



# Mississippi Economic Outlook

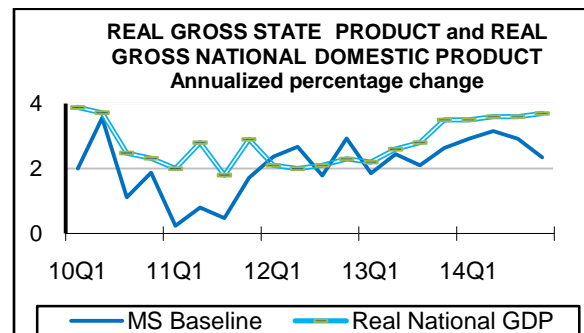
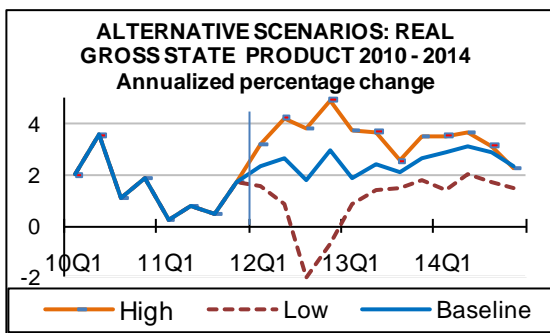
April 2012

## State Economy Shows Spring in its Step

- As the national economy strengthens, the numbers in Mississippi are improving. Both the index of leading indicators and the index of coincident indicators for the state have risen for six consecutive months. Nationally, the probability of a recession is down to 20%, according to IHS.
- Personal income in the state rose 3.8% in 2011, led by strong growth of proprietors' and property income. This fiscal year, state income tax collections through March are up 7.0% from year-ago collections.
- Overall, state General Fund revenues for FY2012 through March are up 5.6% over the same period in FY2011, or 4.7% ahead of estimate. The economy remains on track to reach FY2012 revenue projections, although tight budgets are expected to continue through FY2014.
- Payroll employment did not grow in 2011, however, and in the first two months of 2012 came in only 0.1% above year-ago numbers. Manufacturing employment was stable, and positive growth is expected in 2012 as several major new facilities have now begun production.
- Over \$377 million in new investments have been announced since the start of the year. In addition, the \$3.1 billion in new projects announced in 2011 continue to bolster the economy. The largest of these is Chevron's \$1.4 billion expansion of its Pascagoula facilities.
- The growth rates of output and employment in Mississippi are forecast to be somewhat lower than the U.S. average rates in 2012. The state's growth rate of real output is forecast to accelerate to a peak of 2.8% in 2014. Payroll employment growth will also peak that year at 1.5%.
- The major risks to the forecast come from developments abroad that are driving up the price of oil and reducing the world's growth rate. But the U.S. debt crisis is not over either, and has the potential to derail the recovery here.

### State Economic Outlook

Investors around the globe breathed a collective sigh of relief when the European Central Bank committed over \$1 trillion to ensure the Eurozone's financial stability. The move re-invigorated global stock markets. Tension surrounding Iran's nuclear program and political instability



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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
Stion	\$500 million
KiOR	\$500 million
VA Gulf Coast Health Care	\$310 million

SOURCE: Mississippi Authority Development, April 2012.

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in the Middle East continue to place pressure on oil prices, causing some drag on the recovery. Also on the downside, growth rates of the strongest economies, including China's, are slowing. The Mississippi forecast for 2012 and 2013 is for slow but improving economic growth, in line with the national forecast of IHS Global Insight. The upswing here is expected to gather greater momentum in 2013 and peak in 2014.

**2011 was a rough year for the state**, which suffered a series of weather disasters and narrowly averted recession. News on the economic front has been improving for several months now, however. Private sector payroll employment has been rising, retail sales growing and General Fund tax collections are coming in above estimate. The Mississippi index of leading indicators has risen for six consecutive months, based on such measures of economic activity as Mississippi diesel fuel consumption, building permits and more (see *Mississippi's Business* for full details). The index of coincident indicators for Mississippi has been trending upwards over the same period.

In 2011, gross state product (GSP) rose an estimated 0.8%, after increasing 1.1% in 2010. The U.S. economy also slowed, with the growth rate of gross domestic product (GDP) falling to 1.7% in 2011 after rising 3.0% in 2010.

Employment remained stable and personal income increased 3.8%, compared to a 5.1% national increase. Most counties in the state were declared federal disaster areas as a result of tornadoes, severe storms, flooding and drought in 2011, which slowed the recovery here.

**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 in 2011, as did a \$500 million plant built by Schultz Extruded (metallurgical pipes).

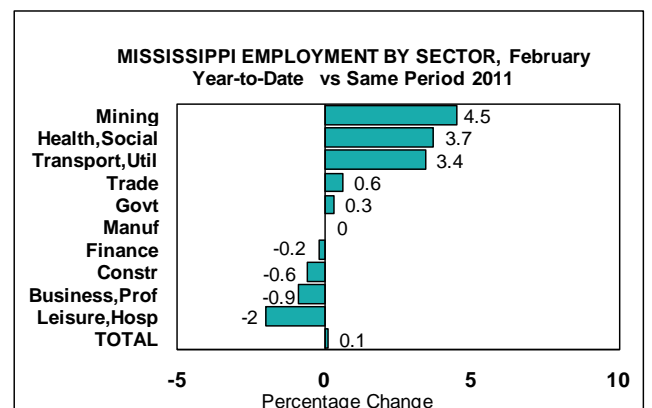
The \$550 Severstal expansion at Columbus, which will double the plant's steelmaking capacity to 3.4 million tons annually, has also begun operations. This plant features the most advanced electric arc furnace facility in the world and recycles scrap steel for use in autos, pipes and appliances.

A \$1.4 billion expansion at Chevron, a \$570 million port upgrade at Gulfport, and a \$1 billion natural gas pipeline (Spectra Energy and CenterPoint Energy) are underway. In addition, HCL Cleantech has announced plans to build its headquarters and four plants in the state, for a total investment of \$1 billion. The plants will convert pine chips into cellulosic sugars for use in fuel, lubricants, and other products. Two \$500 million projects have also 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 and year-to-date in 2012 another \$377 million has been announced.

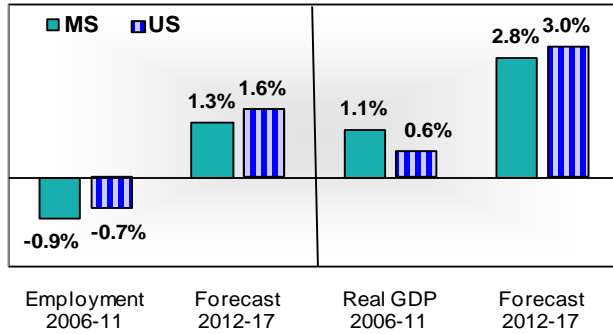
**State revenue collections** have been coming in ahead of year-ago figures. In the first nine months of FY2012, collections were up 5.6% over the previous fiscal year during the same period, and 4.7% above estimate. Personal income tax collections were 7.0% above year-ago numbers, while sales tax collections were 3.3% higher. In FY2011, which ended in June, transfers to the General Fund were 3.0% above FY2010 levels. However, federal stimulus funds ended in 2011, so that the squeeze on the state budget continues despite improving revenues.

**About 2,500 jobs were added by the private sector** during 2011, for a modest gain of 0.3%. Public sector employment was 1.2% lower, on the other hand, so that overall payroll employment remained unchanged.

**Gains in payroll employment in 2011** were greatest in mining & logging, which grew 3.9%. Health care & social



**GROWTH RATES OF EMPLOYMENT AND OUTPUT, MISSISSIPPI AND U.S.**  
Historical and Forecast



assistance employment was up 2.6%; transportation & utilities, 2.2%; professional and business services, 2.0%; and retail trade, 0.3%.

Major sectors with fewer persons on payroll in 2011 than in 2010 included government (down 1.2%), construction (down 1.2%), manufacturing (down 1.1%), and finance and leisure & hospitality (each down 0.4%). Mississippi was among seven states that did not show any increase in payroll employment in 2011. Employment among residents did increase by 1.0%, however, according to the household survey used by the Department of Labor in determining unemployment rates. This survey captures self-employment to a greater extent than does payroll employment reported by establishments.

**Employment numbers in the first two months of 2012** came in just 0.1% above year-ago numbers. Gains were greatest in mining & logging (4.5%), health care & social assistance (3.7%) and transportation and utilities (3.4%). Government employment was up 0.3% and manufacturing employment was unchanged.

Employment in leisure & hospitality fell 2.0%, while retail & wholesale trade employment dropped 1.3%. Employment was also down in professional & business services (-0.9%), construction (-0.6%), and finance (-0.2%), compared to the same months in 2011.

Employment in most industries is expected to increase this year, as the forecast table presented later shows.<sup>1</sup>

**Most counties in Mississippi had unemployment rates above 10%** in February. See map. There were 37 counties with unemployment rates of 11% or more, 16 counties with rates of 10% to 10.9%, and 29 with rates below 10%. The unemployment rate for the state was 9.5%, compared to a national unemployment rate of 8.7%. (These rates are not seasonally adjusted.)

**Most counties (44 of 82) reported more persons employed** this February than a year ago, as the map shows. Several counties with high unemployment rates showed strong job gains, including Tunica (unemployment rate 17.4%) and Jefferson (unemployment rate 14.1%), which each had job growth of at least 4.0%. Overall, the number of Mississippi residents employed rose 1.0%.

**Mississippi's housing market** presents a mixed picture. Sales of existing homes were up 13% in the third quarter of 2011 compared to the same quarter in 2010. Housing starts and the value of residential building permits issued have each increased in recent months but remained below year-ago levels in the final quarter of 2011.

The state's foreclosure rate continues to be lower than the national average. In the final quarter of 2011, the state ranked 20th in the nation in foreclosures, tied with three other states, with a foreclosure rate of 3.5% versus the national average of 4.4%. This was a slight increase from the third quarter for the state.

The downward trend in housing prices is slowing. The median price of existing homes in the third quarter of 2011 was down 2.5% from a year ago in Mississippi, a drop about half that experienced nationally (4.7%). When measured against spring 2007 home values, the drop in home prices in the state, at 9.3%, is less than half that suffered by the country as a whole (23%).

**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. Early this year the number of persons employed on the coast was 7% lower than in August of 2005, the month Katrina hit, although in 2008 payroll employment on the coast briefly rose above pre-Katrina levels.

**Gaming revenues** in the state have been drifting lower since 2008. In 2011, spring flooding closed 17 of 19 Mississippi River casinos for a few weeks, pushing revenues from river casinos down 11% for the year. On the coast, gaming revenues were down 1%. Overall, total gaming revenues came in 6% below the \$2.4 billion level reached in 2010. Slow growth of tourism, due in part to high gasoline prices, will mean little growth in the industry this year. Gross revenues of about \$2.3 billion are expected in 2012.

### State Revenues

**The revenue picture for the state continues to brighten.** In both November and March, the General Fund revenue estimate for FY2012 was revised upwards. After the latest revision, the revenue estimate for this fiscal year stands

\$160 million above the original sine die figure. Total revenue of \$4761.5 million is expected.

The revisions also impacted the revenue estimate for FY2013; a modest 1.3% increase is now projected for next fiscal year. Continuing uncertainties regarding federal funding and other factors affecting the state's recovery lie behind this conservative estimate. Even with only modest growth, however, it appears that FY2013 will bring the state very close to the revenue level last reached in FY2008: \$4,823 million. And, if the growth rate in FY2013 equals that of FY2012, it appears likely that that milestone will finally be surpassed.

**At the same time, cuts in federal spending mean continuing fiscal stress for the state.** Cuts in the Community Development Block grants are already impacting the states, and other programs have also been affected. Close to 50% of Mississippi's state budget has been funded by federal dollars in recent years and other federal expenditures bring in billions more dollars to the state. Overall, \$31.4 billion of federal funds flowed into the state in 2010. Any sizeable decrease in these funds, then, could significantly slow the state's economic growth.

### Inflation

Consumer prices are expected to rise 2.2% this year, as measured by the consumer price index, versus 3.1% in 2011. Although oil prices have been rising, the percentage increase this year has been considerably lower than in 2011. This largely accounts for the drop in inflation. Producer prices of finished goods are expected to rise only 1.9%. With inflation under control, the Federal Reserve is expected to maintain the federal funds rate at 0.1% in an effort to stimulate growth. In fact, IHS expects the inflation rate to remain under 2% from 2013 to 2017 and so does not foresee any increase in the federal funds rate until late 2014.

**The price of oil** is expected to peak this year at \$117 per barrel in the second quarter. Next year's peak is forecast to come in the first quarter, at a somewhat lower \$113 per barrel, according to IHS. This rests on the assumption that tensions in the Middle East abate to some extent.

**High gasoline prices hurt Mississippi** more than any other state, according to the Natural Resources Defense Council. Data presented in its latest report show that Mississippians spent 7% of their income on gasoline in 2010, the highest percentage in the nation, but one dwarfed by the percentage estimated for April 2011, 11%, when the price of gasoline rose to \$3.84. This year, with gas prices about eight cents above that figure, the amount spent on gasoline is likely again to be at 11% of income. This

means a substantial shift in consumer spending from other purchases to gasoline in Mississippi, which reduces sales of other goods. (It should be noted that purchases of gasoline by truckers and others passing through the state are included in state gasoline sales.)

### National Trends

**Consumer spending** outpaced the growth of output nationally in 2011, despite high levels of household debt and a slow growth of payroll employment. Consumer spending is expected to grow more rapidly than inflation this year, even though it may slow slightly. It will be the single largest contributor to the growth rate of real GDP forecast for 2012.

**Residential fixed investment** is expected to register positive growth for the year as a whole for the first time since 2006. This turnaround began in the second quarter of last year. In fact, the IHS April forecast has the growth rate of real residential investment exceeding that of nonresidential investment (equipment, structures) in 2012.

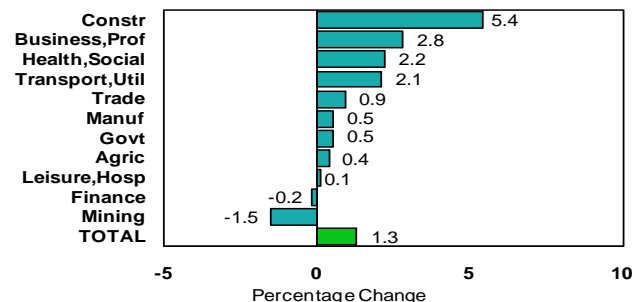
**Government spending**, the third component of aggregate demand in addition to consumption and investment, will drop as a result of efforts to reduce the federal deficit and to prevent the emergence of deficits at the state and local levels. This component of demand is not expected to show positive growth in real terms until 2017.

**Net exports**, the final component of total demand, will decrease this year as a growth rate of about 4.1% in imports will offset the increase of 4.2% in exports. From 2013 to 2017, however, a double-digit growth rate of net exports is forecast, which will reduce the size of the U.S. trade deficit and be a driver of the recovery.

### The International Picture

Mississippi's exports grew 49% between 2008 and 2011, despite a dip in 2009. Mississippi's major trading partner in 2011 was Canada, followed by Panama, Mexico and China. This year, the growth rate of the state's exports in real terms will likely slow, as the international economy

MISSISSIPPI EMPLOYMENT BY SECTOR,  
Average Annual Growth 2012-2017



struggles with high debt levels and a rising price of oil. The real growth rate of world GDP is forecast to slip to 2.7% this year after falling to a moderate 3.0% in 2011. The recession in the Eurozone pushes the real growth rate there into negative territory this year (-0.5%).

**Mississippi's major export in 2011 was oil** (not crude). It accounted for 24.2% of the \$10.9 billion in total exports. High oil prices are benefiting the state's oil exporters.

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Mississippi's oil exports are part of a striking national trend: for the first time since the 1950s, the U.S. has become a net exporter of refined petroleum products (*New York Times* 3/23/12). This is a result of both expanding production and a fall in demand as a result of the recession, the use of ethanol, and more energy-efficient vehicles.

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The surging growth of the Chinese economy has been a major factor in the global recovery and indication of a slowdown there been a cause of concern: recently revenues to the U.S. and other countries from exports to China and from on-the-ground operations have decelerated rapidly in some industries.

**China** was the third largest export market for U.S. goods in 2011, after Mexico and Canada, and accounted for 14% of total U.S. exports. (China purchases about 5% of Mississippi's exports.) The Chinese share in U.S. exports was even higher in the first two months of 2012. The fact has been a cause for concern.

IHS, however, is forecasting real growth rates of 8% or more for China in both 2012 and 2013. It points out that the downturn in construction engineered by the central government to deflate an emerging housing bubble will soon be offset by the government's program building 36 million low-cost housing units over the next five years. In addition, with inflation falling to about 3% recently, the People's Bank of China has room to loosen credit and is expected to do so.

**The debt crisis in Europe** continues to play out, with Spain's huge budget deficit the most recent focus of attention. The Long-Term Refinancing Operations of the European Central Bank have pumped about 1 trillion euros (1 euro=\$1.31U.S.) into the banking system, a move which has reassured investors. Europe as a whole is expected to move out of the current recession by mid-2012.

### Short-Term Forecast

**The state managed a positive growth rate of real output in 2011**, but just barely. After adjustment for inflation, gross state product (GSP) grew an estimated 0.8%, compared to a U.S. growth rate of 1.7%. In 2012, real GSP is expected to increase 1.8%. While this represents a doubling of the growth rate relative to 2011, it remains a slow pace. The U.S. economy is not expected to do much

better: a growth rate of 2.1% is forecast for gross domestic product (GDP). The year 2013 will be pivotal – by then, improvements in employment, housing and business investment are expected to create the synergy required for a sustained upswing.

A growth rate of real GSP of 2.3% in 2013 is predicted for Mississippi, rising to 2.8% in 2014 and 2015, and gradually decreasing after that. The U.S. growth rate of real GDP is expected to peak at 3.4% in 2014 before slipping back to 2.6% by 2017.

**There was no employment growth in the state in 2011** and the growth rate in 2012 is expected to be only a modest 0.8%, with a 1.3% increase predicted in 2013. Job growth is forecast to peak in 2014, at a growth rate of 1.5%; nationally, the rate in the peak year of 2014 is forecast to be 1.8%.

**Personal income** (in current dollars) rose a higher than expected 3.8% in Mississippi in 2011; it is forecast to increase 3.0% in 2012 and 3.4% in 2013. The peak year for personal income growth, and for the growth of wages & salaries, will be in 2016, as the tightening labor market drives up wages. The growth rate that year is forecast to be 5.0% before adjustment for inflation.

**Inflation** is expected to remain at or below 2% over the forecast period, except for this year, whether measured by the consumer price index (national or South) or by the deflators used for gross state product and gross domestic product. This year, however, the consumer price indexes for the nation and the South will rise 2.2% and 2.3%, respectively.

These projections rest on assumptions regarding the national and international economies that are discussed below in the section on alternative projections.

### Five-Year Forecast, 2012-2017

The state continues to recover from the dramatic drop in economic activity suffered during the Great Recession of 2007-2009. In both Mississippi and the U.S., employment in 2011 was lower than in 2006. And although a positive increase in payroll employment is forecast annually throughout the forecast period for the state and the nation, unemployment is expected to remain high in both. In the U.S. an unemployment rate of 5.9% is predicted for 2017 and in Mississippi a rate of 8.1%.

**The growth rates of output and employment** in Mississippi are expected to be somewhat lower than in the U.S. over the five-year forecast period taken as a whole. This is linked to the lower growth rate of the population and labor force in the state. (It should be added, though, that a dynamic expansion of jobs attracts a growing workforce and so increases population and labor force growth.)

**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
20% High Growth Scenario	3.2	4.2	3.8	4.9	3.7	3.7	2.5	3.5	3.5	3.7	3.2	2.3
60% Baseline Scenario	2.4	2.7	1.8	2.9	1.9	2.4	2.1	2.6	2.9	3.2	2.9	2.4
20% Pessimistic Scenario	1.5	0.8	-2.0	-0.7	0.9	1.4	1.5	1.8	1.4	2.0	1.7	1.5

SOURCE: University Research Center, April 2012.

Mississippi will average an annual growth rate of real GDP of 2.8% over the next five years, versus a growth rate of 3.0% in the U.S. Over the same period, the average growth rate of employment in the state is forecast to be a strong 1.3%, with the highest rate of increase in 2014 (1.5%). This is just below the expected 1.6% average increase expected nationally, as indicated in the accompanying graph. In 2016 Mississippi reaches the level of payroll employment previously attained in 2000 and 2007.

**The rate of employment growth by sector** is shown in the accompanying graph. The 5.4% growth rate of employment forecast for construction is the highest growth rate among the eleven sectors shown.

Business, professional and other services, which lost thousands of jobs during the downturn, will enjoy a 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 2.2%. 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 2.1%. Wholesale and retail trade will average a growth rate of 0.9%, below the state average of 1.3%. The growth rate of manufacturing employment and of government employment will each be 0.5%, and of agriculture, forestry and fisheries employment, 0.4%.

Manufacturing, mining, wholesale & retail trade, finance, and leisure & hospitality employment will remain below pre-recession levels even in 2017. The percentage of total employment in manufacturing will continue its long-run decline.

### Alternative Forecasts

The baseline forecast presented above rests on the IHS national forecast, which is built on assumptions made about future trends in the price of oil, developments in the Eurozone and the Middle East, U.S. tax policy, and more. There is a 20% probability that the assumptions made will prove to be overly optimistic, but also a 20% probability

that they prove to be unduly pessimistic, in the assessment of IHS.

**In the pessimistic scenario of a second recession (20% probability)**, the growth rate of the national economy becomes negative in the second half of the year as a result of the cascading of an unfortunate series of events. This impacts the state, which also experiences a brief recession, as shown in the table.

Under this scenario, there is a further surge in oil prices as oil supply lines are disrupted when Iran opts to continue expanding its nuclear program despite the threat of retaliatory measures by other nations. Continuing violence in Syria unsettles the Middle East further. The higher oil prices hit debt-ridden Eurozone countries hard, deepening the recession in countries there.

Consumers in the U.S. are forced to spend more on gasoline, which reduces their expenditures in other areas. With markets shrinking, businesses reduce payrolls and postpone plans to expand.

Foreclosures rise again, further delaying the recovery in housing. Efforts by Congress to stem the recession through tax cuts or greater spending are half-hearted, as politicians prefer to continue austerity measures aimed at reducing government spending. The payroll tax cut, however, is extended. Once the economy stabilizes again, growth is at a slow pace, as consumers remain spooked by the recurring economic insecurity.

**The optimistic scenario (20% probability)** is just as likely as its negative counterpart. In this scenario, decisions made by policymakers in the Eurozone prove to be effective in smoothing the way for stressed member countries to meet their debt obligations in an orderly fashion. Europe's recovery is also aided by lower oil prices as tensions in the Middle East abate. Investors welcome these developments and stock markets rise. Business and consumer confidence improves, and the recession in Europe ends sooner than expected.

Hiring improves, both abroad and in the U.S., and consumer demand grows along with the improving payrolls. Foreclosure rates drop as incomes rise, the housing market picks up and pent-up demand for vehicles lifts auto sales.

Although there is some increase in inflation, there is also a stronger growth of productivity and interest rates remain low. Under this scenario, the U.S. growth rate hits 3.1% this year, 4.0% in 2013 and in 2014. Mississippi's growth rate is pushed up to 2.5% in 2012, 3.9% in 2013 and 3.4% in 2014. As the table shows, the greatest increase in economic activity in the state is at the end of this year and in early 2013.

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Historical tables with data on Mississippi output, employment and income by sector as well as on other variables are available at [www.mississippi.edu/URC](http://www.mississippi.edu/URC). Go to Data Links.

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

Footnote: Most of the payroll increase in the U.S. has been in firms with fewer than 250 employees, based on data going up to the second quarter of 2011. This is likely true of Mississippi as well, based on trends here. The relatively unstable nature of employment in smaller firms, however, means that most private sector jobs will continue to be in firms with more than 500 persons. In 2008, 51% of jobs in Mississippi were in firms with more than 500 persons, as was also the case for the U.S. that year. More recent data is not yet available.

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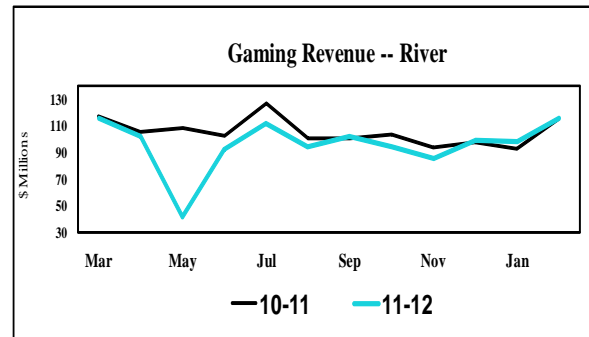
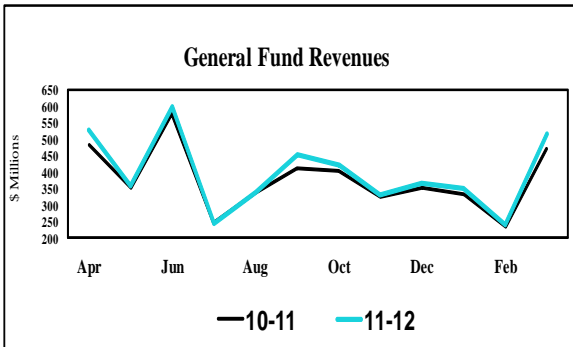
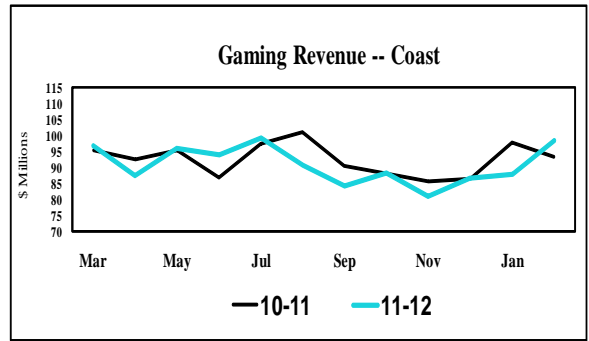
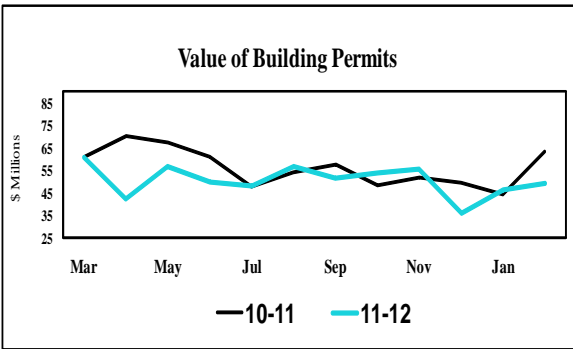
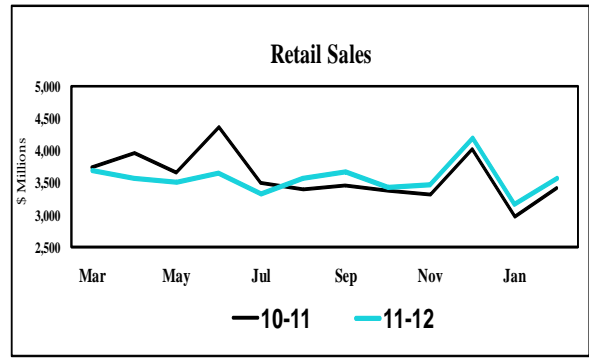
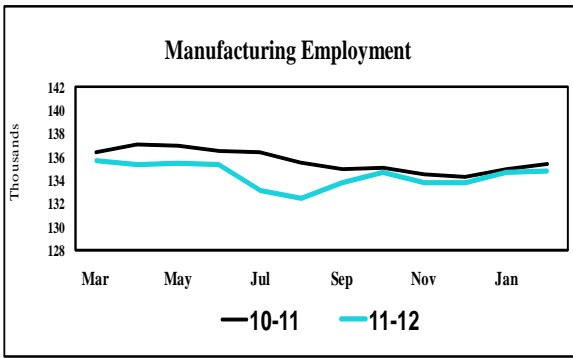
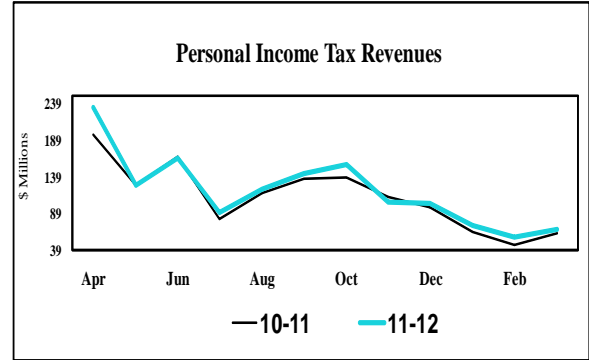
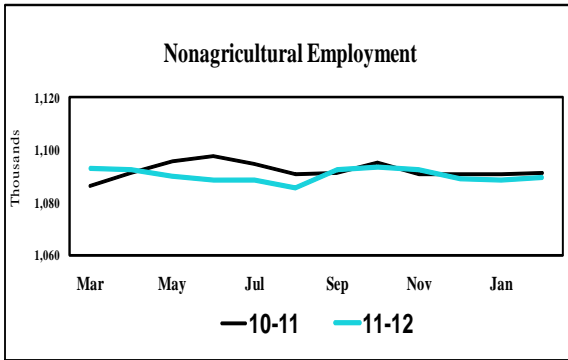
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### A Graphic Overview



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

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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 April IHS Global Insight, Inc. forecast. The state model is re-solved as new data becomes available.

**RECENT NATIONAL TRENDS**

(Annualized percentage change unless otherwise indicated)

	2010: QIII	2010: QIV	2011: QI	2011: QII	2011: QIII	2011: QIV	2010	2011	2011 Value (current\$)
<b>National Product (billions constant \$)</b>									
Gross Domestic Product	2.5	2.3	0.4	1.3	1.8	2.9	3.0	1.7	\$15,094.0
Consumer Expenditures	2.6	3.5	2.1	0.7	1.7	2.1	2.0	2.2	\$10,725.9
On Durable Goods	8.5	16.2	11.2	-5.4	5.6	15.2	7.2	8.2	\$1,162.9
On Nondurable Goods	3.0	4.2	1.5	0.2	-0.5	0.8	2.9	1.7	\$2,483.7
On Services	1.6	1.3	0.8	1.8	1.9	0.4	0.9	1.4	\$7,079.4
Gross Private Domestic Investment	8.9	-7.3	3.8	6.3	1.3	20.5	17.9	4.8	\$1,916.3
In Equipment and Software	13.4	7.8	8.4	6.1	15.3	7.3	14.6	10.4	\$1,123.0
In Nonresidential Structures	4.2	10.1	-15.2	20.9	13.6	-0.9	-15.8	4.6	\$409.5
In Residential Structures	-32.0	2.3	-2.6	4.1	1.2	11.3	-4.6	-1.5	\$328.4
Change in Inventories	171.5	-234.0	112.8	-81.5	-420.5	10840.0	140.5	-41.1	\$46.3
Government Purchases	1.0	-2.8	-6.0	-0.9	-0.1	-4.2	0.7	-2.1	\$3,030.5
Federal Purchases	3.1	-3.0	-9.7	1.9	2.0	-7.1	4.5	-1.9	\$1,232.9
State & Local Purchases	-0.5	-2.7	-3.4	-2.8	-1.6	-2.2	-1.8	-2.2	\$1,797.7
Net Exports of Goods & Services	-19.5	38.8	-9.9	7.5	13.1	-7.9	-17.5	1.9	-\$578.8
Exports	9.7	7.6	7.6	3.5	4.6	2.6	11.3	6.7	\$2,085.5
Imports	11.7	-2.3	8.1	1.4	1.2	3.6	12.5	4.9	\$2,664.2
<b>Other Key Indicators</b>									
Total Employment, Residents (millions)	0.0	-0.6	1.4	0.2	0.5	2.3	-0.6	0.6	139.9
Total Payroll Employment (millions)	-0.1	0.9	1.4	1.7	0.9	1.4	-0.7	1.2	131.4
Private Sector Employment (millions)	1.1	1.7	1.9	2.3	1.4	1.8	-0.8	1.8	109.3
State and Local Govt. Employment (millions)	-2.1	-1.2	-1.4	-1.4	-1.5	-0.7	-1.1	-1.4	19.2
Federal Employment (millions)	-30.6	-11.8	1.4	-1.3	-2.7	-1.1	5.1	-4.0	2.9
Number Unemployed (millions)	-6.2	2.0	-25.7	4.0	0.2	-14.8	3.6	-7.2	13.7
Unemployment Rate	9.5%	9.6%	9.0%	9.0%	9.1%	8.7%	9.6%	9.0%	9.0%
Personal Income (billions \$)	4.1	4.0	8.6	3.4	3.1	3.2	3.7	5.1	\$13,005.0
Retail Sales (billions \$)	3.6	11.6	10.2	4.8	4.7	7.6	6.4	7.7	\$4,689.7
Median Price Exist Single Home (% of 2007price)	79.6	76.3%	71.0%	75.7%	75.8%	72.7%	77.3%	73.8%	73.8%
Housing Starts (millions)	-11.7	-31.3	32.4	-6.9	30.1	35.8	5.6	4.3	0.6
Index of Industrial Production (2007=100)	6.5	2.2	4.3	1.2	5.5	4.2	5.4	4.0	93.7
Commercial & Industrial Loans (billions \$)	-2.3	3.4	6.2	10.2	11.5	11.1	-13.6	5.7	\$1,285.1
Consumer Credit Outstanding (billions \$)	-2.1	2.5	2.2	3.6	1.4	6.9	-3.5	1.8	\$2,452.8
After-Tax Profit (billions \$)	-\$14.1	-\$21.6	\$35.0	\$4.2	\$8.5	-\$2.0	\$19.0	\$5.1	\$1,480.1
West Texas Intermediate Oil (\$ per barrel)	\$76.1	\$85.0	\$94.0	\$102.6	\$89.7	\$94.0	\$79.4	\$95.1	\$95.1
Light Vehicle Sales (millions of units)	8.8	23.1	22.4	-26.5	11.3	31.8	11.1	10.3	12.7
<b>Prices and Wages</b>									
GDP Price Index (2005=100)	1.4	1.9	2.5	2.5	2.5	0.9	1.2	2.1	113.3
Consumer Price Index (1983=100)	1.4	2.9	4.5	4.4	3.1	1.3	1.6	3.1	224.9
Producer Price Index (1982=100)	1.3	15.3	15.9	8.4	0.9	2.2	6.8	8.9	201.1
Real After-Tax Hrly Compensation	0.6	-2.4	3.7	-4.1	3.2	2.7	0.8	0.6	\$18.4
<b>Financial Markets</b>									
Prime Rate (%)	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Federal Funds Rate (%)	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%
Exchange Rate (\$ vs. Major Currencies)	0.90	0.87	0.86	0.83	0.83	0.86	0.90	0.85	85.0%
S&P Index (% of Q2:2007 level)	73.3	80.5	87.1	88.1	82.1	81.9	76.1	84.8	84.8%
<b>Payroll Employment (millions)</b>									
Manufacturing	0.9	0.2	3.4	2.3	1.4	0.7	-2.7	1.8	11.7
Contract Construction	-2.2	-0.7	-0.6	1.1	1.1	1.2	-8.2	-0.3	5.5
Transportation, Utilities	2.4	2.2	2.2	2.9	1.1	1.4	-1.2	2.2	4.8
Wholesale, Retail Trade	0.6	1.5	1.6	2.1	1.0	1.3	-1.1	1.4	20.2
Finance, Insur., Real Estate	-0.2	0.9	0.6	0.6	-0.3	0.6	-1.5	0.4	7.7
Health & Social Assistance	1.2	1.7	1.0	2.1	2.3	2.0	1.7	1.6	16.6
Business & Professional Services	2.4	3.9	4.5	3.8	2.5	3.3	0.9	3.6	17.3
Leisure & Hospitality	2.4	1.2	2.0	3.0	1.5	2.5	-0.2	2.1	13.3
Government	-6.1	-2.6	-1.0	-1.4	-1.7	-0.8	-0.3	-1.7	22.1
<b>Total Payroll Employment</b>	-0.1	0.9	1.4	1.7	0.9	1.4	-0.7	1.2	131.4

**RECENT MISSISSIPPI TRENDS**  
(Annualized percentage change)

	2010: QIII	2010: QIV	2011: QI	2011: QII	2011: QIII	2011: QIV	2010	2011	2011 Value
<b>Gross State Product (millions \$)</b>	3.6	3.0	1.9	3.0	1.7	2.1	3.2	2.8	\$99,347
<b>Gross State Product (millions 2005\$)</b>	1.1	1.9	-0.6	0.5	0.3	1.1	1.1	0.8	\$87,740
<b>GSP Price Index (2005=100)</b>	2.5	1.1	2.5	2.5	1.4	1.0	2.1	2.0	115.1
<b>Other Key Indicators</b>									
Consumer Price Index (South) (1983=100)	1.1	1.9	5.8	3.9	3.8	1.1	1.5	3.2	224.9
Average Annual Wage (thousands)	\$36.6	\$36.4	\$36.6	\$36.9	\$37.3	\$37.7	1.7	2.3	\$37,143
Median Price, Existing Homes (thousands)	\$82.7	\$79.9	\$77.1	\$80.5	\$80.6	\$79.5	-3.1	-2.2	\$79,424
Housing Starts (thousands)	4.7	5.1	5.3	4.1	4.2	4.4	-20.4	-14.1	4,510
Index Coincident Indicators (2004=100)	0.7	-0.3	0.8	0.1	0.4	2.0	0.2	0.7	102.5
Index Leading Indicators (2004=100)	-5.5	7.1	7.7	-5.4	-7.3	8.9	2.4	1.3	95.1
Number Unemployed (thousands)	-4.0	10.4	4.3	9.1	9.3	-11.2	13.9	3.8	143.3
Unemployment Rate	10.3	10.4	10.5	10.7	10.9	10.6	11.6	1.7	10.7
Employment, Residents (thousands)	2.4	2.1	2.4	0.3	0.4	2.6	0.8	0.0	1,200.6
Payroll Employment (thousands)	-0.9	-0.1	-0.2	-0.5	-0.5	1.0	-0.5	0.0	1,090.6
Manufacturing	-3.6	-2.9	2.2	0.0	-6.6	2.9	-3.6	-1.1	134.5
Durable Goods	-3.9	-4.4	4.0	2.9	-6.1	5.1	-3.6	-0.2	87.2
Nondurable Goods	-3.0	-0.3	-1.1	-5.2	-7.6	-1.1	-3.5	-2.7	47.3
Contract Construction	1.1	2.9	-4.5	-5.1	-2.7	-2.7	-3.4	-1.2	48.8
Natural Resources, Mining	3.0	-1.5	6.0	0.0	4.4	4.4	3.7	3.9	9.1
Transportation, Utilities	0.6	4.3	2.3	1.1	1.4	2.2	0.1	2.2	47.9
Wholesale, Retail Trade	0.0	0.7	0.8	-0.2	-3.3	0.3	-0.8	0.0	166.6
Finance, Insur, Real Estate	-0.9	-1.5	-0.9	-0.6	2.7	0.9	-1.7	-0.4	44.8
Health Care & Social Assist.	0.8	2.9	1.9	0.9	6.3	5.8	2.1	2.6	121.7
Leisure & Hospitality	0.3	0.2	0.9	1.0	-4.7	-6.4	-1.6	-0.4	117.7
Business & Other Services	9.1	-4.0	0.6	-0.1	-1.3	5.4	2.4	0.5	153.5
Agriculture, Forestry & Fishing	2.8	2.8	2.3	2.3	-0.5	1.7	2.9	2.1	18.1
Government	-5.9	-0.3	-2.1	-1.5	2.2	0.7	-0.3	-1.2	246.0
<b>Personal Income (millions \$)</b>									
Wages & Salaries	2.5	-3.5	2.5	1.4	5.7	5.2	1.4	2.0	\$42,121
Other Labor Income	0.6	-2.8	1.6	1.0	1.5	2.6	1.5	0.7	\$11,561
Proprietors' Income	18.2	8.6	-9.4	5.2	3.9	0.2	8.1	4.2	\$7,925
Farm Proprietors	92.9	1.9	-69.6	29.8	11.5	-28.0	6.2	-1.7	\$1,089
Nonfarm Proprietors	6.4	9.9	1.8	1.4	2.7	4.9	8.4	5.3	\$6,836
Property Income	1.0	-1.9	11.0	6.5	-0.3	1.3	2.9	4.3	\$12,638
Transfer Payments	8.2	10.8	-0.2	4.8	-1.5	-0.7	7.6	4.0	\$25,020
Less: Social Sec. Payments	1.1	-3.9	-39.2	1.3	5.7	5.0	1.5	-8.9	\$6,313
Plus: Residence Adjustment	4.5	5.3	11.4	6.1	8.7	6.7	6.3	7.6	\$2,885
Equals: Total Personal Income	5.0	1.8	5.1	3.4	2.5	2.4	3.8	3.8	\$95,835
Less: Individual IRS Collections	3.6	-1.6	61.6	2.7	4.0	3.7	3.5	17.6	\$5,196.9
Less: Individual State&Local Taxes	3.6	-1.6	21.4	2.7	4.0	3.7	-2.6	7.4	\$1,748
Equals: Disposable Pers. Income	5.1	2.1	1.9	3.4	2.3	2.3	4.0	3.1	\$88,890
Per Capita Income (thousands \$)	4.7	1.5	4.8	3.1	2.1	2.1	3.4	3.5	32.2
Population (thousands)	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.3	2,980

**MISSISSIPPI AND U.S. FORECASTS 2012 - 2017 (Annual Percentage Change)**

	2011	2012	2013	2014	2015	2016	2017
<b>Gross State Product (constant \$)</b>	0.8	1.8	2.3	2.8	2.8	2.7	2.4
Manufacturing	1.6	2.6	4.2	4.0	3.6	2.9	3.0
Durable Goods	2.3	4.0	6.5	5.3	4.6	3.5	3.7
Nondurable Goods	0.9	1.3	1.5	2.5	2.4	2.2	2.0
Contract Construction	-1.0	0.4	2.7	5.0	6.4	4.9	2.8
Natural Resources, Mining	3.6	2.0	0.2	-0.2	0.4	0.3	1.0
Agric, Forestry & Fishing	-5.1	7.2	2.0	1.9	2.4	2.5	2.0
Transportation, Utilities	2.5	2.6	2.2	2.5	2.8	2.6	2.1
Wholesale, Retail Trade	1.2	1.9	2.6	2.9	2.7	2.8	2.6
Finance, Insur, Real Estate	-0.3	0.9	1.3	2.0	2.1	2.3	1.9
Health Care & Social Assist.	2.8	2.9	3.0	3.2	3.5	3.0	2.9
Leisure & Hospitality	-0.9	1.6	2.2	2.5	2.6	2.4	2.3
Business & Other Services	2.7	2.8	2.6	3.2	3.1	2.8	2.7
Government	-0.6	-0.2	0.7	1.5	1.7	2.2	1.9
<b>Other Key Indicators</b>							
Gross State Product (current \$)	2.8	3.2	3.8	4.4	4.7	4.4	4.2
GSP Price Index (2005=100)	2.0	1.4	1.4	1.6	1.8	1.7	1.8
Consumer Price Index (South) (1983=100)	3.2	2.3	1.7	2.0	1.9	1.8	1.7
Employment, Residents (thousands)	1.8	1.5	1.2	1.0	1.1	1.1	1.0
Payroll Employment (thousands)	0.0	0.7	1.3	1.5	1.3	1.1	1.0
Unemployment Rate	10.7%	10.2%	9.6%	9.1%	8.9%	8.5%	8.1%
<b>Payroll Employment</b>							
Manufacturing	0.0	0.7	1.3	1.5	1.3	1.1	1.0
Durable Goods	-1.1	1.1	1.3	1.0	0.6	-0.2	-0.1
Nondurable Goods	-0.2	2.4	2.2	1.4	0.8	0.1	0.2
Contract Construction	-2.7	-1.3	-0.4	0.2	0.1	-0.9	-0.7
Natural Resources, Mining	-1.2	-0.4	2.2	6.8	8.5	5.0	2.1
Transportation, Utilities	3.9	2.7	1.5	-2.5	-2.3	-2.2	-2.1
Wholesale, Retail Trade	2.2	2.7	2.4	2.5	2.0	1.7	1.4
Finance, Insur, Real Estate	0.0	0.6	1.4	1.0	0.7	0.8	0.6
Health Care & Social Assist.	-0.4	-0.2	0.2	0.0	-0.2	-0.7	-0.5
Leisure & Hospitality	2.6	2.7	2.2	2.0	1.9	2.2	2.4
Business & Other Services	-1.4	0.5	0.8	0.4	-1.0	-0.1	0.3
Government	0.5	0.5	2.2	3.1	2.9	2.5	2.4
Government	-1.2	-0.4	0.1	0.5	0.7	0.4	0.5
<b>Personal Income (billions \$)</b>							
Wages & Salaries	2.0	2.9	3.4	4.3	4.7	5.0	4.9
Other Labor Income	0.7	2.6	4.0	4.7	4.9	5.4	5.3
Proprietors' Income	4.2	4.3	5.8	4.4	6.5	3.8	3.5
Farm Proprietors	-1.7	7.0	5.1	-8.1	5.4	-4.2	-0.2
Nonfarm Proprietors	5.3	3.9	5.9	6.5	6.6	4.9	3.9
Property Income	4.3	3.8	4.1	4.6	5.5	5.3	4.7
Transfer Payments	4.0	3.0	3.3	4.1	5.7	4.9	5.0
Less: Social Sec. Payments	-8.9	3.8	7.2	6.1	5.9	5.7	5.6
Plus: Residence Adjustment	7.6	4.4	4.3	4.2	3.5	3.8	3.4
Equals: Total Personal Income	3.8	3.1	3.5	4.2	5.1	4.9	4.7
Less: Individual IRS Collections	17.5	10.0	9.1	6.5	6.1	5.9	4.5
Less: Individual State and Local Taxes	7.4	4.2	4.3	4.7	4.5	4.6	4.7
Equals: Disposable Pers. Income	3.1	2.7	3.2	4.1	5.1	4.8	4.8
Per Capita Income	3.5	2.6	2.9	3.8	4.2	4.5	4.0
Population (thousands)	0.3	0.4	0.5	0.5	0.5	0.5	0.5
<b>U.S. FORECAST 2012-2017</b>							
Gross Domestic Product (billions \$)	3.9	3.6	3.9	5.2	5.1	4.6	4.3
Real Gross Domestic Product (billions constant \$)	1.7	2.2	2.4	3.4	3.2	2.8	2.6
GDP Deflator (2005=100)	2.1	1.4	1.4	1.7	1.8	1.8	1.7
Total Employment, Residents (millions)	0.6	1.8	1.2	1.6	1.7	1.3	1.0
Total Payroll Employment (millions)	1.2	1.6	1.7	1.8	1.8	1.5	1.1
Unemployment Rate (Percent)	9.0%	8.2%	7.9%	7.3%	6.6%	6.2%	5.9%
Personal Income (billions \$)	5.1	3.7	4.2	5.0	4.8	4.9	4.4
Per Capita Income	4.1	2.7	3.2	4.0	3.8	3.9	3.4
Consumer Price Index	3.1	2.2	1.7	1.9	1.9	1.9	1.7
Prime Rate (Percent)	3.3%	3.2%	3.2%	3.2%	4.2%	6.3%	7.0%