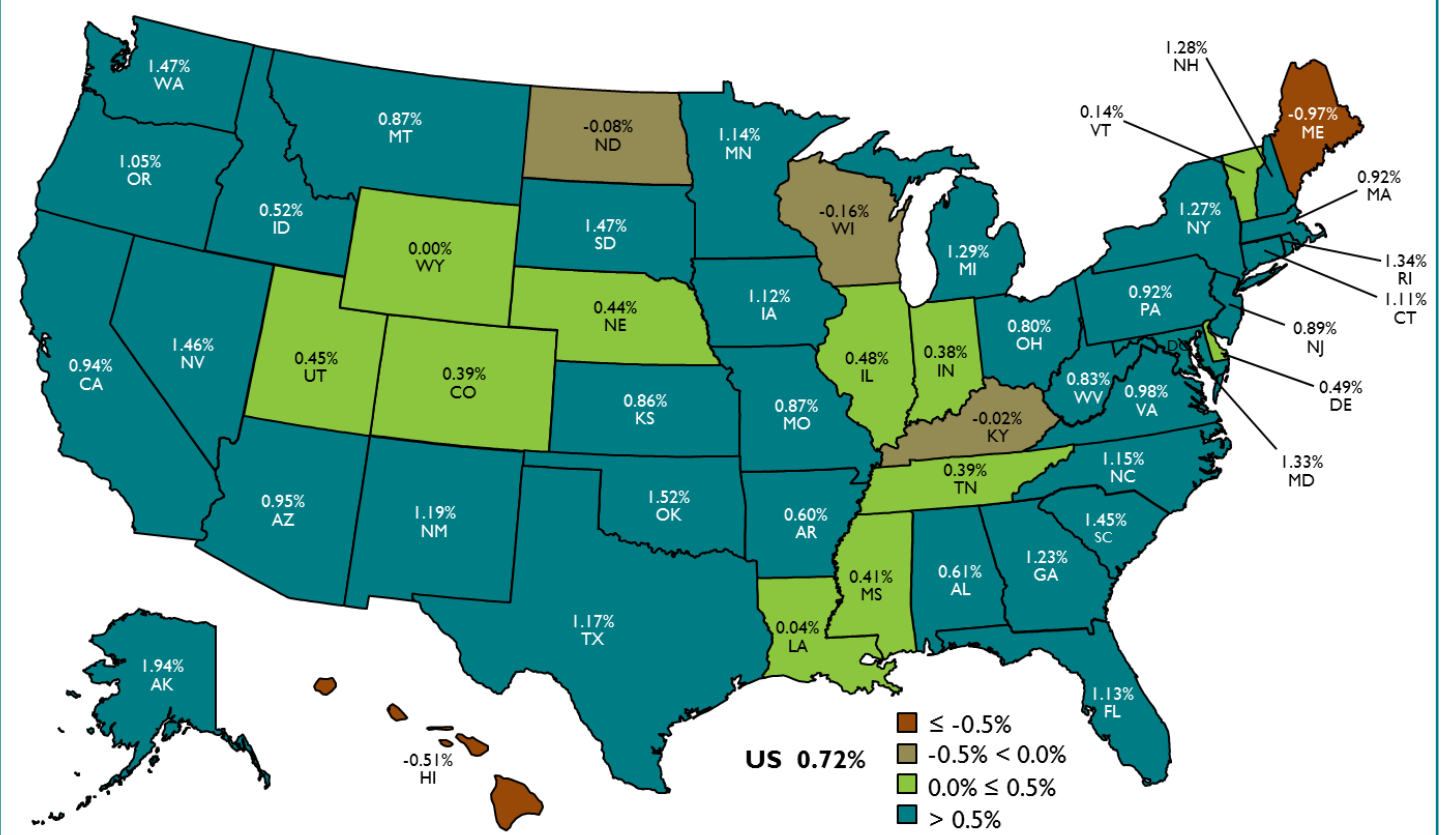
The Conference Board reported the value of the U.S. Coincident Economic Index (CEI) rose 0.2 percent in October as seen in Figure 2 on page 1. The value of the CEI was 2.2 percent higher in October compared to one year ago. All four components of the CEI increased for the month and the largest contributor was employees on nonagricultural payrolls. Over the last six months the value of the CEI rose 1.1 percent.

The value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index fell 0.5 percent in October, its second consecutive monthly decline.

Compared to one year ago the value of the Index was 3.5 percent higher in October. Despite two months of declines, the value of the Index remains at a relatively high level. The largest decline among all components occurred in the “now is a good time to expand component.” The “plans to increase employment” component decreased for the second consecutive month. Most components of the Index did not change in October, as the “current job openings” component was unchanged for the third consecutive month. Notably, the “plans to raise prices” measure increased for the first time since May.

In public comments last month Federal Reserve Chair Jerome Powell stated he thinks interest rates are “just below” a neutral level that neither stimulates nor inhibits economic growth. The statement was something of a reversal from his comments in October as the Fed has faced unusual criticism from the White House over the pace of rate hikes. While another 0.25 basis point increase in December is widely expected, the number of rate hikes in 2019 seems to have become an open question.

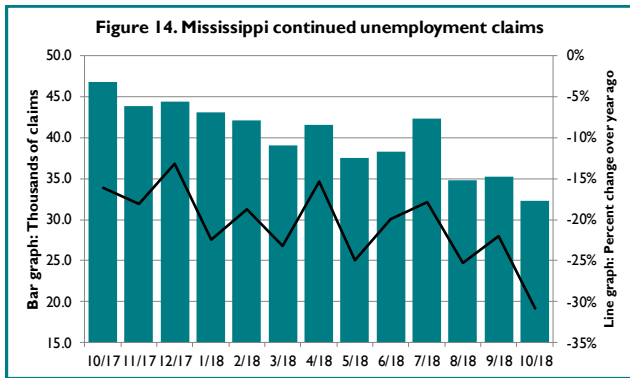
Figure 13. Three-month growth in the coincident index of economic indicators by state, October 2018



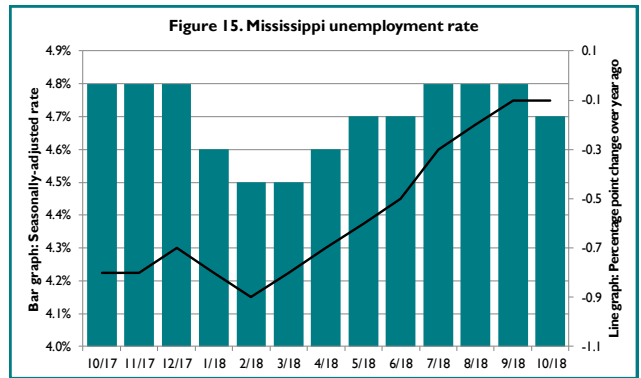
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

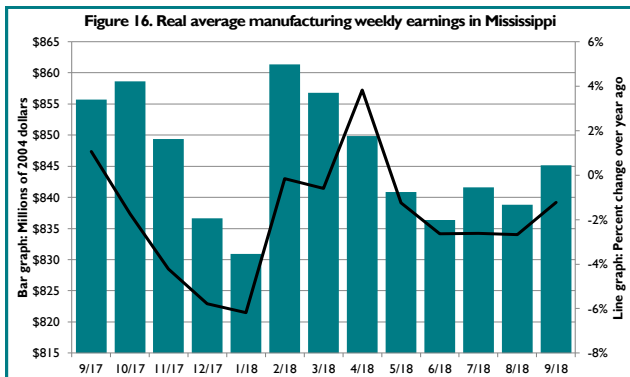
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



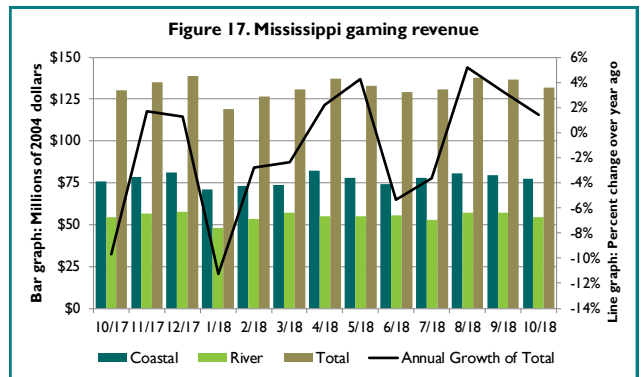
Source: U.S. Department of Labor; seasonally adjusted



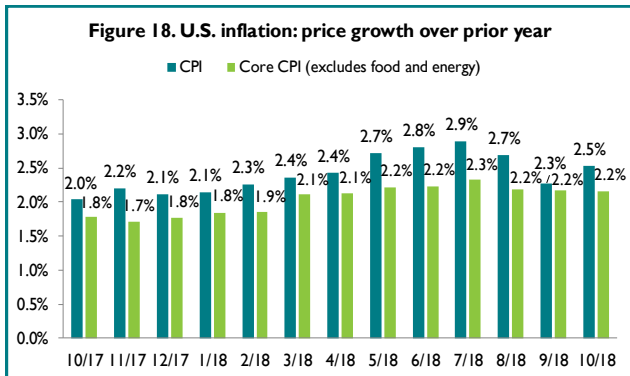
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



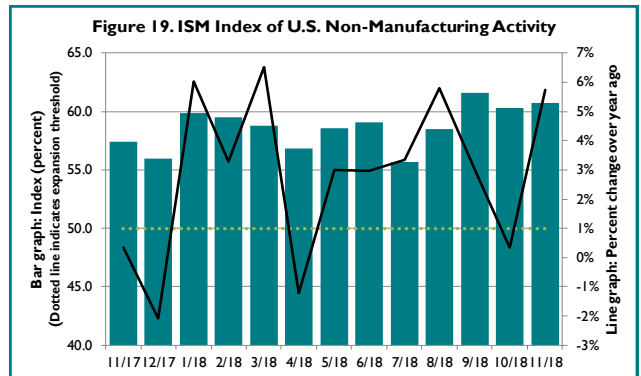
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



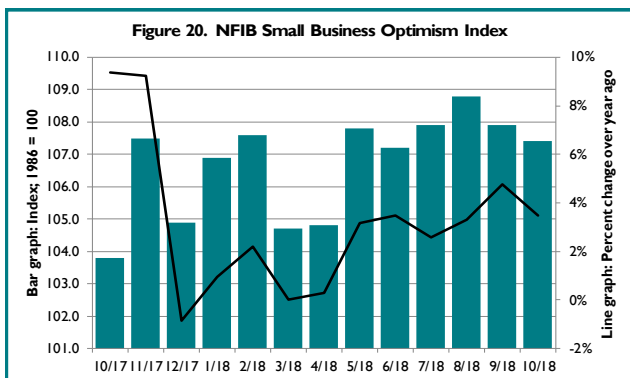
Source: Mississippi Department of Revenue; seasonally adjusted



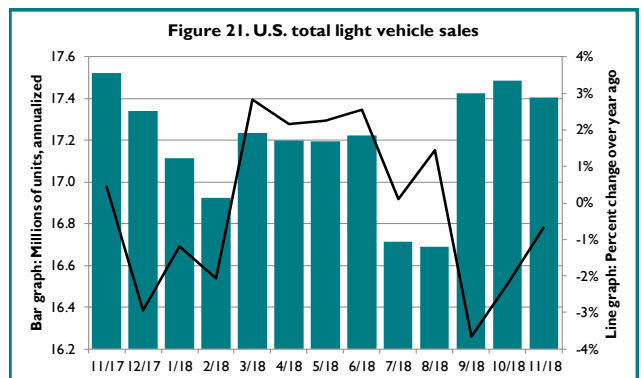
Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: National Federation of Independent Businesses



Source: Bureau of Economic Analysis; seasonally adjusted at annual rates

TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	October	September	October	Percent change from	
	2018	2018	2017	September 2018	October 2017
<b>U.S. Leading Economic Index</b> 2004 = 100. Source: The Conference Board	112.1	112.0	105.9	▲0.1%	▲5.9%
<b>U.S. Coincident Economic Index</b> 2004 = 100. Source: The Conference Board	104.7	104.5	102.4	▲0.2%	▲2.2%
<b>Mississippi Leading Index</b> 2004 = 100. Source: University Research Center	116.7	116.6	115.0	▲0.1%	▲1.5%
<b>Mississippi Coincident Index</b> 2004 = 100. Source: Federal Reserve Bank of Philadelphia	124.8	124.6	122.5	▲0.2%	▲1.9%
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	4,758	4,193	5,690	▲13.5%	▼16.4%
<b>Value of Mississippi residential building permits</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	78.2	78.3	83.8	▼0.1%	▼6.7%
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	114.1	114.1	113.1	◀0.0%	▲0.9%
<b>Mississippi Manufacturing Employment Intensity Index</b> 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	81.8	82.2	83.7	▼0.5%	▼2.3%
<b>University of Michigan Index of Consumer Expectations</b> Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	89.3	89.0	87.9	▲0.4%	▲1.6%
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	59.3	57.7	58.2	▲2.8%	▲1.9%
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	511.5	507.6	488.9	▲0.8%	▲4.6%
<b>U.S. Consumer Price Index (CPI)</b>	133.8	133.4	130.5	▲0.3%	▲2.5%
<b>U.S. Core CPI (excludes food and energy)</b> 2004 = 100. Source: URC using data from Bureau of Labor Statistics	131.7	131.4	128.9	▲0.2%	▲2.2%
<b>Mississippi unemployment rate</b> Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	4.7%	4.8%	4.9%	▼0.1	▼0.2
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	32,351	35,272	46,747	▼8.3%	▼30.8%
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	60.7	60.3	57.4	▲0.7%	▲5.7%
<b>U.S. mortgage rates</b> Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	4.98%	4.79%	4.02%	▲0.20	▲0.96
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	21.70	20.86	20.50	▲4.0%	▲5.8%
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	838.90	845.18	858.62	▼0.7%	▼2.3%
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	107.4	107.9	103.8	▼0.5%	▲3.5%
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.40	17.49	17.52	▼0.5%	▼0.7%
<b>Gaming revenue</b>	132.1	136.7	130.3	▼3.4%	▲1.4%
<b>Coastal counties</b>	77.4	79.8	76.0	▼3.0%	▲1.8%
<b>River counties</b> Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	54.7	57.0	54.2	▼3.9%	▲0.9%

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

## MISSISSIPPI'S BUSINESS

## MISSISSIPPI EMPLOYMENT TRENDS

The U.S. Bureau of Labor Statistics (BLS) reported the Mississippi economy added 800 jobs in October. However, the agency revised September employment down by 2,000 jobs, which meant employment in October remained below the August level. As seen in Table 2 below total nonfarm employment rose 0.1 percent for the month. Compared to one year ago total employment in Mississippi was 1.2 percent higher in October.

According to BLS statistically significant increases in total nonfarm employment occurred in nine states in October. California added 36,400 jobs, the most among all states, followed by 32,300 jobs added in Texas and 27,900 jobs added in North Carolina. The largest percentage increase in employment of 0.9 percent occurred in South Carolina, followed by Alaska at 0.7 percent and New Hampshire and North Carolina, both at 0.6 percent.

Employment was higher in thirty-six states in October compared to one year ago according to BLS. The largest increases in employment over the last year among all states occurred in Texas, California, and Florida. The largest percentage increase in employment in October compared to one year ago occurred in Nevada at 3.4 percent, closely followed by Utah and Washington, both with gains of 3.3 percent.

The largest increase in employment among all sectors in the state in October was the 1,500 jobs added in Professional and Business Services. The next largest increase was the 400 jobs added in Other Services. The largest percentage increase in employment in October of 1.5 percent occurred in Mining and Logging, which was a gain of 100 jobs. The Construction industry lost 700 jobs for the month, the largest decrease in employment among all sectors in the state. The 1.6 percent decline was also the largest percentage decrease in employment among all sectors in Mississippi in October.

As of October the Professional and Business Services sector added 6,700 jobs over the last twelve months, more than twice as many as any other sector in the state. Employment in this sector rose 6.1 percent over the past year, again more than twice as large as the gain in any other industry in the state. Once again the Retail Trade subsector lost the most jobs lost among all sectors over the last twelve months, a decline of 800 jobs. The largest percentage decrease in employment for the month compared to one year ago of 2.9 percent occurred in Mining and Logging, a loss of 200 jobs. Employment in Educational Services was also down 2.4 percent in October compared to one year ago, a decrease of 300 jobs.

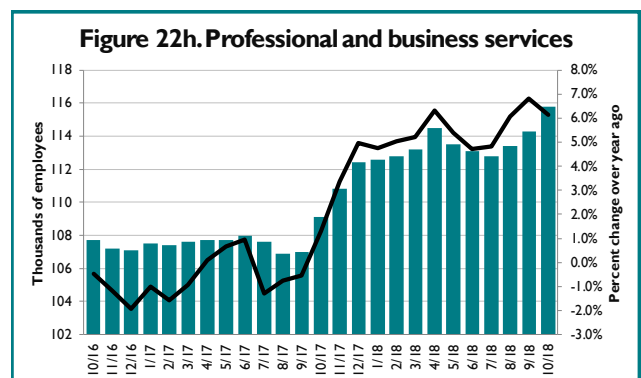
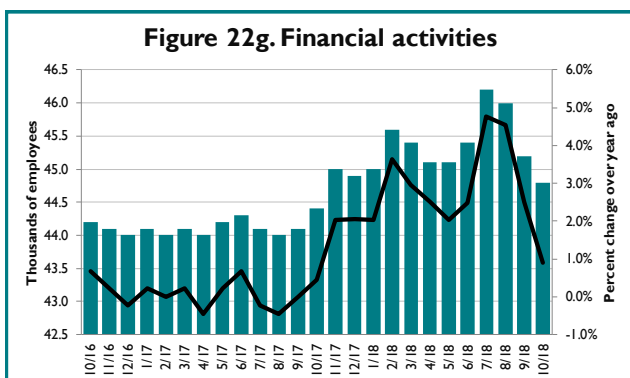
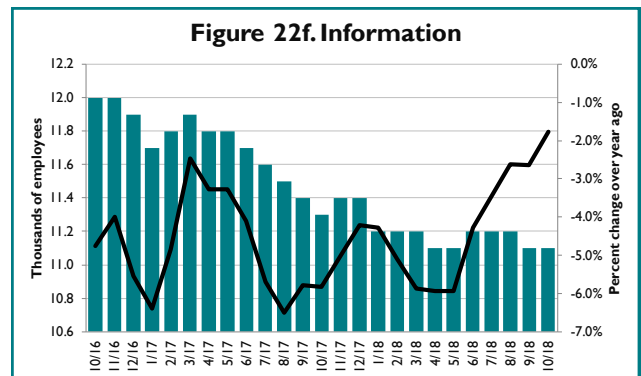
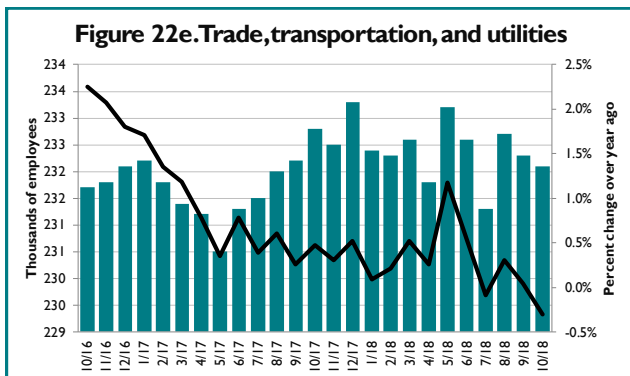
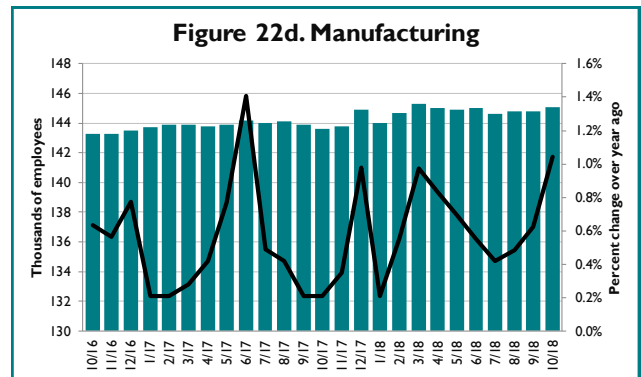
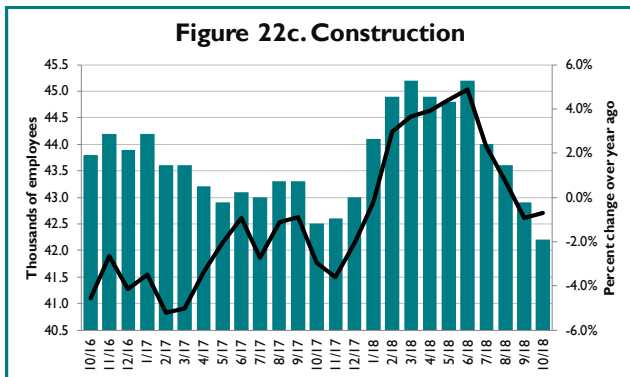
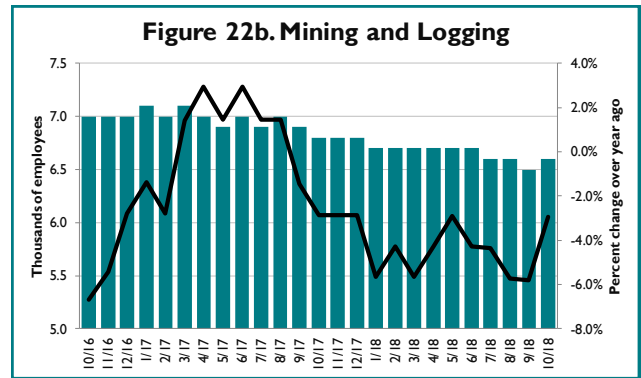
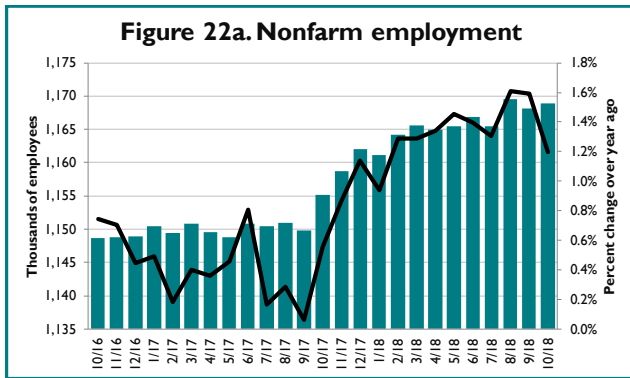
**Table 2. Change in Mississippi employment by industry, October 2018**

	Relative share of total <sup>a</sup>	October	September	October	Change from		Change from	
		2018	2018	2017	September 2018	Level	October 2017	Level
					Percent		Percent	
Total Nonfarm	100.0%	1,168,900	1,168,100	1,155,100	▲800	▲0.1%	▲13,800	▲1.2%
Mining and Logging	0.6%	6,600	6,500	6,800	▲100	▲1.5%	▼200	▼2.9%
Construction	3.8%	42,200	42,900	42,500	▼700	▼1.6%	▼300	▼0.7%
Manufacturing	12.4%	145,100	144,800	143,600	▲300	▲0.2%	▲1,500	▲1.0%
Trade, Transportation & Utilities	19.9%	232,100	232,300	232,800	▼200	▼0.1%	▼700	▼0.3%
Retail Trade	12.0%	139,800	140,100	140,600	▼300	▼0.2%	▼800	▼0.6%
Information	1.0%	11,100	11,100	11,300	◆0	◆0.0%	▼200	▼1.8%
Financial Activities	3.9%	44,800	45,200	44,400	▼400	▼0.9%	▲400	▲0.9%
Services	37.5%	442,200	440,000	430,600	▲2,200	▲0.5%	▲11,600	▲2.7%
Professional & Business Services	9.7%	115,800	114,300	109,100	▲1,500	▲1.3%	▲6,700	▲6.1%
Educational Services	1.1%	12,200	12,200	12,500	◆0	◆0.0%	▼300	▼2.4%
Health Care and Social Assistance	11.5%	133,800	133,700	132,500	▲100	▲0.1%	▲1,300	▲1.0%
Arts and Entertainment	0.8%	9,300	9,200	9,300	▲100	▲1.1%	◆0	◆0.0%
Accommodation and Food Services	11.0%	129,700	129,600	126,600	▲100	▲0.1%	▲3,100	▲2.4%
Other Services	3.5%	41,400	41,000	40,600	▲400	▲1.0%	▲800	▲2.0%
Government	20.9%	244,800	245,300	243,100	▼500	▼0.2%	▲1,700	▲0.7%

<sup>a</sup>Relative shares are for the most recent twelve-month average. Source: U.S. Bureau of Labor Statistics, Current Employment Statistics



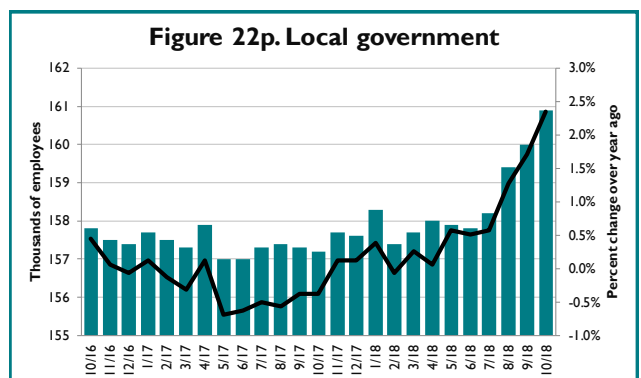
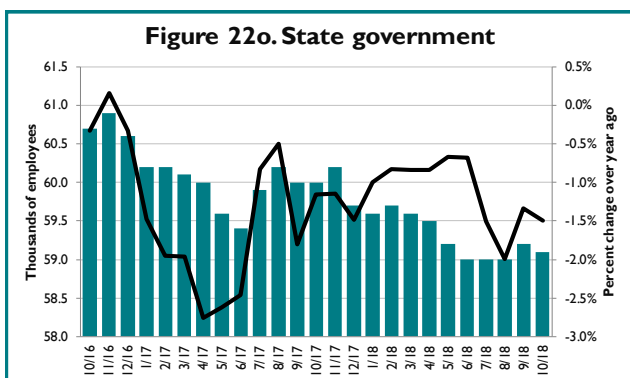
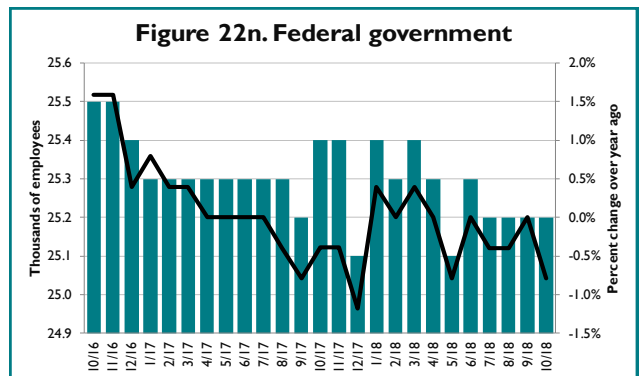
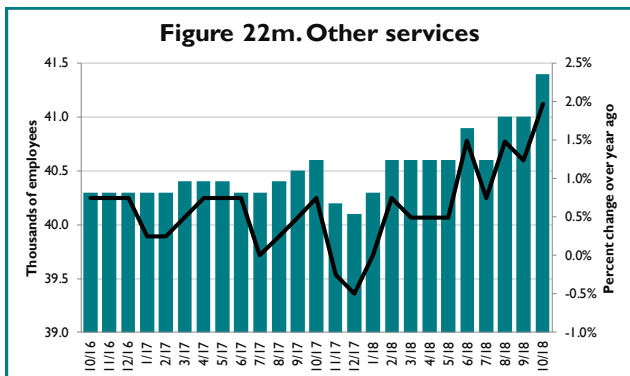
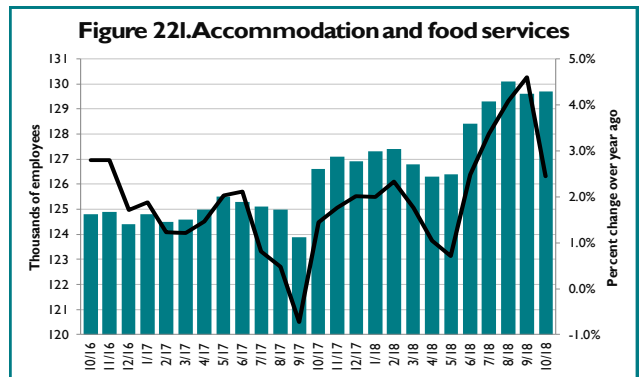
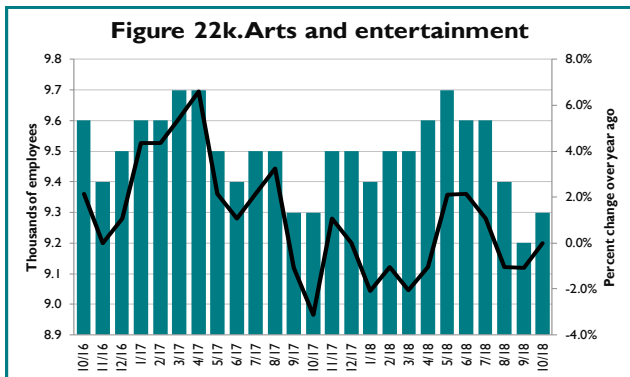
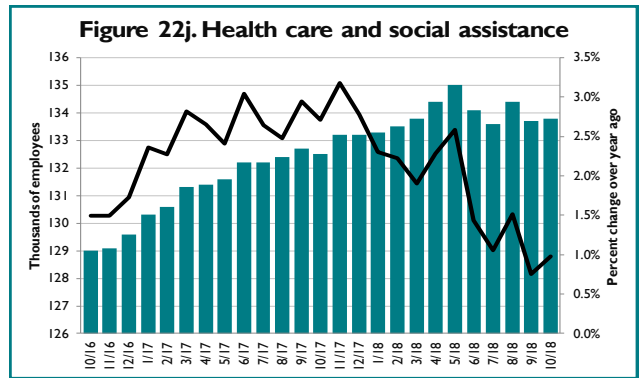
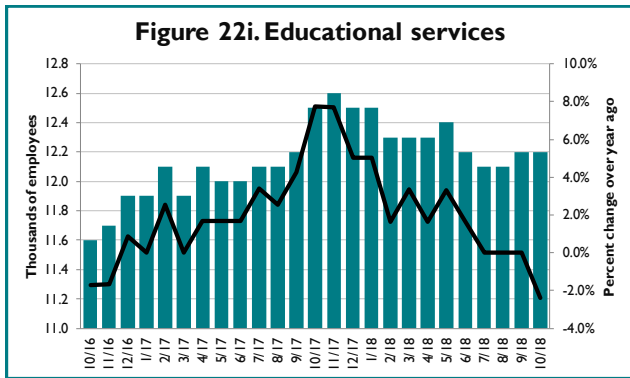
# MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted



## MISSISSIPPI'S BUSINESS

## CHANGES IN COUNTY PERSONAL INCOME FOR 2017, CONTINUED

2016. The largest increase in personal income of 23.7 percent occurred in Crosby County, Texas, and the largest decrease of 41.4 percent occurred in Slope County, North Dakota. Many of the counties in the nation's mid-section that experienced decreases in personal income in 2016 saw increases in 2017. However, a number of counties in Montana, the Dakotas, Iowa, and Nebraska saw declines in income in both years. The agriculture sector is a large part of the economies in many of these counties, and incomes in these areas were likely negatively impacted by relatively low prices for some commodities in 2017. Increases in energy prices in 2017 likely reduced the number of counties where incomes declined in states such as Oklahoma, Texas, West Virginia, and Wyoming.

Most of the counties in the U.S. that experienced the largest increases in personal income in 2017 were located in states on or near the east and west coasts. For example, no counties in the states of Florida, South Carolina, Maryland, New Jersey, New York, Arizona, Oregon, Washington, and Hawaii saw decreases in income in 2017; most of the counties in these states experienced increases in income of 4.0 percent or more. Personal incomes in the counties of some states further inland also performed relatively well; for example, no counties in Alabama or Michigan saw declines in income in 2017. In the Southeast, in addition to Alabama and South Carolina, most of the counties in northern Georgia, central Tennessee, and western North Carolina also experienced relative large increases in income last year. Elsewhere, incomes in most of the counties in the western states of Colorado, Idaho, Nevada, and Utah increased by 4.0 percent or more in 2017 and only two to three counties in each of these states saw decreases in income.

Figure 24. Percent change in personal income by county, U.S., 2017

