

# MISSISSIPPI ECONOMIC OUTLOOK

VOLUME 10, ISSUE 1

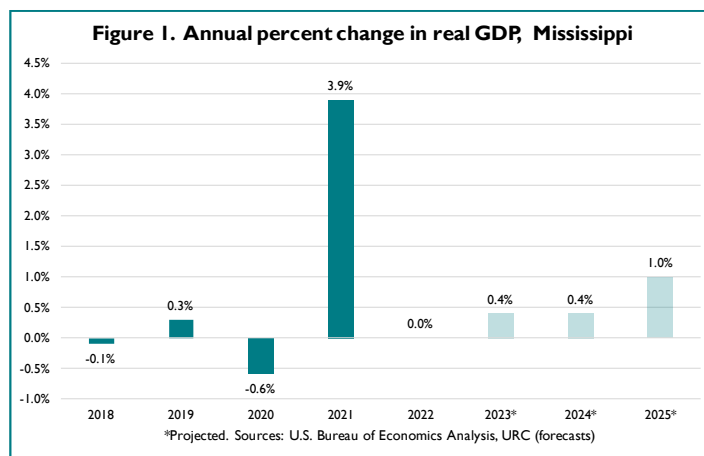
WINTER 2024

A Publication of the University Research Center, Mississippi Institutions of Higher Learning

## SLOWER GROWTH BUT NO RECESSION IN LATEST FORECASTS

Figure 1 indicates real gross domestic product (GDP) for Mississippi increased 0.4 percent in 2023 according to the latest forecast by URC. This estimate represents a decrease of 0.9 percentage point from the forecast of the previous quarter. In the most recent estimates by the U.S. Bureau of Economic Analysis, real GDP for Mississippi contracted in the first and second quarters of 2023 and expanded at an annualized rate of 0.8 percent in the third quarter; the latest forecast for 2023 incorporates these estimates. The Mississippi economy is also expected to expand 0.4 percent in 2024 in the latest forecast. Compared to the forecast of the previous quarter this projection represents a decrease of 0.5 percentage point. The downward revision to the 2024 forecast for real GDP growth in Mississippi reflects the slower growth expected in 2023. In 2025 real GDP for Mississippi is projected to increase 1.0 percent, which represents an increase of 0.3 percentage point from the forecast of the previous quarter. The improvement to the forecast for 2025 reflects a stronger acceleration in U.S. real GDP growth in 2025 compared to the previous forecast.

The fourth section of Table 1 on page 3 indicates U.S. real GDP expanded 2.4 percent in 2023 according to the latest forecast. This estimate represents a slight decrease of 0.1 percentage point from the forecast of the previous quarter. This reduction reflects third quarter growth that was somewhat less than expected. In addition, fourth quarter growth was slightly lower than anticipated following the United Auto Workers strike in October. However, the reduction in growth in the second half of 2023 sets up slightly stronger growth in 2024 than in previous forecasts. U.S. real GDP is forecast to expand 1.7 percent in 2024, an increase of 0.1 percentage point from the forecast of the previous quarter. In 2025, U.S. real GDP is forecast to grow 1.5 percent, which is an increase of 0.2 percentage point from the forecast of the previous quarter. This increase reflects improved financial conditions that began in December following the meeting of the Federal Open Market Committee. Financial



\*Projected. Sources: U.S. Bureau of Economic Analysis and URC.

markets broadly interpreted the post-meeting comments from Federal Reserve officials to mean interest rate cuts might occur sooner than previously thought.

Personal income in Mississippi grew 3.7 percent in 2023 according to URC's latest forecast as seen in Figure 2 on page 2. This rate is up 0.1 percentage point from the forecast of the previous quarter and reflects an improvement in the forecast for wages and salaries in the state. In 2024 personal income in the state is projected to increase 3.5 percent, a decrease of 0.3 percentage point from the forecast of the previous quarter. URC forecasts personal income in Mississippi will grow 4.1 percent in 2025, an estimate unchanged from the forecast of the previous quarter.

Payroll employment in Mississippi increased 0.6 percent in 2023 according to URC's latest forecast. This rate represents a decrease of 0.2 percentage point compared to the forecast of the previous quarter. Employment in the state is projected to decrease 0.3 percent in 2024, an estimate unchanged from the forecast of the previous quarter. URC forecasts total employment in Mississippi will decrease by 0.3 percent in 2025, a projection that is up 0.5 percentage point from the forecast of the previous quarter.

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## SHORT-TERM FORECASTS

URC projects real GDP likely expanded in half of the sectors of the Mississippi economy in 2023 as seen in the first section of Table 1. The largest increase is expected in the Mining and Oil and Gas Extraction sector, which likely expanded 10.3 percent. The next largest increase in real GDP is forecast for the Transportation and Utilities sector, which likely expanded 5.2 percent in 2023. The largest decrease in output is expected in the Agriculture, Forestry, Fishing, and Hunting sector, which URC forecasts contracted 34.9 percent. Movements in prices and weather have outsized impacts on agriculture, and changes in the value of output can be more volatile for this sector. URC expects real GDP in the Manufacturing sector contracted 2.8 percent in 2023, the next largest decrease.

A similar number of sectors in the state are forecast to expand in output in 2024. Real GDP in the Information sector is expected to increase by 10.6 percent, the largest growth among all sectors. Output in the Mining and Oil and Gas Extraction sector is expected to grow 3.4 percent in 2024, the second-largest increase among all sectors. As in 2023, the largest decrease in output in 2024 is expected in the Agriculture, Forestry, Fishing, and Hunting sector, which is forecast to contract 17.2 percent. The next largest decrease in real GDP among all sectors is forecast for Other Services, which is expected to contract 2.7 percent.

In 2025 a majority of sectors in the state are projected to expand in output. The Agriculture, Forestry, Fishing, and Hunting sector is forecast to increase in output by 20.1 percent, the largest percentage increase among all sectors. Output in the Information sector is forecast to expand 11.5 percent, the next largest increase in real GDP. Real GDP in the Educational Services sector is expected to contract 1.4 percent in 2025, the largest decrease in output among all sectors. The next

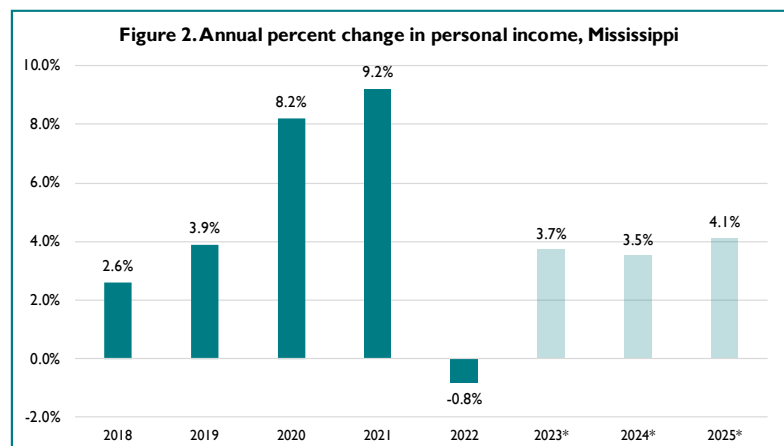
largest decrease is forecast for the Construction sector, which is expected to contract 0.8 percent. Educational Services and Other Services are the only sectors forecast to contract in output each year from 2023 to 2025.

URC forecasts payroll employment in Mississippi increased 0.6 percent in 2023, and the second section of Table 1 lists the percentage changes by sector. In 2023 a majority of sectors in the state likely added jobs. The largest percentage increase in employment among all sectors is forecast for the Educational Services sector, which URC projects grew 12.1 percent. The next largest increase in employment of 5.4 percent is forecast for the Health Care and Social Assistance sector. The largest decrease in employment among all sectors in the state forecast for 2023 is the 3.6 percent decline in Professional and Business Services. URC forecasts employment in the Manufacturing sector fell 0.7 percent in 2023, the next largest decrease.

The forecast for the change in employment in 2024 is a decrease of 0.3 percent. Only three sectors in the state are forecast to add jobs in 2024. The largest increase in employment is expected in the Health Care and Social Assistance sector, which is projected to grow 4.0 percent. Employment in the Finance, Insurance, and Real Estate sector is expected to grow 0.9 percent in 2024, the next largest increase, followed by the Government sector, where employment is forecast to increase 0.3 per-

cent. The largest decrease in employment among all sectors in 2024 is forecast for the Wholesale and Retail Trade sector, which is projected to decline by 2.1 percent. Employment in the Manufacturing sector is projected to fall 1.8 percent in 2024, the next largest decrease. Employment is expected to decrease by 1.0 percent or more in five other sectors in the state in 2024.

Payroll employment in Mississippi is forecast to decrease 0.3 percent in 2025 as well. Employment in the Professional and Business Services sector is expected to grow 3.5 percent, the largest increase among all sectors in the state. Mining and Oil and Gas Extraction employment is forecast to rise 3.0 percent, the next largest increase. Employment in Manufacturing is projected to sink 5.1 percent in 2025, the largest decrease among all sectors. The next largest decrease in employment among all sectors is forecast for Educational Services, a decline of 4.5 percent. Employment in Wholesale and Retail Trade is also projected to fall 2.5 percent in 2025, the next largest decrease. Notably, Finance, Insurance, and Real Estate and Health Care and Social Assistance are the only sectors in Mississippi projected to add jobs each year from 2023 to 2025. Conversely, the Manufacturing sector is the only sector in the state forecast to lose jobs each year from 2023 to 2025.



\*Projected. Sources: U.S. Bureau of Economic Analysis and URC.

**TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS**

Variable	2023† Percent Value Change	Annual Forecasts			Annualized Quarterly Forecasts								
		2024	2025	2026	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	
<b>Mississippi Forecast</b>													
Gross State Product (millions of current \$)	146,092	4.4	2.4	3.3	2.8	0.8	2.3	2.9	3.4	3.6	3.4	3.1	3.0
Gross State Product (millions of 2017 \$)	114,648	0.4	0.4	1.0	0.6	-0.9	0.7	0.7	1.1	1.3	0.9	0.9	0.8
Agriculture, Forestry, Fishing, and Hunting	1,277	-34.9	-17.2	20.1	13.6	33.4	26.1	24.1	23.6	21.9	19.1	19.8	17.4
Mining and Oil and Gas Extraction	780	10.3	3.4	6.6	5.2	-0.5	1.2	6.4	3.8	5.7	9.0	6.9	5.7
Contract Construction	3,415	-2.1	0.5	-0.8	-1.1	-8.7	0.1	1.1	0.2	0.5	-3.0	0.2	-1.3
Manufacturing	16,121	-2.8	1.9	-0.5	0.4	1.1	3.1	0.8	-0.1	-1.5	-0.7	-0.4	-0.3
Durable Goods	10,306	-1.3	1.7	-1.0	0.2	1.6	4.3	1.1	-0.5	-2.1	-1.4	-0.9	-1.0
Nondurable Goods	5,935	-4.8	2.1	0.2	0.8	0.4	1.5	0.5	0.3	-0.5	0.1	0.4	0.7
Transportation and Utilities	7,948	5.2	-0.2	2.1	1.4	-1.5	0.9	0.5	1.9	2.8	2.3	2.3	2.0
Wholesale and Retail Trade	14,992	2.7	1.2	1.4	1.8	-2.2	1.5	-0.2	0.9	1.3	1.8	1.2	2.0
Information	3,365	7.2	10.6	11.5	7.4	8.8	9.9	11.0	11.5	13.7	12.7	8.0	12.6
Finance, Insurance, and Real Estate	18,997	0.1	0.6	0.4	-0.5	2.4	-1.2	0.3	1.1	1.0	0.6	-0.1	-0.2
Professional and Business Services	10,051	4.2	-0.9	1.8	-0.4	-6.8	0.0	1.9	1.5	3.0	2.5	1.5	0.3
Health Care and Social Assistance	9,654	3.5	2.9	1.9	0.6	-0.1	3.8	2.3	3.1	2.3	2.1	1.2	1.5
Leisure and Hospitality	5,623	-1.4	-1.5	1.1	1.4	-3.0	0.4	-0.3	0.5	1.9	0.9	1.5	0.1
Educational Services	783	-0.3	-1.9	-1.4	0.0	-2.1	2.0	-1.5	-3.2	-1.0	-0.6	-1.5	-1.9
Other Services	2,625	-2.1	-2.7	-0.5	-0.4	-1.5	-1.4	-1.9	-1.4	-0.2	0.0	-0.6	-0.5
Government	19,659	0.9	-1.2	-0.7	-0.8	-2.0	-3.1	-1.2	-0.5	-0.2	-1.7	-0.4	-0.5
<b>Payroll Employment (thousands)</b>													
Residents†	1,199.0	-0.2	-0.9	-0.4	-0.5	-3.3	-0.3	-0.3	-1.0	0.3	-0.7	-0.7	-0.3
Payroll†	1,173.0	0.6	-0.3	-0.3	-0.1	-1.4	0.7	-0.3	0.0	-0.3	-0.7	-0.3	0.0
Mining and Oil and Gas Extraction	6.1	0.7	-1.3	3.0	2.9	-2.0	-1.3	0.0	0.0	4.1	5.4	2.6	2.0
Contract Construction	47.1	1.8	-1.1	0.9	1.2	-7.9	0.3	2.2	1.4	2.9	-1.9	2.4	0.7
Manufacturing	147.0	-0.7	-1.8	-5.1	-2.6	0.5	0.8	-2.4	-4.3	-7.3	-6.1	-4.0	-4.0
Durable Goods	98.1	0.3	-2.7	-5.9	-3.2	-3.5	0.3	-2.6	-4.7	-8.8	-7.4	-4.4	-4.9
Nondurable Goods	48.9	-2.9	0.0	-3.3	-1.6	9.4	1.7	-1.6	-3.8	-4.2	-3.4	-3.8	-2.1
Transportation and Utilities	69.9	0.4	-1.0	1.0	0.4	-1.6	1.3	0.8	0.2	0.9	2.2	0.9	0.7
Wholesale and Retail Trade	174.7	0.3	-2.1	-2.5	-0.5	-2.7	-0.9	-4.1	-2.8	-3.5	-2.6	-2.6	-0.7
Information	10.2	-0.4	-0.6	2.5	-1.2	-2.0	-1.6	2.0	2.0	4.4	4.3	-1.1	3.1
Finance, Insurance, and Real Estate	44.2	0.2	0.9	1.0	-0.3	7.9	-1.3	1.4	1.7	1.7	1.3	0.4	0.0
Professional and Business Services	114.2	-3.6	-1.5	3.5	0.3	-6.9	0.0	2.9	2.5	4.7	5.0	3.5	0.7
Health Care and Social Assistance	138.6	5.4	4.0	1.3	0.0	2.0	3.4	3.4	3.1	1.7	0.8	0.5	0.8
Leisure and Hospitality	133.4	0.7	-1.1	0.3	1.1	-1.8	0.0	0.3	0.6	0.3	-0.3	0.6	0.3
Educational Services	14.4	12.1	-0.9	-4.5	-2.6	-1.4	-0.8	-5.1	-5.7	-4.4	-3.7	-5.1	-4.9
Other Services	39.1	-0.5	-0.1	0.3	1.0	2.4	0.1	-0.6	-0.1	0.3	0.4	0.4	1.1
Government	234.3	0.6	0.3	0.0	0.2	-0.2	0.5	-0.5	0.3	0.0	-0.2	0.2	0.2
Unemployment Rate (%)*,‡	3.3	-0.6	0.5	0.7	0.5	0.2	0.2	0.3	0.2	0.1	0.2	0.3	0.1
<b>Personal Income (millions of current \$)</b>													
Wages and Salaries	63,065	5.4	3.1	2.5	3.1	1.8	3.6	2.6	2.6	2.3	2.2	2.6	2.6
Supplements to Wages and Salaries	14,678	4.4	3.2	2.3	2.9	4.2	3.5	2.2	2.1	2.2	2.5	2.3	2.6
Proprietors' Income	9,462	-3.3	5.2	8.6	6.3	16.0	5.4	8.1	9.8	9.1	8.7	8.4	7.0
Farm Proprietors'	240	-76.6	-21.0	195.7	65.5	-97.0	141.6	354.8	472.9	355.5	173.8	143.9	113.1
Non-farm Proprietors'	9,222	5.3	5.9	4.9	3.0	3.9	4.6	6.2	6.7	5.0	5.2	4.6	3.2
Dividends, Interest, and Rent	23,263	5.1	5.9	6.4	5.4	7.1	7.0	6.6	6.8	7.1	6.6	6.4	5.4
Personal Current Transfer Receipts	37,383	1.7	2.5	4.6	5.4	-2.2	8.8	3.1	3.2	2.4	8.3	3.6	4.1
Less: Contributions for Government Social Insurance	11,135	5.3	3.8	3.2	3.4	4.7	4.8	3.2	2.1	3.2	3.4	3.7	3.0
Plus: Adjustment for Residence	4,643	7.6	4.0	4.1	3.2	2.6	2.0	4.9	5.5	6.4	2.3	3.3	3.6
Equals: Total Personal Income	141,359	3.7	3.5	4.1	4.3	2.5	5.5	3.8	4.0	3.6	4.9	3.8	3.8
Less: Personal Current Taxes to Federal Government	8,177	-14.2	1.7	3.8	4.6	-1.9	4.1	3.9	3.9	3.8	2.1	2.0	7.4
Less: Personal Current Taxes to State and Local Governments	2,515	-10.7	7.4	3.5	3.8	19.9	4.5	3.3	3.6	3.4	3.4	3.7	3.3
Equals: Disposable Personal Income	130,667	5.4	3.6	4.1	4.3	2.5	5.6	3.8	4.0	3.6	5.1	3.9	3.6
Per Capita Personal Income (thousands of \$)	48.08	3.6	3.4	4.0	4.3	2.4	5.3	3.6	3.9	3.6	4.8	3.7	3.8
Population (thousands)	2,940	0.1	0.1	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1
<b>U.S. Forecast</b>													
Gross Domestic Product (billions of current \$)	27,317	6.1	3.7	3.7	3.6	2.5	2.6	3.4	3.7	3.9	3.7	3.6	3.6
Gross Domestic Product (billions of 2017 \$)	22,341	2.4	1.7	1.5	1.4	0.8	1.2	1.1	1.5	1.7	1.5	1.4	1.4
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	131.2	3.6	2.0	2.2	2.3	1.5	1.2	2.4	2.1	2.1	2.4	2.1	
Total Employment, Residents (millions)*	161.1	1.8	0.5	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.2	0.2	
Total Payroll Employment (millions)*	156.2	2.4	0.8	0.3	0.1	1.5	0.5	0.0	0.3	0.3	0.3	0.3	
Unemployment Rate (%)*,‡	3.6	0.0	0.4	0.1	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.0	
Personal Income (billions of current \$)	22,966	5.2	4.7	5.0	4.6	3.9	5.7	4.9	5.1	4.9	5.4	4.7	
Per Capita Personal Income (thousands of \$)	68.5	4.7	4.2	4.5	4.0	3.5	5.3	4.6	4.6	4.0	5.1	4.4	
Consumer Price Index (1982-84 = 100)	3.1	4.1	2.6	1.9	2.5	2.6	2.6	2.6	2.6	2.6	1.3	1.3	
Prime Rate (%)*,‡	8.2	3.3	-0.1	-1.4	-0.9	0.0	0.0	-0.3	-0.2	-0.3	-0.4	-0.5	

\*Seasonally-adjusted. †Projected. ‡Percentage point change. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and URC (forecasts).

## ALTERNATIVE FORECASTS

S&P Global Market Intelligence estimates a probability of 35 percent for its latest pessimistic alternative scenario, the same as in the forecast of the previous quarter. The probability of the baseline scenario remains 55 percent. Consumer spending and GDP growth are weaker in the pessimistic scenario than in the baseline forecast. Energy prices are higher in this scenario as a result of growing international conflicts and contribute to this weakness. Credit terms are tighter in the pessimistic scenario, which results in decreases in business fixed investment in 2024 and 2025. U.S. real GDP increases by an average of 1.3 percent per year over the next five years com-

pared to an average of 1.5 percent per year in the baseline forecast. The average annual change in real GDP for Mississippi from 2024 to 2028 under the pessimistic scenario is essentially the same as in the baseline forecast.

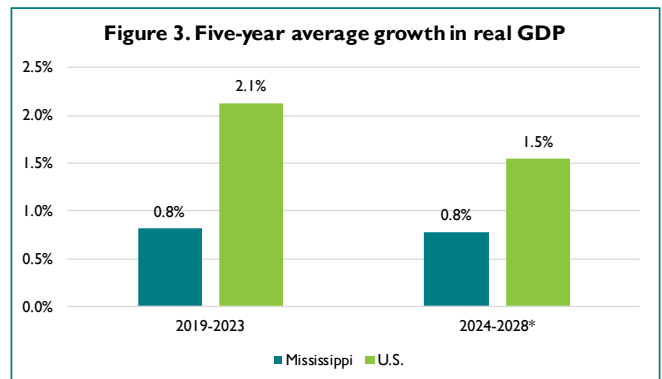
As in the forecast of the previous quarter, S&P Global Market Intelligence estimates the probability of its latest optimistic scenario at 20 percent. Worker productivity and consumer spending are stronger under this scenario than in the baseline forecast. This scenario assumes banks and other financial firms are able to provide more credit compared to the baseline forecast, which is a boost to the overall economy.

Under the optimistic scenario an easing of international conflicts leads to lower energy prices. Stronger consumer spending follows these lower energy prices, particularly in the first two years of the optimistic scenario. Due to more robust consumer spending, inflation is slightly higher in the early years of the optimistic scenario as well. U.S. real GDP expands at an average annual rate of 1.8 percent from 2024 to 2028 under this scenario, 0.3 percentage point more per year than in the baseline forecast. Real GDP for Mississippi expands at an average annual rate over the next five years in the optimistic scenario that is essentially the same as in the baseline forecast.

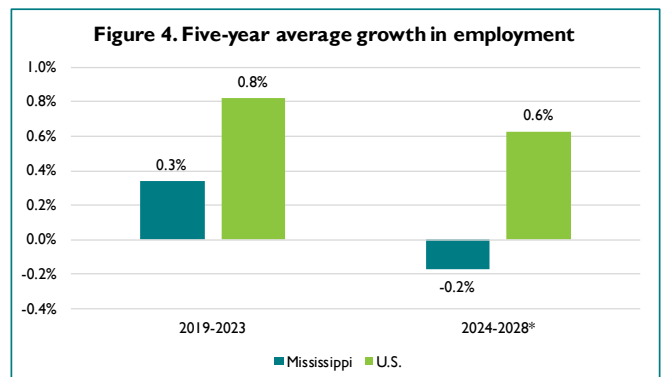
## FIVE YEAR FORECASTS

As seen in Figure 3, the Mississippi economy is forecast to expand by an average of 0.8 percent per year from 2024 through 2028. This estimate is the same as the average annual increase expected for the 2019 to 2023 period. U.S. real GDP is projected to increase by 1.5 percent per year over the next five years, which represents a decrease of 0.6 percentage point per year compared to the 2019 to 2023 period. Despite this expected decline, the U.S. economy is projected to grow by an average of 0.7 percentage point per year more than the Mississippi economy over the next five years. During the 2019 to 2023 period, estimated U.S. real GDP growth exceeded Mississippi real GDP growth by an average of 1.3 percentage points per year.

Payroll employment in Mississippi is expected to decrease by an average of 0.2 percent per year from 2024 to 2028 as seen in Figure 4. Compared to the average increase of 0.3 percent per year from 2019 to 2023, this estimate represents a decrease of 0.5 percentage point per year. U.S. payroll employment is expected to increase by an average of 0.6 percent per year over the next five years. This estimate represents a decrease of 0.2 percentage point per year compared to the 2019 to 2023 period. The average annual change in U.S. employment is expected to exceed the average annual change in Mississippi employment over the next five years by 0.8 percentage point per year compared to 0.5 percentage point per year during the 2019 to 2023 period.



\*Projected. Sources: Bureau of Economic Analysis and URC (forecast).



\*Projected. Sources: Bureau of Labor Statistics and URC (forecast).